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Champion Building Materials Co. Ltd.

2023

Annual Report



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

Published on May 15, 2024

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V. Name of Exchanges on which the Overseas Securities are Listed and Traded and Methods to Inquire the Information of Overseas Securities: None.

VI. Company Website :<http://group.champion.com.tw/>

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Chapter 1. Letter to Shareholders

I. 2023 Business Report

(I) Implementation Results of the 2023 Business Plan

Looking back in 2023, due to the changes in Taiwan's domestic real estate market in recent years, the houses built were mainly small areas with low total prices. In addition, due to the impact of COVID-19 in 2021 and 2022, the shipments of ceramic tiles were due to the shortage of workers at the new construction site; however, the sales volume increased thereof in 2023. To avoid the effects of price competition in the tile market in Taiwan, the large-scale (90x180) Master Art tiles and other new products were launched, and the performance of the SPC of the consolidated company improved. The overall operating income in 2023 was NT\$3,137,657 thousand, representing a slight increase of 4.37% from 2022. For gross profit and profit margin in 2023, we continue to improve production efficiency and improve the depletion during processes, reduce costs to offset the effects arising from international wars, inflation, and the appreciation of the exchange rate of USD. Meanwhile, gross profit increased from 2022 due to the gain from price recovery of inventory increase arising from the significant destocking of old and obsolete inventories.

In 2023, the consolidated net operating income was NT\$3,174,657 thousand, the operating cost was NT \$2,232,348 thousand, the gross operating profit was NT \$905,309 thousand, the gross profit margin was 28.85%, and the net loss after tax was NT \$409 thousand and the net interest rate was 0.01%. The comparisons with 2022 are as follows:

Unit: NT\$1,000

Item	2023	2022	Increase (decrease) in amount	Increase (decrease)
Sales income	3,137,657	3,006,408	131,249	4.37
Sales cost	2,232,348	2,143,291	89,057	4.16
Sales gross profit	905,309	863,117	42,192	4.89
Net profit after Tax	409	(188,243)	188,652	(100.22)

(II) Budget Execution: According to the requirements under the "Regulations Governing the Publication of Financial Forecasts of Public Companies," the Company is exempted from preparing the 2023 financial forecast.

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

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

Item		2023	2022
Financial income and expense (NT\$000')	Net cash inflows from operating activities	292,770	405,380
	Net cash outflows from investing activities	(80,423)	(500,395)

Item		2023	2022	
	Net cash inflows (outflows) from financing activities	(291,453)	(750,980)	
Profitability (%)	Return on assets (%)	0.39	(1.82)	
	Return on equity (%)	0.01	(3.15)	
	Ratio to paid-in capital (%)	Operating profits	6.31	6.32
		Net profit before tax	1.58	(1.41)
	Net profit margin (%)	0.01	(6.26)	
	Earnings per share after tax (NT\$)	0.001	(0.45)	

(IV) 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.

II. Summary of Operating Plans for 2024

(I) Operating Policy

The Company has a comprehensive sales network. We reinforce the sales services for our channels, upgrade our retail outlets, and increase our retail market share. We produce and sell various tile products with competitive strength in the market and create added value for consumers. The Company actively transforms itself into a marketing service-oriented company and launches large-scale slab tiles, large-size tiles, high-performance tiles, SPC flooring etc., as the “Best Surface Building Material System Provider” to support Taiwan’s surface building material markets. At the same time, the company upgrades and introduces digital resources in the sales outlets, in order to provide consumers with the best service in surface building materials products, so as to meet the needs of customers and consumers in the residential building materials market.

(II) Significant Production and Marketing Policy

1. Reinforce and improve the sales network to satisfy consumers’ demand by way of channel services, form our brand value through the added value of our products, and increase our market share.
2. For R&D and innovation, actively develop new products, guide the trend of tiles in the industry of surface building materials, as well as lead the market with our quality as always.

3. Continue to focus on deepening sustainable development in environmental protection and energy generation, carbon and environmental protection.

III. Future Development Strategies of the Company

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

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

(I) Effects of External Competitive Environment

The market in Taiwan is under the effects of low-priced imported tiles. Partial low-priced imported tiles have a poor quality that is harmful to consumers’ rights. The lack of subsequent services had caused multiple consumer disputes, which materially affected the order of the market and production and sales. To strengthen our brand image in consumers’ minds, the Company continues to improve our product quality and brand value and emphasize “local production and local services” to distinguish from tiles illegally imported. We also implemented our “15-year warranty for household use” services to provide the optimal products and services to consumers so as to faithfully realize our corporate commitments and become the “choice of a lifetime” of consumers. We delivered the concept of “designating MIT tiles for the quality insurance of tiles” to nationals when selecting and purchasing tiles.

(II) Effects of Regulatory Environment

The Company adheres to the due performance of social responsibility and the national requirements related to environment and quality. We test all sources of pollution each year regularly and from time to time to comply with the environmental protection and pollution prevention measures, striving for quality monitoring and complying with the emission

standards required for environmental protection. The Company will attach more attention to studying regulations to ensure the interests of all shareholders.

(III) Effects of Macroeconomic Environment

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

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

Chairman: Lin, Jung-Te

Manager: Lin, Jung-Te

Accounting Manager: Liao, Hui-Yi

Chapter 2. Company Profile

I. Date of Establishment: 24 November 1972.

II. History

1972 to 1981: Establishment Stage
Established the Company with “Champion” as our trademark through an investment of NT\$3.7 million.

1982 to 1991: Development Stage
Applied for the supplementary public offering with our capital increased to NT\$458 million.
Actively expanded foreign sales and newly installed the first “computer-controlled two-layer roller kiln” in the Far East and developed super hardness crystal tiles and large holomagnetized floor tiles.

1992 to 2020: Mature and Stable Stage

1992: Champion Shiron received the Innovative Product Award and National Premium Product Selection Label from China Gold Trademark Promotion Commission.
Passed by the Securities and Exchange Commission (SEC), shares of the Company were formally listed for trading.
Cooperated with China Productivity Center to introduce a new corporate identification system (CIS).

1993: Total capital increased to NT\$1,140,000 thousand, and SEC approved the listing of preferred shares.
Successfully completed the phase I expansion plan for Plant II (Zhaoqiao).
Developed the 5th generation Champion stone and formally commenced the mass production.
Newly installed the triple kilning processing equipment to improve our product manufacturing skills. Restructured our CIS to reinforce the operating nature of the Company and re-shaped our unique corporate culture. Duly implemented the promotion of the 6A plan, improved product and service quality, and strictly implemented the practices of increasing income and reducing expenditure to enhance the Company’s competitive strength.

1994: Capital increase from earning and capital reserve; our capital after the capital increase was NT\$1,562,400 thousand.
Recorded a significant growth in results with annual sales amounting to NT\$2,315,000, secured the leading status within the industry, and became the top professional ceramic and tile production plant in Taiwan.
Zhaoqiao Plant II was successfully and comprehensively put into production. After the material expansion in production capacity, Sinyih Ceramics became the ceramic and tile plant with automated

production and the most advanced equipment in the tile industry across Asia.

The Company was the first domestic company to receive the ISO-9002 quality certification from the Commodity Inspection Bureau, Ministry of Economic Affairs (MOEA).

- 1995: Capital increase from earning and capital reserve of NT\$598,140 thousand; our capital after the capital increase was NT\$2,160,540 thousand.
Former president Lee, Teng-Hui and government ministers visited Zhaoqiao Plant for a tour.
Established the Construction Business Division to engage in construction engineering business development.
Expanded overseas marketing joints (Southern China and Eastern China).
- 1996: Capital increase from earning and employee bonuses of NT\$458,885; our capital after the capital increase was NT\$2,619,425 thousand.
The Company was the first domestic company to receive the ISO-9001 quality certification from the Commodity Inspection Bureau, MOEA.
Launched the high-rise “Sinyi Champion Building” with 18 floors on Minzu Street, Zhunan.
- 1997: Capital increase from earning and employee bonuses of NT\$121,971; our capital after the capital increase was NT\$2,741,396 thousand.
- 1998: Capital increase from earning and employee bonuses of NT\$494,279 thousand; our capital after the capital increase was NT\$3,235,676 thousand.
The investee subsidiary in Mainland (Kunshan Plant) was put into use in May and received the highest quality certification under ISO-9001, becoming one of the major plants across the world.
- 1999: Newly installed the first “MTP multiple auto-feed” equipment from Italy in Taiwan and introduced the hi-tech skills from Italy to produce special crystal products with high added value.
“Champion Crystal,” “Marcobelli Vatican,” and “ROTO COLOR Laser Technology Roller Printed Wall Tiles” received National Excellence Award.
- 2000: Successfully launched the matte crystalized tiles with natural patterns identical to natural stones.
Commenced technical cooperation with a renowned tile design company in Italy.
- 2001: Carried out the combination of plant and office in July; the Company’s offices and Zhunan Plant’s equipment were relocated to Zhaoqiao Plant. Meanwhile, we streamlined and delayed our organization, reinforced management and communication functions,

and saved on management and sales expenses.

- 2002: Applied for a capital decrease to compensate for losses; the paid-in capital decreased from NT\$3,293,000 thousand to NT\$2,348,000 thousand.
- 2003: The Company was renamed Champion Building Materials Co., Ltd. in June 2003.
Introduced the latest computer program from Italy to control the feed equipment with multiple pipelines and launched the Marmi series with extra-large high-end tiles resembling stones.
- 2004: Capital increase in cash by way of private offering of 65,20 thousand shares; our capital after the capital increase was NT\$3,000,000 thousand.
Launched the extra-large polished crystal tiles with a size of 80×80CM, and the tiles successfully entered the market.
- 2005: Received the nanoMark certification for external tiles.
Launched the extra-large polished crystal tiles with a size of 100×100CM, and the tiles successfully entered the market.
- 2006: Established the “Marvelous Living” flagship store for European branded tiles.
Marcobelli Tiles’ “Wright Stone Series” was the only product that received the National Excellence Label in the tile industry.
Received the ISO-14001 national quality assurance from the Commodity Inspection Bureau, MOEA. The Company became an authorized supplier with ISO-9001 and ISO-14001 quality and environmental protection certifications.
- 2007: Issued secured convertible corporate bonds of NT\$300 million; capital increase in cash by the issuance of new shares of NT\$230,000 thousand and capital increase from earning and employee bonuses of NT\$153,754 thousand; our capital after the capital increase was NT\$3,383,754 thousand.
The Train of Hope for New Journeys – Taiwan No. 1 Kiln – the No. 19 Kiln was officially put into use.
“MIT – Largest of the Domestic Production”; launched the exquisite polished crystal tiles with a size of 120×120CM.
Received the “Outstanding Function Award” and “Market Specification Award” under the construction category from the 2007 Selected Exhibition of New Ceramic Works.
Received the only tile green building material label certificate in Taiwan on December 19, 2007.
- 2008: Capital increase from earning and employee bonuses of NT\$175,782 thousand; our capital after the capital increase was NT\$3,569,023 thousand.
A tile plant received the Taiwan Excellence Award.
Received the “Excellent Participant Corporate Image Award” from Taipei International Building, Construction & Decoration

Exhibition.

- 2009: Issued the 2nd domestic secured convertible corporate bonds of NT\$300 million; capital increase in cash by the issuance of 8,000,000 new shares and capital increase from earning and employee bonuses for the issuance of 4,296,861 new shares; corporate bonds converted into 20,827,942 ordinary shares; our capital after the capital increase was NT\$3,900,271 thousand. The official opening of the first tile industry tourism factory in Taiwan.
The initial and only offering of a ten-year warranty for household use products in the building material industry.
- 2010: Firstly received the “MIT” smile label certification in Taiwan. Seven innovative products in the tile industry received the National Excellence Award.
- 2011: Firstly received the BSI PAS2050 carbon footprint verification for the tile industry globally. Champion Green Concept Hall received the silver label certification for green buildings.
- 2012: Zhaoqiao Plant of Champion Building Materials received the “2012 Excellent Energy-saving Performance Award – Excellent Award.” Received the “EU Eco-label” and the title of “Top 100 Brands in Taiwan” from MOEA. Zhunan Office Building received the “golden” label for green buildings from the Ministry of the Interior.
- 2013: Received the first green factory label in the ceramics industry; promoted environment-friendly process, in the long run, to bring about the transformation and upgrade of the industry. The quality of Champion Building Materials is well-recognition by receiving the “MIT Smile Contractor” certification.
- 2014: Received the golden medal for the 2014 talent quality-management system (TTQS). Received SGS international certification and ISO50001 certification.
- 2015: Our products received five awards from the Taiwan Excellence Award, and we received Authorized Enterprises with Outstanding Green Product Sales Performance from the Environmental Protection Administration. Champion Building Materials was recognized by the 1st National Gold Seal Award.
- 2016: Marble tiles in the size of 80x80 cm were newly launched. Champion Green Concept Hall received the tourism factory certification from MOEA.
- 2017: The third generation marble tiles in the size of 80x80 cm were newly launched.

Champion's and Macrobelli's brands won the double winners as the ideal brands by MyHome magazine.

- 2018: Macrobelli Tiles – Lipica and Galaxy marble tiles received the 2018 Golden Selection Award.
- 2019: Champion Tiles' "Cherry Wood Brick" and Macrobelli Tiles' "Lavagrigia, Artist – Flower series, and Impression Marble Tile Series" received the 2019 MIT Taiwan Golden Selection Award. Selected as the top 20 "Happiness Enterprises" under the metal and non-metal category through a survey made by 1111 Job Bank.
- 2020: Invested and established the Seagull Champion Limited through subsidiary Sinyih Ceramic (China) Co., Ltd..
Champion Tiles' New Century Marble Tiles and Vesta received the Taiwan Golden Selection Award.
Launched Champion Tiles' New Century Marble Tiles in the size of 90X90 and 60X120.
Launched Macrobelli Tiles' marble tiles in a size of 90X90 and the Impression marble tiles in the size of 60X120.
- 2021: Wave Grey digital stone tiles in the size of 90x90 received the Taiwan Golden Selection Award.
New products under Silky Marble and Matte Marble in the sizes of 60x60 and 30x60 were launched.
New timber tile products under North America Impression in the size of 15x75 were launched.
New digital stone tile products under Rockefeller in the size of 90x90 were launched.
- 2022 15x75 North America Impression Timber Tile received the Taiwan Golden Selection Award.
Digital stone tile products under Rockefeller in the size of 90x90 received the Taiwan Golden Selection Award.
- 2023 New digital marble tile products under Master art in the size of 90x180 were launched.
Digital stone tile products under sandstone in the size of 30x60 received the Taiwan Golden Selection Award.
2023 Happy Enterprise received the Manufacturing Gold Award.

Chapter 3. Corporate Governance Report

I. Organization

(I) Organizational Structure

Champion Building Materials Co., Ltd. Organizational Chart

							Shareholders' Meeting						
								Audit Committee					
							Board of Directors	Remuneration Committee					
								Audit Office					
							Chairman						
				Secretariat	Chairman's Office					Sustainable Development Committee			
				Legal Office				General Administration Division					
							President						
							Executive Vice President						
								Operating Performance Office					
Procurement Department	Information Center	Finance Department	Human Resources Department	Administration Department	Warehouse Management Department	Project Promotion Division	International Marketing Division	Marketing Division	Planning Department	Design Department	Quality Assurance Department	Production Division	R&D Department
				Safety and Health and Environmental Protection Section									

(II) Scope of Business of Major Departments

Department	Scope of Business
President	Manage the overall execution and coordination of the Company's businesses, establish business targets, and instruct and monitor subordinates to process businesses.
Audit Office	<ol style="list-style-type: none"> 1. Formulation, integration, execution, and examination of the internal control operations. 2. Execution of audit operations, preparation of audit reports, and subsequent follow-up on improvements for deficiencies found during the audit. 3. Assist departments and offices in executing self-evaluation, internal control, and educational training for internal audit knowledge. 4. Regularly submit audit reports to the Board of Directors (the "Board") and explain the execution results.
Procurement Department	Coordinate the procurement of resources and materials required by the Company's operations.
Information Center	Responsible for the planning and maintenance of the computer operating systems, program design, and information management.
Finance Department	Responsible for the preparation and analysis of the Company's financial, accounting, stock affairs, and financial accounting information, finance management, capital management, and investment management, and the coordination of the preparation and control of the Company's budget and relevant affairs.
Human Resources Department	Organize and develop systems of the Company's human resources management system to allow the entire operations of organizational and human resources and ensure healthy and harmonious labor-capital relationships.
Administration Department (including Safety and Health and Environmental Protection Section)	Coordinate the Company's administrative management affairs and administrative businesses, and facilitate the rationale of the Company's labor safety and environmental protection work according to the Company's operating goals and policies, and duly implement the Company's labor safety and environmental protection works.
Warehouse Management Department	Coordinate the Company's product storage, finish good shipping schedule and material storage management.
Project Promotion Division	Responsible for the designation teams and project teams (slabs and stone slabs), imported tiles of Marvelous Living, and coordinating all administration and sales operations.
International Marketing Division	Coordinate the foreign marketing business of the Company, grasp the demand for products in the market, be responsible for the Company's sales promotion strategies, grasp market information, set intended product selling prices, explore new business opportunities, new product promotions, development of new customers, and planning for foreign exhibitions.
Marketing Division	Coordinate the domestic marketing business of the Company, grasp the demand for products in the market, be responsible for the Company's sales strategies and market analysis, coordinate the Company's marketing plans and policies, grasp market information, set intended product selling prices, be responsible for exploring new business opportunities, new

Department	Scope of Business
	product promotions, development of new customers, and coordination between production and marketing.
Planning Division	Responsible for advertisement strategies and planning, preparation of printed literature and advertisement, planning for the educational training for sales personnel and distributors, planning for domestic exhibitions, positioning of brand image, and study and execution of market strategies.
Design Department	Coordinate the design and development of the Company's products, the design of sales promotion items, and relevant businesses.
Quality Assurance Department	Responsible for establishing and amending quality plans and the due execution to ensure the stability of product quality.
Production Division	Coordinate the Company's product manufacturing businesses and be responsible for production management, raw material processing, manufacturing and packaging of products, and repair, maintenance, and improvement services of production equipment.
R&D Department	Responsible for new product development, study and improvement of raw material formula and alternative materials, preparation, analysis, and execution of mid-to-long-term R&D plans.

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

(I) Information on Directors and Supervisors

Information on Directors and Supervisors (I)

April 20, 2024

Title	Nationality or Place of Registration	Name	Gender	Date Elected (of Assumption)	Term of Office	Date Initially Elected	Shares Held When Elected		Current Number of Shares Held		Current Number of Shares Held by Spouse and Minors		Shares Held in the Name of Others Shares Held in the Name of Others		Major Experience (Educational Background)	Current Positions in the Company and Other Companies	Other Executives, Directors, or Supervisors Who Are Spouse or Relatives within the Second Degree of Kinship			Remark
							Number of Shares	Shareholding	Number of Shares	Shareholding	Number of Shares	Shareholding	Number of Shares	Shareholding			Title	Name	Relationship	
Chairman	Taiwan	Tai Yu Investment Co, Ltd	None	20210727	Three years	20030606	19,047,510	4.39%	17,142,759	4.39%	0	0%	0	0%	None	Chairman of the Company; chairman of Swanview Internation, Ltd.; chairman of Super Universal Limited; chairman of Tai Yu Investment Co, Ltd; chairman of Guan Zhong Trading Co., Ltd.; chairman of Champion Highwealth Co., Ltd;	Senior special assistant	Wang, Kuei-Feng	Spouse	
	Taiwan	Representative: Lin, Jung-Te	Male 61 to 70 years old																	
Director	Taiwan	Tai Yu Investment Co, Ltd	None	20210727	Three years	20220621	19,047,510	4.39%	17,142,759	4.39%	0	0%	0	0%	None	Director and President of the Company; supervisor of Deqian Investment Co., Ltd.; chairman of Quicheng Investment Co., Ltd.; chairman of Champion Ceramics (Anhui) Co., Ltd; director of Sinyih Ceramic (China) Co., Ltd.; director of Seagull Champion Limited	Chairman	Lin, Jung-Te	Father and son	
	Taiwan	Representative: Lin, You-Yu	Male 31 to 40 years old																	

Title	Nationality or Place of Registration	Name	Gender	Date Elected (of Assumption)	Term of Office	Date Initially Elected	Shares Held When Elected		Current Number of Shares Held		Current Number of Shares Held by Spouse and Minors		Shares Held in the Name of Others Shares Held in the Name of Others		Major Experience (Educational Background)	Current Positions in the Company and Other Companies	Other Executives, Directors, or Supervisors Who Are Spouse or Relatives within the Second Degree of Kinship			Remark
							Number of Shares	Shareholding	Number of Shares	Shareholding	Number of Shares	Shareholding	Number of Shares	Shareholding			Title	Name	Relationship	
Director	Taiwan	Hua Yi Industrial Co, Ltd	None	20210727	Three years	20000526	11,035,000	2.54%	9,931,500	2.54%	0	0%	0	0%	None	Director of the Company; director of Sinyih Ceramic (China) Co., Ltd.; director of Sinyih Ceramic (Penglai) Co., Ltd.; director of Guan Zhong Trading Co., Ltd.; director of Champion Highwealth Co., Ltd.	None	None	None	
	Taiwan	Representative: Lin, He-Cun	Male 71 to 80 years old						2,996,869	0.77%	0	0%	0	0%	Central Police University/ Police Program; Chinese Culture University College of Law; passed the special examination class B for criminal police officer					
Director	Taiwan	Hua Yi Industrial Co, Ltd	None	20210727	Three years	20220621	11,035,000	2.54%	9,931,500	2.54%	0	0%	0	0%	None	Director of the Company, director of Lin Mu Lin Tian Cun Culture and Education Foundation	None	None	None	
	Taiwan	Representative: Chen, Jung-Yang	Male 71 to 80 years old						0	0%	0	0%	0	0%	Tamkang University/ Master of International Affairs and Strategic Studies					
Independent Director	Taiwan	Wu, Yung-Ku	Male 71 to 80 years old	20210727	Three years	20150616	0	0%	0	0%	0	0%	0	0%	Chengchi University/ Master of Accounting Department	Independent Director, Audit Committee's member, and Remuneration Committee's member of the Company; accountant of Defeng Accounting	None	None	None	

Title	Nationality or Place of Registration	Name	Gender	Date Elected (of Assumption)	Term of Office	Date Initially Elected	Shares Held When Elected		Current Number of Shares Held		Current Number of Shares Held by Spouse and Minors		Shares Held in the Name of Others Shares Held in the Name of Others		Major Experience (Educational Background)	Current Positions in the Company and Other Companies	Other Executives, Directors, or Supervisors Who Are Spouse or Relatives within the Second Degree of Kinship			Remark
							Number of Shares	Shareholding	Number of Shares	Shareholding	Number of Shares	Shareholding	Number of Shares	Shareholding			Title	Name	Relationship	
																Firm; independent director, remuneration committee's member of Fu Chan High Pile Co., Ltd.; independent director, audit committee's member, and remuneration committee's member of Geosat Aerospace & Technology Inc.				
Independent Director	Taiwan	Lu Chin-Tsang	Male 71 to 80 years old	20210727	Three years	20210727	0	0%	0	0%	0	0%	0	0%	Hengchi University/ Department of Finance Chinese Culture University/ Master of Law	Independent Director, Audit Committee member, and Remuneration Committee member of the Company; independent director of Arima Lasers Corp.	None	None	None	
Independent Director	Taiwan	Chen, Mei-Hua	Female 51 to 60 years old	20210727	Three years	20210727	0	0%	0	0%	0	0%	0	0%	Fu Jen University/ Department of Law	Independent Director, Audit Committee member, and Remuneration Committee member of the Company; a lawyer of Hengyang Law Firm (衡陽法律事務所)	None	None	None	

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

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

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

Table 1 Major Shareholders of Corporate Shareholders

April 22, 2024

Name of corporate shareholders	Major shareholders of corporate shareholders
Tai Yu Investment Co, Ltd	Champion Building Materials Co., Ltd 39.98%; Founden Industrial Co., Ltd. 40.48%; Founder Industrial Co., Ltd. 19.52%
Hua Yi Industrial Co, Ltd	Wang, Kuei-Feng 98%

Note 1: If the director or supervisor is the representative of the corporate shareholder, the name of the corporate shareholder shall be filled in.

Note 2: Fill in the name of the main shareholder of the corporate shareholder (whose shareholding ratio accounts for the top ten) and its shareholding ratio. If the major shareholder is a legal person, the following table should be filled out again.

Note 3: If the corporate shareholder is not a company, the name and shareholding ratio of the shareholder mentioned above should be disclosed, namely the name, capital contribution and contribution ratio of the investor or donor (refer to the Announcement of the Judicial Yuan). The donor is deceased and the note "Deceased" should be added.

Table 2 Major Shareholders of Corporate Major Shareholders in Table 1

April 22, 2024

Name of corporate shareholders	Major shareholders of corporate shareholders
Founden Industrial Co., Ltd.	Wang, Kuei-Feng 64%
Founder Industrial Co., Ltd.	Wang, Kuei-Feng 66%

Note 1: If the major shareholder in Table 1 above is a legal person, the legal person name should be filled in.

Note 2: Fill in the name of the major shareholders of the legal person (whose shareholding ratio accounts for the top ten) and their shareholding ratio.

Note 3: If the corporate shareholder is not a company, the name and shareholding ratio of the shareholder mentioned above should be disclosed, namely the name, capital contribution and contribution ratio of the investor or donor (refer to the Announcement of the Judicial Yuan). The donor is deceased and the note "Deceased" should be added.

Information on Directors and Supervisors (II)

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

Name	Condition	Professional Qualification and Experience (Note 1)	Independence Status (Note 2)	Number of other publicly listed companies in which the Director concurrently holds the position as an independent director
Representative of Tai Yu Investment Co, Ltd Chairman Lin, Jung-Te		<p>1. Chairman and President of the Company; chairman of Swanview Internation, Ltd.; chairman of Super Universal Limited; chairman of Tai Yu Investment Co, Ltd; chairman of Guan Zhong Trading Co., Ltd.; chairman of Champion Highwealth Co., Ltd; chairman of Taiwan Ceramic Industries Association; chairman of Sinyih Ceramic (China) Co., Ltd.; chairman of Sinyih Ceramic (Penglai) Co., Ltd.; director of Champion Ceramics (Anhui) Co., Ltd; director of Seagull Champion Limited.</p> <p>2. None of the circumstances in subparagraphs under Article 30 of the Company Act occurred.</p>	N/A	0
Representative of Tai Yu Investment Co, Ltd Director Lin, You-Yu		<p>1. Director and President of the Company; supervisor of Deqian Investment Co., Ltd.; chairman of Quicheng Investment Co., Ltd.; chairman of Champion Ceramics (Anhui) Co., Ltd; director of Sinyih Ceramic (China) Co., Ltd.; director of Seagull Champion Limited.</p> <p>2. None of the circumstances in subparagraphs under Article 30 of the Company Act occurred.</p>	N/A	0
Representative of Hua Yi Industrial Co, Ltd Director Lin, He-Cun		<p>1. Director of the Company; director of Sinyih Ceramic (China) Co., Ltd.; director of Sinyih Ceramic (Penglai) Co., Ltd.; retired public servant; vice president, spokesperson, and chief of audit and legal affairs of Tidehold Development Co., Ltd.; independent director of Microview Technology Corp.; part-time lecturer of a police school; consultant of Mingtai Fire & Marine Insurance Co., Ltd.</p> <p>2. None of the circumstances in subparagraphs under Article 30 of the Company Act occurred.</p>	N/A	0
Representative of Hua Yi Industrial Co, Ltd Director Chen, Jung-Yang		<p>1. Director of the Company; director of Lin Mu Lin Tian Cun Culture and Education Foundation; director of Farglory Foundation.</p> <p>2. None of the circumstances in subparagraphs under Article 30 of the Company Act occurred.</p>	N/A	0

Name \ Condition	Professional Qualification and Experience (Note 1)	Independence Status (Note 2)	Number of other publicly listed companies in which the Director concurrently holds the position as an independent director
Independent Director Wu, Yung-Ku (convenor of the Audit Committee and the Remuneration Committee)	<ol style="list-style-type: none"> Independent Director, Audit Committee's member, and Remuneration Committee's member of the Company; accountant of Defeng Accounting Firm; president of Realtec Technology Co., Ltd.; independent director and remuneration committee's member of Fu Chan High Pile Co., Ltd.; independent director, audit committee's member, and remuneration committee's member of Geosat Aerospace & Technology Inc.; lecturer at Fu Jen University. None of the circumstances in subparagraphs under Article 30 of the Company Act occurred. 	Independent Director Wu, Yung-Ku complies with the independence requirements under the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies."	<ol style="list-style-type: none"> Number of other publicly listed companies in which the Director concurrently holds the position as an independent director: one. Number of other publicly listed companies in which the Director concurrently holds the position as a member of the remuneration committee: one.
Independent Director Lu Chin-Tsang (member of the Audit Committee and the Remuneration Committee)	<ol style="list-style-type: none"> Head of the Tax Auditing Division, Taxation Administration, Ministry of Finance; Deputy Director-General of the Training Institute, Ministry of Finance, Ministry of Finance; vice president of Yung Kuang Hwa Metal Industrial Co., Ltd.; independent director, audit committee's member, and remuneration committee's member of Arima Lasers Corp. None of the circumstances in subparagraphs under Article 30 of the Company Act occurred. 	Independent Director Lu Chin-Tsang complies with the independence requirements under the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies."	<ol style="list-style-type: none"> Number of other publicly listed companies in which the Director concurrently holds the position as an independent director: Zero Number of other publicly listed companies in which the Director concurrently holds the position as a member of the remuneration committee: Zero
Independent Director Chen, Mei-Hua (member of the Audit Committee and the Remuneration Committee)	<ol style="list-style-type: none"> Lawyer of Wu Ling Hua Law Firm ; lawyer of We Zhang Xu Law Firm; a lawyer of Quan Tai Law Firm ; a lawyer of Hengyang Law Firm. None of the circumstances in subparagraphs under Article 30 of the Company Act occurred. 	Independent Director Chen, Mei-Hua complies with the independence requirements under the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies."	<ol style="list-style-type: none"> Number of other publicly listed companies in which the Director concurrently holds the position as an independent director: Zero Number of other publicly listed companies in which the Director concurrently holds the position as a member of the remuneration committee: Zero

Note 1: None of the circumstances in subparagraphs under Article 30 of the Company Act occurred to any Director of the Company.

Note 2: The Company regularly examines the qualification of Independent Directors.

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

II. Board Diversity and Independence:

- (I) Structure of the Board: The Board of the Company is held responsible for the shareholders’ meeting; for operations and arrangements of the corporate governance system, the Company shall ensure that the Board exercises its functions in accordance with laws and regulations, requirements of the Articles of Association, or resolutions made by the shareholders’ meeting.

The structure of the Company's Board shall be determined by choosing an appropriate number of Board members, not less than five, in consideration of its business scale, the shareholdings of its major shareholders, and practical operational needs.

The composition of the Board shall be determined by taking gender equality into consideration. All members of the Board shall have the knowledge, skills, and experience necessary to perform their duties.

- (II) The Board shall possess the following abilities:

1. Ability to make operational judgments.
2. Ability to perform accounting and financial analysis.
3. Ability to conduct management administration.
4. Ability to conduct crisis management.
5. Knowledge of the industry.
6. An international market perspective.
7. Ability to lead.
8. Ability to make policy decisions.

- (III) Substantial management target: The Board of the Company shall direct Company strategies, supervise the management, and be responsible to the Company and its shareholders. The various procedures and arrangements of its corporate governance system shall ensure that, in exercising its authority, the Board complies with laws, regulations, Articles of Association, and the resolutions of its shareholders’ meetings. Directors shall listen to the reports by the management team at the Board meeting and provide instructions and recommendations, maintain a healthy relationship with the

management team, and jointly create maximum interests for shareholders.

- (IV) Board meeting: In 2021, the Company held a total of seven Board meetings, and the attendance rate of Directors was 100%. In 2022, the Company held a total of five Board meetings, and the attendance rate of Directors was 100%. As of May 15, 2023, the Company held a total of four Board meetings, and the attendance rate of Directors was 100%.
- (V) Independence: The Board of the Company currently has a total of seven members. As of December 31, 2022, Independent Directors have complied with the specifications related to Independent Directors implemented by the Securities and Futures Bureau, Financial Supervisory Commission, and none of the circumstances set out in paragraphs 3 and 4, Article 26-3 of the Securities and Exchange Act occurred between Directors and Independent Directors. For the independence status of the Board of the Company, please refer to “Disclosure of Professional Qualification of Directors and Supervisors and Independence Status of Independent Directors” on page 17 of the Annual Report; for the experience and educational background, gender, and work experience of Directors, please refer to “3.2.1 Information on Directors” in the Annual Report.

(VI) Industrial and professional capacities of Directors are analyzed as follows:

Director	Date Elected (of Assumption)	Nationality	Gender	Age Distribution			Business Management	Leadership	Industrial Knowledge	Finance and Accounting	Law
				31 to 50 years old	51 to 70 years old	Over 71 years old					
Lin, Jung-Te	20210727	Taiwan	Male		V		V	V	V		
Lin, You-Yu	20210727	Taiwan	Male	V			V	V	V		
Lin, He-Cun	20210727	Taiwan	Male			V	V		V		V
Chen, Jung-Yang	20210727	Taiwan	Male			V			V		V
Wu, Yung-Ku	20210727	Taiwan	Male			V	V	V		V	
Lu Chin-Tsang	20210727	Taiwan	Male			V				V	
Chen, Mei-Hua	20210727	Taiwan	Female		V						V

The current Board of the Company has seven Directors; Directors who are employees account for 29% of the Board, and three Independent Directors account for 43% of the Board. The Company values gender equality in the Board composition, and the target for the ratio of female Director is over 10%. At present, there is one female Director, accounting for 14.29% of the Board composition, fully achieving our target.

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

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

April 22, 2024

Title	Nationality	Name	Gender	Date Elected (of Assumption)	Shares Held		Shares Held by Spouse and Minors		Shares Held in the Name of Others		Major Experience (Educational Background)	Current Positions in Other Companies	Managers Who Are Spouse or Relatives within the Second Degree of Kinship			Remark
					Number of Shares	Shareholding	Number of Shares	Shareholding	Number of Shares	Shareholding			Title	Name	Relationship	
President	Taiwan	Lin, You-Yu	Male	20240129	2,864,084	0.73%	0	0%	0	0%	Pepperdine University/Department of Finance	Chairman Senior special assistant Special assistant	Lin, Jung-Te Wang, Kuei-Feng Lin, Meng-Yu	Father Spouse Father daughter Father	Note	
Executive Vice President	Taiwan	Wang, Kai-Ming	Male	20210628	0	0%	0	0%	0	0%	National Taiwan University/Institute of Civil Engineering	None	None	None	None	
Senior Special Assistant	Taiwan	Wang, Kuei-Feng	Female	20080401	2,096,360	0.54%	22,865,200	5.86%	0	0%	Yuanpei University of Medical Technology/Health Administration	Director of Tai Yu Investment Co, Ltd Director of Singyih Ceramic (Penglai) Co., Ltd Supervisor of Champion Highwealth Co., Ltd	Chairman President Special Assistant	Lin, Jung-Te Lin, You-Yu Lin, Meng-Yu	Spouse Mother and son Mother and daughter	

Title	Nationality	Name	Gender	Date Elected (of Assumption)	Shares Held		Shares Held by Spouse and Minors		Shares Held in the Name of Others		Major Experience (Educational Background)	Current Positions in Other Companies	Managers Who Are Spouse or Relatives within the Second Degree of Kinship			Remark
					Number of Shares	Shareholding	Number of Shares	Shareholding	Number of Shares	Shareholding			Title	Name	Relationship	
Assistant Vice President	Taiwan	Lin, Jen-Hsiung	Male	20020701	0	0%	0	0%	0	0%	National United University Ceramic Engineering	None	None	None		
CFO	Taiwan	Liao, Hui-Yi	Female	20071207	9,837	0.00%	0	0%	0	0%	Soochow University/Department of Accounting (Master)	Supervisor of Seagull Champion Limited	None	None	None	
Special Assistant	Taiwan	Lin, Meng-Yu	Female	20130207	2,847,954	0.73%	0	0%	0	0%	Pepperdine University/Department of Science and Business Administration	Director of Guan Zhong Trading Co., Ltd. Director of Champion Highwealth Co., Ltd. Chairman of Deqian Investment Co., Ltd. Supervisor of Quicheng Investment Co., Ltd.	Chairman Senior special assistant President	Lin, Jung-Te Wang, Kuei-Feng Lin, You-Yu	Father and daughter Mother and daughter Sibling	
Assistant Vice President	Taiwan	Chang, Chih-Chung	Male	20171107	0	0%	0	0%	0	0%	Da-yeh University/Department of Information Management	None	None	None	None	
Assistant Vice President	Taiwan	Jang, Shiuan-Ming	Male	20181105	0	0.00%	0	0%	0	0%	Nan Kai University of Technology/Department of Electrical and Electronic Engineering	None	None	None	None	
Assistant Vice President	Taiwan	Chang, Cing-Fu	Male	20190802	0	0.00%	0	0%	0	0%	Army Ordnance School/Department of Vehicle Maintenance	None	None	None	None	
Assistant Vice President	Taiwan	Hsu, Chi-Ling	Female	20221017	0	0.00%	0	0%	0	0%	London South Bank University/Master of International Marketing	None	None	None	None	

Title	Nationality	Name	Gender	Date Elected (of Assumption)	Shares Held		Shares Held by Spouse and Minors		Shares Held in the Name of Others		Major Experience (Educational Background)	Current Positions in Other Companies	Managers Who Are Spouse or Relatives within the Second Degree of Kinship			Remark
					Number of Shares	Shareholding	Number of Shares	Shareholding	Number of Shares	Shareholding			Title	Name	Relationship	
Assistant Vice President	Taiwan	Liu, Chi-Ming	Male	20240219	0	0.00%	0	0%	0	0%	University of Canada West/Master of Business Administration	None	None	None	None	
Assistant Vice President	Taiwan	Lin, Ta-Cheng	Male	20240306	0	0.00%	0	0%	0	0%	National Taiwan University of Science and Technology/Executive Master of Business Administration	None	None	None	None	

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

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

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

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

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

(1) Remuneration to General Directors and Independent Directors

Unit: NT\$1,000

Title	Name	Remuneration of Directors								Ratio of the sum of items A, B, C, and D to net profit after tax (%) (Note 10)		Relevant remuneration received by Directors who are also employees						Ratio of the sum of items A, B, C, D, E, F, and G to net profit after tax (%) (Note 10)		Receive remuneration from investee companies other than subsidiaries or from the parent company (Note 11)		
		Compensation (A) (Note 2)		Severance pay and retirement pension (B)		Remuneration of Directors (C) (Note 3)		Allowances for Business Execution (D) (Note 4)		Salaries, bonus, and allowance (E) (Note 5)		Remuneration of Directors (F)		Remuneration of Employees (G) (Note 6)		Ratio of the sum of items A, B, C, D, E, F, and G to net profit after tax (%) (Note 10)						
		The Company	All companies in the financial report (Note 7)	The Company	All companies in the financial report (Note 7)	The Company	All companies in the financial report (Note 7)	The Company	All companies in the financial report (Note 7)	The Company	All companies in the financial report (Note 7)	The Company	All companies in the financial report (Note 7)	The Company	All companies in the financial report (Note 7)	The Company	All companies in the financial report (Note 7)	The Company	All companies in the financial report (Note 7)			
Chairman	Tai Yu Investment Co., Ltd. Representative Lin, Jung-Te	0	0	0	0	0	0	450	977	109.98%	238.83%	4,541	5,596	0	0	0	0	0	0	1219.81%	1606.36%	0
Director	Tai Yu Investment Co., Ltd. Representative Lin, You-Yu	0	0	0	0	0	0	450	555	109.98%	135.75%	0	0	0	0	0	0	0	0	109.98%	135.75%	0
Director	Hua Yi Industrial Co., Ltd. Representative Lin, He-Cun	0	0	0	0	0	0	430	430	105.09%	105.09%	0	0	0	0	0	0	0	0	105.09%	105.09%	0
Director	Hua Yi Industrial Co., Ltd. Representative Chen, Jung-Yang	0	0	0	0	0	0	430	430	105.09%	105.09%	0	0	0	0	0	0	0	0	105.09%	105.09%	0

Title	Name	Remuneration of Directors								Ratio of the sum of items A, B, C, and D to net profit after tax (%) (Note 10)		Relevant remuneration received by Directors who are also employees						Ratio of the sum of items A, B, C, D, E, F, and G to net profit after tax (%) (Note 10)		Receive remuneration from investee companies other than subsidiaries or from the parent company (Note 11)		
		Compensation (A) (Note 2)		Severance pay and retirement pension (B)		Remuneration of Directors (C) (Note 3)		Allowances for Business Execution (D) (Note 4)		Salaries, bonus, and allowance (E) (Note 5)		Remuneration of Directors (F)		Remuneration of Employees (G) (Note 6)								
		The Company	All companies in the financial report (Note 7)	The Company	All companies in the financial report (Note 7)	The Company	All companies in the financial report (Note 7)	The Company	All companies in the financial report (Note 7)	The Company	All companies in the financial report (Note 7)	The Company	All companies in the financial report (Note 7)	The Company		All companies in the financial report (Note 8)		The Company	All companies in the financial report (Note 7)			
		Amount in cash	Amount in shares	Amount in cash	Amount in shares																	
Independent Director	Wu, Yung-Ku	0	0	0	0	0	0	710	710	173.52%	173.52%	0	0	0	0	0	0	0	0	173.52%	173.52%	0
Independent Director	Lu Chin-Tsang	0	0	0	0	0	0	690	690	168.63%	168.63%	0	0	0	0	0	0	0	0	168.63%	168.63%	0
Independent Director	Chane, Mei-Hua	0	0	0	0	0	0	690	690	168.63%	168.63%	0	0	0	0	0	0	0	0	168.63%	168.63%	0

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

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

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

Note 1: A driver is assigned to Chairman Lin, Jung-Te, and the driver's compensation was NT\$667,295. Note 2: The severance pay and retirement pension were the amounts provided.

(1-2) Scale of Payment

Level of remuneration paid to each director of the Company	Name of Directors			
	Total remuneration for the first four items (A+B+C+D)		Total remuneration for the first seven items (A+B+C+D+E+F+G)	
	The Company (Note 8)	All companies in the Financial Statements (Note 9) H	The Company (Note 8)	All companies in the Financial Statements (Note 9) I
Les than NT\$1,000,000	Lin, Jung-Te Lin, You-Yu Lin, He-Cun Chen, Jung-Yang Wu, Yung-Ku Lu Chin-Tsang Chen, Mei-Hua	Lin, Jung-Te Lin, You-Yu Lin, He-Cun Chen, Jung-Yang Wu, Yung-Ku Lu Chin-Tsang Chen, Mei-Hua	Lin, You-Yu Lin, He-Cun Chen, Jung-Yang Wu, Yung-Ku Lu Chin-Tsang Chen, Mei-Hua	Lin, You-Yu Lin, He-Cun Chen, Jung-Yang Wu, Yung-Ku Lu Chin-Tsang Chen, Mei-Hua
NT\$1,000,000 (including)~NT\$2,000,000 (excluding)				
NT\$2,000,000 (including)~NT\$3,500,000 (excluding)				
NT\$3,500,000 (including)~NT\$5,000,000 (excluding)			Lin, Jung-Te	
NT\$5,000,000 (including)~NT\$10,000,000 (excluding)				Lin, Jung-Te
NT\$ 10,000,000 (including)~NT\$15,000,000 (excluding)				
NT\$15,000,000 (including)~NT\$30,000,000 (excluding)				
NT\$30,000,000 (including)~NT\$50,000,000 (excluding)				
NT\$ 50,000,000 (including)~NT\$100,000,000 (excluding)				
More than NT\$100,000,000				
Total	7	7	7	7

(2) Remuneration to President and Vice President

Unit: NT\$000

Title	Name	Salaries (A)		Severance pay and retirement pension (B)		Bonuses and allowance (C)		Remuneration of Employees (D)				Ratio of the sum of items A, B, C, and D to net profit after tax (%)		Receive remuneration from investee companies other than subsidiaries or from the parent company
		The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company		All companies in the financial report		The Company	All companies in the financial report	
								Amount in cash	Amount in shares	Amount in cash	Amount in shares			
President	Lin, Jung-Te	2,400	3,455	0	0	2,141	2,141	0	0	0	0	1109.83%	1367.53%	0
Executive Vice President	Wang, Kai-Ming (Note)	1,907	1,907	108	108	561	561	0	0	0	0	629.34%	629.34%	0

Note: 1. The severance pay and retirement pension were the amounts provided.

(2-1) Scale of Payment

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

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

Unit: NT\$1,000

Title	Name	Salaries (A)		Severance pay and retirement pension (B)		Bonuses and allowance (C)		Remuneration of Employees (D)				Ratio of the sum of items A, B, C, and D to net profit after tax (%)		Receive remuneration from investee companies other than subsidiaries or from the parent company (Note 7)
		The Company	All companies in the financial report (Note 5)	The Company	All companies in the financial report (Note 5)	The Company	All companies in the financial report (Note 5)	The Company		All companies in the financial report (Note 5)		The Company	All companies in the financial report (Note 5)	
								Amount in cash	Amount in shares	Amount in cash	Amount in shares			
President	Lin, Jung-Te	2,400	3,454	0	0	2,141	2,141	0	0	0	0	1109.83%	1367.53%	0
Executive Vice President	Wang, Kai-Ming	1,907	1,907	108	108	561	561	0	0	0	0	629.34%	629.34%	0
Assistant Vice President	Chang, Cing-Fu	1,736	1,736	99	99	386	386	0	0	0	0	543.03%	543.03%	0
Assistant Vice President	Lin, Jen-Hsiung	1,702	1,702	0	0	347	347	0	0	0	0	500.98%	500.98%	0
CFO	Liao, Hui-Yi	1,464	1,464	87	87	389	389	0	0	0	0	474.33%	474.33%	0

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

December 31, 2023; Unit: NT\$1,000

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

Note 1: Individual names and titles shall be disclosed, but profit distribution may be disclosed in a aggregated manner.

Note 2: Specify the amount of employee compensation (including stock and cash) approved by the Board of Directors to distribute to managers in the most recent year or, if it is not possible to estimate, the proposed amount of this year's distribution in proportion to the actual amount of last year's distribution shall be filled in. Net profit after tax means net profit after tax for the most recent year; If IFRS has been adopted, net profit after tax means net profit after tax on the most recent year of individual or individual financial reporting.

Note 3: The scope of application for managers is as follows, in accordance with Tai, Tsai-Cheng-San Zi No. 0920001301 dated March 27, 2003 issued by FSC:

- (1) General Manager and personnel of the same level
- (2) Executive Vice President and personnel of the same level
- (3) Assistant Vice President and personnel of the same level
- (4) Supervisor of Finance Department
- (5) Supervisor of Accounting Department
- (6) Other persons who have the right to manage the affairs of the Company and sign.

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

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

	2023		2022	
	Ratio of the total remuneration paid to the Company's Directors, supervisors, President, and Vice Presidents by the Company to the net profit after tax in the individual or separate financial report (%)	Ratio of the total remuneration paid to the Company's Directors, supervisors, President, and Vice Presidents by all companies in the consolidated statements to the net profit after tax in the individual or separate financial report (%)	Ratio of the total remuneration paid to the Company's Directors, supervisors, President, and Vice Presidents by the Company to the net profit after tax in the individual or separate financial report (%)	Ratio of the total remuneration paid to the Company's Directors, supervisors, President, and Vice Presidents by all companies in the consolidated statements to the net profit after tax in the individual or separate financial report (%)
Directors	2,050.73%	2,463.07%	(1.99%)	(2.32%)
President and Vice Presidents	1,739.17%	1,996.87%	(3.41%)	(3.97%)

Note: The Company established its Audit Committee to substitute the functions of supervisors on June 26, 2018.

2. Policies, Standards, and Packages for Remuneration Payment

- (1) The Company has established its Remuneration Committee to evaluate the remuneration policies and systems for the Company's Directors and managers and make recommendations to the Board for them to make reference upon making decisions.
- (2) According to the Company's Articles, the compensation of Directors for executing their duties shall be determined by the Board according to individual Directors' level of participation and value of contributions with reference to the general standards within the industry. The Board may determine to provide traffic allowance to Directors with reference to the common standards within the industry. In addition, where the Company records any profits, the Company shall appropriate no more than 1.5% of such profits as remuneration to Directors according to Article 19 of the Company's Articles.
- (3) Remuneration policies for the Company's employees: The remuneration of managers is determined based on the hierarchy, duties, personal work experiences, expertise, and responsibilities of managers with reference to salary and benefit policies of companies within the same categories and nature in the human resources market and the Company. Annual performance evaluations are determined based on personal work performances

and the Company's operating status, and are positively related to operating performance. Furthermore, where the Company records any profits, the Company shall appropriate 3% to 5% of such profits as remuneration to employees according to Article 19 of the Company's Articles. The standards for the compensation paid to the Company's managers are also determined by the Board based on individual performances, contributions to the Company's overall operations, and requirements under relevant rules and regulations of the Company with reference to the payment standards in the market.

- (4) The remuneration stated in the Remuneration Committee Charter includes cash compensation, share option, share bonuses, retirement benefits, or severance pay, allowances, and other measures with real incentives; the scope is consistent with the relevant remuneration to Directors and managers in the Regulations Governing Information to be Published in Annual Reports of Public Companies.

3. Procedures for Determining the Remunerations

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

4. Connection with Operating Performance and Future Risks

The examination of relevant payment standards and systems primarily considers the Company's overall operating status. The payment standards are determined based on the performance achievement rate and level of contributions to improve the overall functions of the organizational teams of the Board and management departments. Furthermore, the Company refers to the remuneration standards within the industry to ensure the remunerations for the Company's management remain competitive within the industry to retain outstanding management talents.

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

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

III. Operations of Corporate Governance

(I) Operations of the Board of Directors

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

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

Title	Name (Note 1)	Number of actual attendance (B)	Attendance by proxy	Actual attendance (presence) rate [B / A] (Note 2)	Remark
Chairman	Tai Yu Investment Co., Ltd. Representative Lin, Jung-Te	7	0	100%	
Director	Tai Yu Investment Co., Ltd. Representative Lin, You-Yu	7	0	100%	
Director	Hua Yi Industrial Co., Ltd. Representative Lin, He-Cun	7	0	100%	
Director	Hua Yi Industrial Co., Ltd. Representative Chen, Jung-Yang	7	0	100%	
Independent Director	Wu, Yung-Ku	7	0	100%	
Independent Director	Lu Chin-Tsang	7	0	100%	
Independent Director	Chen, Mei-Hua	7	0	100%	

Other Matters to be Disclosed:

- I. Where any of the following circumstances occurred in the operations of the Board, the Company shall set out the date of the Board meeting, the session, the content of the resolution, opinions of all Independent Directors, and measures adopted by the Company for the opinions of the Independent Directors:
 - (I) Matters set out in Article 14-3 of the Securities Exchange Act: For significant resolutions made by the Board for 2023 and as of the date of publishing the Annual Report, please refer to page 84 of the Annual Report.
 - (II) Except for the above matter, other resolutions at the meeting of the Board where Independent Directors expressed opposing or qualified opinions with records or written declarations: None.

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

Meeting Date	Content of the Resolution	Director Abstained	Reason for the Abstention	Voting Status
2023.1.13 (1 st meeting in 2023)	1.Establishment of the Company’s “Sustainable Development Committee” and formulation of “Articles of Incorporation for Sustainable Development Committee”.	Chairman Lin, Jung-Te Independent Director, Wu, Yung-Ku Director Lin, You-Yu	Member of the 1 st Sustainable Development Committee	Passed by other attending Directors as proposed
	2.The Implementation and Distribution of Company’s “2022 Manager’ Year-end Bonus and Performance Bonus Allocation Plan”.	Chairman Lin, Jung-Te, Director Lin, You-Yu	Concurrent position as a manager	Passed by other attending Directors as proposed
	3.Amendments to the Company’s “Measures for Remuneration Paid to Directors, Managers and Functional Committee Members”	General Director: Director Lin, Jung-Te Director Lin You-Yu, Director Lin, He-Cun, Director Chen, Jung-Yang, Independent Director: Director Wu, Yung-Ku, Director Lu, Chin-Tsang; Director Chen, Mei-Hua	Review over the Measures for Remuneration Paid to General Directors	Passed by other attending Directors as proposed
	4.Discussion on the remuneration (standards and structure) of Directors and managers (including those who are newly appointed).)	General Director: Director Lin, Jung-Te Director Lin You-Yu, Director Lin, He-Cun, Director Chen, Jung-Yang, Independent Director: Director Wu, Yung-Ku,	Review over the Measures for Remuneration Paid to General Directors	Passed by other attending Directors as proposed
			Review over the Measures for Remuneration Paid to General	Passed by other attending Directors as proposed

		5. Discussion on the Company's "Measures for 2023 Performance Achievement (Surplus Sharing) Bonus" (including performance evaluation standards and policies)	Director Lu, Chin-Tsang; Director Chen, Mei-Hua Chairman Lin, Jung-Te Director Lin, You-Yu	Directors Concurrent position as a manager	Passed by other attending Directors as proposed
2023.8.10 (5 th meeting in 2023)		1. The Implementation and Distribution of Company's "2023 Manager' Year-end Bonus and Performance Bonus Allocation Plan".	Chairman Lin, Jung-Te, Director Lin, You-Yu	Concurrent position as a manager	Passed by other attending Directors as proposed
2024.1.29 (1 st meeting in 2024)		1. General manager appointment 2. The Implementation and Distribution of Company's "2023 Manager' Year-end Bonus and Performance Bonus Allocation Plan". 3. Discussion on the remuneration (standards and structure) of Directors and managers (including those who are newly appointed). 4. Discussion on the Company's "Measures for 2024 Performance	Chairman Lin, Jung-Te Director Lin, You-Yu Chairman Lin, Jung-Te, Director Lin, You-Yu General Director: Director Lin, Jung-Te Director Lin You-Yu, Director Lin, He-Cun, Director Chen, Jung-Yang, Independent Director: Director Wu, Yung-Ku, Director Lu, Chin-Tsang; Director Chen, Mei-Hua Chairman Lin, Jung-Te, Director Lin, You-Yu	Concurrent position as a manager Concurrent position as a manager Review over the Measures for Remuneration Paid to General Directors Review over the Measures for Remuneration Paid to General Directors Concurrent position as a manager	Passed by other attending Directors as proposed Passed by other attending Directors as proposed Passed by other attending Directors as proposed Passed by other attending Directors as proposed

	Achievement Bonus” (including performance evaluation standards and policies), “Measures for Executive Vice President Performance Achievement Bonus”			
III.	Listed Companies shall disclose the evaluation cycle and period, evaluation scope, method, and evaluation content for the self- (or peer) evaluations of the Board and complete Schedule II (2) Execution of the Board Evaluation. Please refer to page 37.			
IV.	Objectives for strengthening the functions of the Board (such as the establishment of the Audit Committee and improvement of information transparency) during the current year and the latest year and the execution evaluation.			
1.	On January 13, 2023, the Board passed: the establishment of the Company’s “Sustainable Development Committee” and formulation of “Articles of Incorporation for the Sustainable Development Committee”.			
2.	On March 14, 2023, the Board passed the following: (1) Amendments to the Company’s “Key Points for the Establishment and Exercise of the Functions and Powers of the Board of Directors” and “Regulations Governing the Financial Business between Affiliated Enterprises”. (2) Amendments to the Company’s “SOP for Handling the Directors’ Requests”. (3) Amendments to the Company’s “Operation Procedures for Integrity Management and Guidelines” and “Regulations Governing the Handing of Report Cases of Illegal, Unethical or Dishonest Behavior”. (4) Amendments to the Company’s “Criteria for Preparing Financial Statements”.			
3.	At the Board meeting on August 10, 2023, the Company reported and explained the responsibility insurance purchased for Directors and managers from Fubon Insurance; the insurance premium is \$1 million, and the insurance period is from 24:00 on September 3, 2023 to 24:00 on September 3, 2024.			
4.	On November 13, 2023, the Board passed the following:(1) Amendments to the “Guidelines for Matters of Compliance for the Establishment of Board of Directors of Listed Companies and the Exercise of Powers” of the Company. (2) Additions and amendments to the “Risk Management Policy and Procedures” of the Company.			
5.	On January 29, 2024, the Board passed the following: (1) Amendments to the Company’s “Ethical Corporate Management Best Practice Principles”. (2) Amendments to the Company’s “Procedures for Ethical Management and Guidelines for Conducts”. (3) Amendments to the Company’s “Rules of Procedure for Board of Directors Meetings”. (4) Amendments to the “Procedures for Suspension and Recovery Applications” (5) Amendments to the “Insider Trading Prevention Management.” (6) Amendments to the “Corporate Governance Best Practice Principles.” (7) Amendments to the “Regulations for Internal Audits” (8) Amendments to the “Regulations for the Preparation and Reporting of the Sustainability Report.” (9) Amendments to the “The Organic Regulations of the Audit Committee.”.			
6.	On March 14, 2024, the Board passed the following: (1) Amendments to the Company’s “Articles of Incorporation for the Sustainable Development Committee”.			

(2) Execution of Board Evaluation

(2-1) Evaluation Cycle, Period, Evaluation Scope, Method, and Evaluation Content for the Self-evaluations of the Company's Board

Cycle of evaluation	Period of evaluation	Scope of evaluation	Method of evaluation	Content of evaluation
Execute once a year	January 1, 2023 to December 31, 2023	Board, individual Directors, and functional committees.	Use the “Board Performance Self-evaluation Questionnaire” for the overall Board internal self-evaluation.	The measurement items in the “Board Performance Self-evaluation Questionnaire” include five aspects of participation in the operation of the Company, improvement in the quality of the Board's decision-making, composition and structure of the Board, election and continuing education of the Directors, and internal control, and a total of 45 evaluation indicators.
			Use the “Director Performance Self-evaluation Questionnaire” for Director internal self-evaluation.	The measurement items in the “Director Performance Self-evaluation Questionnaire” include six aspects of alignment of the goals and missions of the Company, awareness of the duties of a Director, participation in the operation of the Company, management of internal relationships and communication, the Director's professionalism and continuing education, and internal control, and a total of 23 evaluation indicators.
			Use the “Functional Committee Performance Self-evaluation Questionnaire” for functional committee internal self-evaluation.	The measurement items in the “Functional Committee Performance Self-evaluation Questionnaire” include five aspects of participation in the operation of the Company, awareness of the duties of the functional committee, improvement of the quality of the functional committee's decision-making, composition and election of the functional committee's members, and internal control, and a total of 25, 21 and 20 evaluation indicators for the Audit Committee, the Remuneration Committee and the Sustainable Development Committee, respectively.

(2-2) The results of the 2023 performance evaluation were submitted to the Board of the Company on March 14, 2024.

(2-3) Evaluation Results: The overall performance evaluation results for the Board, individual Directors, the Audit Committee, the Remuneration Committee and the Sustainable Development Committee of the Company were “89, 93, 90, 86, and 91,” respectively, representing that the overall operations of the Board, individual Directors, the Audit Committee, the Remuneration Committee and the Sustainable Development Committee of the Company were complete and healthy and in compliance with corporate governance.

(II) Operations of the Audit Committee

Operations of the Audit Committee

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

Title	Name	Number of actual attendance (B)	Attendance by proxy	Actual attendance (presence) rate (B / A) (Note)	Remark
Independent Director	Wu, Yung-Ku	7	0	100%	
Independent Director	Lu, Chin-Tsang	7	0	100%	
Independent Director	Chen, Mei-Hua	7	0	100%	

Other Matters to be Disclosed:

I. Where any of the following circumstances occurred in the operations of the Audit Committee, the Company shall set out the date of the Audit Committee meeting, the session, the content of the resolution, resolution results of the Audit Committee, and measures adopted by the Company for the opinions of the Audit Committee.

(I) Matters set out in Article 14-5 of the Securities Exchange Act: For significant resolutions for 2023 and as of the date of publishing the Annual Report, please refer to page 41 of the Annual Report.

(II) Except for the above matter, other resolutions not passed by the Audit Committee but received consent from two-thirds of all Directors: None.

II. For the execution of Independent Director’s recusal from resolutions in which they have interests, the name of the Independent Directors, the content of the resolution, the reason for the recusal due to interests, and the participation in voting shall be set out: None.

III. Communication between Independent Directors and Chief Internal Auditor and CPAs (the content shall include significant matters, methods, and results communicated regarding the Company's finance and business conditions).

Communication between the Audit Committee with Chief Internal Auditor and CPAs:

1. The audit report for the preceding month is submitted to the Independent Directors/Audit Committee each month.
2. The Chief Internal Auditor reports to the Independent Directors/Audit Committee regarding the following executions of audit operations at the quarterly meeting; when necessary, the Independent Directors/Audit Committee would directly contact the Chief Internal Auditor for communications.

Date	Matter of communication	Communication target
20230113	Report on the execution of the audit from October to November 2022	Independent Directors and the Audit Committee
20230314	Report on the execution of the audit in December 12, 2022 and January 2023	Independent Directors and the Audit Committee
20230328	Report on the execution of the audit in February 2023	Independent Directors and the Audit Committee
20230511	Report on the execution of the audit in March 2023	Independent Directors and the Audit Committee
20230810	Report on the execution of the audit operations from April to June in 2023	Independent Directors and the Audit Committee
20231113	Report on the execution of the audit operations from July to September in 2023	Independent Directors and the Audit Committee
20240129	Report on the execution of the audit operations from October to December in 2023	Independent Directors and the Audit Committee
20240314	Report on the execution of the audit in January 2024	Independent Directors and the Audit Committee
20240328	Report on the execution of the audit in February 2024	Independent Directors and the Audit Committee
20240509	Report on the execution of the audit in March 2024	Independent Directors and the Audit Committee

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

Date	Matter of communication
20230328	Discussion on the audit scope and methods for the 2022 consolidated and individual financial report The type of auditor's report with CPAs issuing unqualified opinions, key audit matters, and significant audit findings Updates on significant accounting standards or letters of explanation, laws and regulations related to securities administration, and laws and regulations related to taxation
20230511	Discussion on the review scope and methods for the 2023Q1 consolidated financial report The type of auditor's report with CPAs issuing qualified opinions, key audit matters, and significant audit findings Updates on significant accounting standards or letters of explanation, laws and regulations related to securities administration, and laws and regulations related to taxation

Date	Matter of communication
20230810	<p>Discussion on the review scope and methods for the 2023 Q2 consolidated financial report</p> <p>The type of auditor’s report with CPAs issuing qualified opinions, key audit matters, and significant audit findings</p> <p>Updates on significant accounting standards or letters of explanation, laws and regulations related to securities administration, and laws and regulations related to taxation</p>
20231113	<p>Discussion on the review scope and methods for the 2023 Q3 consolidated financial report</p> <p>The type of auditor’s report with CPAs issuing qualified opinions, key audit matters, and significant audit findings</p> <p>Updates on significant accounting standards or letters of explanation, laws and regulations related to securities administration, and laws and regulations related to taxation</p>
20240328	<p>Discussion on the audit scope and methods for the 2023 consolidated and individual financial report</p> <p>The type of auditor’s report with CPAs issuing qualified opinions, key audit matters, and significant audit findings</p> <p>Updates on significant accounting standards or letters of explanation, laws and regulations related to securities administration, and laws and regulations related to taxation</p>
20240426	<p>Discussion on the audit scope and methods for the 2023 consolidated and individual financial report</p> <p>The type of auditor’s report with CPAs issuing unqualified opinions, key audit matters, and significant audit findings</p> <p>Updates on significant accounting standards or letters of explanation, laws and regulations related to securities administration, and laws and regulations related to taxation</p>
20240509	<p>Discussion on the review scope and methods for the 2024Q1 consolidated financial report</p> <p>The type of auditor’s report with CPAs issuing qualified opinions, key audit matters, and significant audit findings</p> <p>Updates on significant accounting standards or letters of explanation, laws and regulations related to securities administration, and laws and regulations related to taxation</p>

IV. Annual Work Focus and Operations of the Audit Committee:

- (I) The Audit Committee of the Company comprises three Independent Directors; the Audit Committee assists the Board in monitoring the appropriate expressions of the Company’s financial statements, the appointment (dismissal), independence, and performance of CPAs, and the effective implementations of the internal control system, the Company’s compliance with relevant laws, regulations, and rules, the control of the Company’s existing or potential risks.
- (II) 7 meetings had been held for the Audit Committee in 2023; for details on the content of the proposals and subsequent measures adopted, please refer to page 41 of the Annual Report.

Primary work highlight:

1. Independence evaluation of CPAs for the year.
2. Amendments to the Procedures for the Acquisition or Disposal of Assets, Procedures for Endorsement and Guarantee, and Procedures for Loan to Others.
3. Amendments to the internal control system.

4. Loans to subsidiaries and endorsement and guarantee.
5. Review of financial reports.
6. Preparation for the annual audit plan.

Significant resolutions for 2023 and as of the date of publishing the Annual Report:

Audit Committee	Content of the proposal and subsequent measures adopted	Matters set out in Article 14-5 of the Securities Exchange Act	Opposing or qualified opinions from members
2023.1.13 7 th meeting of the 2 nd Audit Committee	1 Proposal to lend loans to the Company's subsidiary Champion Highwealth Co., Ltd. with a limit of NT\$50 million.	V	None
	2 Proposal of the Company being the joint guarantor to provide endorsement and guarantee services for the Company's subsidiary Champion Highwealth Co., Ltd. that intends to apply for a loan of US\$500,000 with financial institutions.	V	None
	Opinions of members: None. Measures adopted by the Company for opinions of members: None. Resolution results: All attending members passed the resolution as proposed with no opposing opinions.		
2023.3.14 8 th meeting of the 2 nd Audit Committee	1 Completion of the Company's 2022 Internal Control Self-evaluation and issuance of Internal Control Statement	V	None
	2 Proposal to lend loans to the Company's subsidiary Sinyih Ceramics (China) Co., Ltd.	V	None
	3 Proposal of the Company being the joint guarantor to provide endorsement and guarantee services for the Company's subsidiary Guan Zhong Trading Co., Ltd. that intends to apply for a loan of US\$1.5 million with financial institutions.	V	None
	4 Expected to formulate the Company's "General Principles for Pre-Approved Non-assurance Service Policy".	V	None
	5 Expected to formulate the Company's "Standards for Preparing Financial Report".	V	None
	6 Expected to formulate the Company's "Key Points for the Establishment and Exercise of the Functions and Powers of the Board of Directors" and "Regulations Governing the Financial Business between Affiliated Enterprises"	V	None
	7 Expected to amend the Company's "SOP for Handling the Directors' Requests"	V	None
	8 Expected to amend the Company's "Operation Procedures for Integrity Management and Guidelines" and "Regulations Governing the Handling of Report Cases of Illegal, Unethical or Dishonest Behavior".	V	None

Audit Committee	Content of the proposal and subsequent measures adopted	Matters set out in Article 14-5 of the Securities Exchange Act	Opposing or qualified opinions from members
<p>Opinions of members: None. Measures adopted by the Company for opinions of members: None. Resolution results: All attending members passed the resolution as proposed with no opposing opinions.</p>			
<p>2023.3.28 9th meeting of the 2nd Audit Committee</p>	<p>1 The Company's 2022 business report, individual financial statements and consolidated financial statements.</p>	<p>V</p>	<p>None</p>
	<p>2 Proposal for the Company's 2022 Loss Compensation</p>	<p>V</p>	<p>None</p>
	<p>3 Assessment of the independence and suitability of the Company's CPAs and appointment for the audit and certification service for 2023 financial statements.</p>	<p>V</p>	<p>None</p>
	<p>Opinions of members: None. Measures adopted by the Company for opinions of members: None. Resolution results: All attending members passed the resolution as proposed with no opposing opinions.</p>		
<p>2023.5.11 10th meeting of the 2nd Audit Committee</p>	<p>1 Discussion on the Company's 2023 Q1 consolidated financial statements.</p>	<p>V</p>	<p>None</p>
	<p>2 Proposal of the Company being the joint guarantor to provide endorsement and guarantee services for the Company's subsidiary Guan Zhong Trading Co, Ltd. that intends to negotiate the financing limits of NT\$20 million with financial institutions.</p>	<p>V</p>	<p>None</p>
	<p>Opinions of members: None. Measures adopted by the Company for opinions of members: None. Resolution results: All attending members passed the resolution as proposed with no opposing opinions.</p>		
<p>2023.8.10 11th meeting of the 2nd Audit Committee</p>	<p>1 Discussion on the Company's 2023 Q2 consolidated financial statements.</p>	<p>V</p>	<p>None</p>
	<p>2 Proposal of the Company being the joint guarantor to provide endorsement and guarantee services for the Company's subsidiary Guan Zhong Trading Co, Ltd. that intends to negotiate the financing limits of USD\$800,000 with financial institutions.</p>	<p>V</p>	<p>None</p>
	<p>3 Proposal for the performance guarantee amount to apply for with financial institutions for the Company's application for the Taiwan Industry Innovation Platform Consultation Project, MOEA.</p>	<p>V</p>	<p>None</p>
	<p>Opinions of members: None. Measures adopted by the Company for opinions of members: None. Resolution results: All attending members passed the resolution as proposed with no opposing opinions.</p>		
<p>2023.9.25 12th meeting of the 2nd Audit Committee</p>	<p>1 Proposal for the provision of loans in the amount of NT\$7 million and MT\$2 million to Wei Xun Co., Ltd. and Fan Yang Co., Ltd., respectively; both companies have business dealings with the Company.</p>	<p>V</p>	<p>None</p>

Audit Committee	Content of the proposal and subsequent measures adopted	Matters set out in Article 14-5 of the Securities Exchange Act	Opposing or qualified opinions from members
	<p>Opinions of members: None. Measures adopted by the Company for opinions of members: None. Resolution results: All attending members passed the resolution as proposed with no opposing opinions.</p>		
2023.11.13 13 th meeting of the 2 nd Audit Committee	1 Discussion on the Company's 2023 Q3 consolidated financial statements.	V	None
	2 Proposal to lend loans to the Company's subsidiary Guan Zhong Trading Co., Ltd., with a limit of NT\$30 million.	V	None
	3 Proposal to lend loans to the Company's subsidiary Champion Highwealth Co., Ltd., with a limit of NT\$50 million.	V	None
	4 Formulation of 2024 Audit Plan.	V	None
	5 Amendments to the Company's "Guidelines for Matters of Compliance for the Establishment of Board of Directors of Listed Companies and the Exercise of Powers".	V	None
	6 Formulation of the Company's "Risk Management Policies and Procedures." °	V	None
	<p>Opinions of members: None. Measures adopted by the Company for opinions of members: None. Resolution results: All attending members passed the resolution as proposed with no opposing opinions.</p>		
2024.01.29 14 th meeting of the 2 nd Audit Committee	1 Discussion on the Company's 2024 business plan.	V	None
	2 Proposal to lend loans to the Company's subsidiary Sinyih Ceramics (China) Co., Ltd. with a limit of CNY\$50 million.	V	None
	3 Proposal for the increase in the investment in subsidiary Champion Highwealth Co., Ltd.	V	None
	4 Proposal of the Company being the joint guarantor to provide endorsement and guarantee services for the Company's subsidiary Guan Zhong Trading Co., Ltd. that intends to apply for a loan of USD\$1,500,000 with financial institutions.	V	None
	5 Amendments to the Company's "Ethical Corporate Management Best Practice Principles".	V	None
	6 Amendments to the Company's "Procedures for Ethical Management and Guidelines for Conducts".	V	None
	7 Amendments to the Company's "Rules of Procedure for Board of Directors Meetings".	V	None
	8 Amendments to the Company's "Procedures for Suspension and Recovery Applications".	V	None
	9 Amendments to the Company's "Insider Trading Prevention Management".	V	None
	10 Amendments to the Company's "Financial Reporting Preparation Standards".	V	None

Audit Committee	Content of the proposal and subsequent measures adopted		Matters set out in Article 14-5 of the Securities Exchange Act	Opposing or qualified opinions from members
	11	Amendments to the Company's "Corporate Governance Best Practice Principles."	V	None
	12	Amendments to the Company's "Regulations for Internal Audits".	V	None
	13	Amendments to the Company's "Regulations for the Preparation and Reporting of the Sustainability Report".	V	None
	<p>Opinions of members: None. Measures adopted by the Company for opinions of members: None. Resolution results: All attending members passed the resolution as proposed with no opposing opinions.</p>			
2024.03.14 15 th meeting of the 2 nd Audit Committee	1	Completion of the Company's 2023 Internal Control Self-evaluation and issuance of Internal Control Statement	V	None
	<p>Opinions of members: None. Measures adopted by the Company for opinions of members: None. Resolution results: All attending members passed the resolution as proposed with no opposing opinions.</p>			
2024.03.28 16 th meeting of the 2 nd Audit Committee	1	The Company's 2023 individual financial statements and consolidated financial statements. (The CPA's issues a qualified audit report)	V	None
	2	Proposal of the Company being the joint guarantor to provide endorsement and guarantee services for the Company's subsidiary Champion Highwealth Co., Ltd. that intends to apply for a loan of USD\$800,000 with financial institutions.	V	None
	3	Assessment of the independence and suitability of the Company's CPAs and appointment for the audit and certification service for 2024 financial statements.	V	None
	4	Proposal for the application for the credit union syndicated loans in the amount of NT\$1.7 to 2.04 billion by the Company to credit loans club organized by Taipei Fubon Bank and the proposal for the provision of collateral as the guarantee.	V	None
<p>Opinions of members: Expressed the respect for the 1st proposal. The CPAs of the Company shall carry out the audit and revaluation after receiving the formal financial statements and update the independent auditor's report for the 2023 financial statements. Measures adopted by the Company for opinions of members: The Company will restate the Company's 2023 parent company only and consolidated financial statements after receiving the formal financial statements of Seagull Champion and engage CPAs to update the independent auditor's report. Resolution results: All attending members passed the resolution as proposed with no opposing opinions.</p>				
2024.04.26 17 th meeting of the 2 nd Audit	1	The Company's 2023 (restated) individual financial statements, consolidated financial statements and business report.	V	None

Audit Committee	Content of the proposal and subsequent measures adopted		Matters set out in Article 14-5 of the Securities Exchange Act	Opposing or qualified opinions from members
Committee	2	Proposal for the Company's 2023 Loss Compensation	V	None
<p>Opinions of members: None. Measures adopted by the Company for opinions of members: None. Resolution results: All attending members passed the resolution as proposed with no opposing opinions.</p>				
2024.05.09 18 th meeting of the 2 nd Audit Committee	1	Discussion on the Company's 2024 Q1 consolidated financial statements.	V	None
	2	Proposal of the Company being the joint guarantor to provide endorsement and guarantee services for the Company's subsidiary Guan Zhong Trading Co, Ltd. that intends to negotiate the financing limits of NT\$20 million with financial institutions.	V	None
	<p>Opinions of members: None. Measures adopted by the Company for opinions of members: None. Resolution results: All attending members passed the resolution as proposed with no opposing opinions.</p>			

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

Evaluation Item	Operations (Note 1)			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Summary	
I. Has the Company established and disclosed its Corporate Governance Principles based on the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies?	√		The Company has established its Corporate Governance Principles; the Principles were initially passed by the Board on March 28 2016, and the latest amendments were made on January 29, 2024; the Principles were disclosed on the Market Observation Post System (MOPS) and the Company's website.	No significant deviation.
II. Equity structure of the Company and shareholders' interests				
(I) Has the Company established an internal operating procedure to process shareholders' recommendations, suspicions, disputes, and litigations, and implemented such processes based on the procedure?	√		The Company has a spokesperson and an acting spokesperson in place, and it engages a stock affairs company and has dedicated personnel for stock affairs; the Company sets a section for investors' inquiries to process shareholders' recommendations or disputes.	No significant deviation.
(II) Does the Company possess the list of its major shareholders and the ultimate controlling parties of the major shareholders?	√		The Company keeps close contact with internal parties.	
(III) Has the Company established and executed the risk control and firewall system with its affiliates?	√		The management rights and responsibilities of the Company's personnel and property are explicitly specified. The Company has established regulations to control the management of related party transactions, endorsement and guarantee, loans to others between affiliates, and such matters are subject	

Evaluation Item	Operations (Note 1)		Summary	Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No		
(IV) Has the Company established its internal regulations to forbid internal parties from using information undisclosed to the market in trading securities?	✓		<p>to the Company’s “Procedures for the Related Party Transaction.”</p> <p>The Company has established its “Procedures for the Prevention of Insider Trading” for execution.</p> <p>The Company held a communication session of three hours for five persons (including Directors, managers, and relevant personnel) in 2023; the content of the session includes the introduction to the latest regulations and prevention operations related to insider tradings and specifications related to the declaration of internal parties’ equity.</p>	
<p>III. Composition and responsibilities of the Board</p> <p>(I) Has the Board developed and implemented a diversification policy for its composition?</p> <p>(II) Has the Company voluntarily established other functional committees in addition to the Remuneration Committee and the Audit Committee established according to the law?</p>	✓	✓	<p>The composition of the Company’s Board focuses on the element of diversification; members generally possess the knowledge, skills, and literacy required for the execution of their duties (please refer to page 17 of the Annual Report).</p> <p>Apart from establishing the Remuneration Committee and the Audit Committee according to the law, it also voluntarily established the Sustainable Development Committee. The “Sustainable Development Committee Charter” was resolved and approved by the Board on January 13, 2023.</p>	<p>No significant deviation.</p> <p>There is no other functional committee in place at present.</p>

Evaluation Item	Operations (Note 1)			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Summary	
(III) Has the Company established the regulations for the performance evaluation of the Board and its evaluation methods, regularly carried out the regular performance evaluation each year, reported to the Board regarding the results of the performance evaluation, and used the results as a reference for the remuneration and nomination for re-appointment of the individual Directors?	✓		<p>The Board passed the Company’s “Regulations for the Performance Evaluation of the Board” on August 10, 2018, which was revised on August 11, 2020, stating that the Board shall at least execute the performance evaluations for the Board, Directors, and functional committees once a year.</p> <p>For the execution of the performance evaluations of the Board and functional committees in 2023, please refer to page 37</p> <p>The corporate governance officer of the Finance Department is responsible for the implementation of the evaluation of the Company by adopting internal questionnaires. Based on the operation of the Board, participation of Directors, operations of the Remuneration and Audit Committee, the evaluation of the Board operations by Directors, self-participation evaluations by Directors, committee operations by Remuneration Committee members, and committee operations by Audit Committee members are adopted. The results of the abovementioned performance evaluations will be used as the reference and basis for selecting or nominating Directors, and the results of the performance evaluation of the Board and functional committees will be used as the reference and basis for establishing their individual remuneration. The evaluation results were reported to the Board on March 28, 2024.</p>	No significant deviation
(IV) Has the Company regularly evaluated the independence of CPAs?	✓		<p>According to the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies,” the Company regularly assesses the independence and adequacy of CPAs with reference to the AQIs and obtains the Independence Statement and AQI report issued by CPAs, and submits them to the Board for approval before making the appointment. In 2023, the independence of CPAs had been assessed by the Company. The independence and adequacy of CPAs Chung-Che Chen and Shin-Chin Chih from KPMG complied with the Company’ s independence assessment standards (please refer to page 38 of the annual</p>	No significant deviation.

Evaluation Item	Operations (Note 1)		Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	
			report), and the Company has obtained the Independence Statement and AQI report issued by CPAs, and the assessment results were submitted to and reviewed and approved by the Audit Committee and the Board on March 28, 2023.
IV. Has the listed company allocated an appropriate number of persons in charge of corporate governance who are appropriate for such positions and designated a Chief of Corporate Governance to be responsible for affairs related to corporate governance (including but not limited to providing data required for the execution of businesses to Directors and supervisors, assisting Directors and supervisors in legal compliance, handling matters related to meetings of the Board and shareholders' meeting according to the law, and preparing meeting minutes for meetings of the Board and shareholders' meetings)?	✓		On May 11, 2022, the Board appointed the CFO of the Company as the Chief of Corporate Governance to be responsible for affairs related to corporate governance, including handling matters related to meetings of the Board, meetings of the Audit Committee, and shareholders' meeting according to the law, corporate registrations and alteration registrations, and preparing meeting minutes for meetings of the Board, meetings of the Audit Committee, and shareholders' meetings)
V. Has the Company established communication	✓		The Company has a spokesperson and an acting spokesperson in place; their detailed contact information of telephone number and e-mail are

Evaluation Item	Operations (Note 1)			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Summary	
channels with stakeholders (including but not limited to shareholders, employees, customers, and suppliers), set up a stakeholder section on the Company's website, and duly responded to significant issues of corporate social responsibility concerned by stakeholders?			disclosed on the Company's website to provide communication channels for stakeholders. For communication status with different groups of stakeholders for the latest year, please refer to pages 142 of the Annual Report.	
VI. Has the Company appointed a professional stock affairs agency to process affairs related to shareholders' meetings?	✓		The Company appointed SinoPac Securities Corporation as its stock affairs agency for processing affairs related to shareholders' meetings.	No significant deviation.
VII. Open information (I) Has the Company established its website to disclose information on its financial operations and corporate governance? (II) Has the Company adopted other methods for information disclosure (such as building an English website, appointing dedicated personnel to be responsible for the information collection and disclosure, implementing a spokesperson system, and uploading the course of investor conferences on the	✓ ✓		The Company has established its corporate website and disclosed information related to financial operations and corporate governance under the stakeholder section. The Company's website is http://group.champion.com.tw/ . The Company has appointed dedicated personnel to be responsible for the collection and disclosure of the Company's information. A spokesperson and acting spokesperson system is also in place to serve as the communication channel for external parties. We upload announcements to MOPS according to requirements.	No significant deviation.

Evaluation Item	Operations (Note 1)			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Summary	
Company's website)?				
(III) Has the Company published and declared its annual financial report within two months after the end of a fiscal year and published and declared its financial reports for the first, second, and third quarters as well as its operating status for each month before the specified deadline?			(III) The Company publishes and declares its financial reports and its operating status for each month before the specified deadline according to Article 36 of the Securities Exchange Act. At present, the Company is unable to publish and declare its annual financial report within two months after the end of a fiscal year, and it publishes and declares its financial reports for the first, second, and third quarters before the specified deadline.	Comply with requirements under the Securities Exchange Act; the Company will make adjustments according to future demand.
VIII. Is there any other significant information to facilitate a better understanding of the Company's corporate governance operations (including but not limited to employees' interests, care for employees, investor relations, supplier relations, rights of stakeholders, Directors and supervisors' continuing education records, the execution of risk management policies and risk evaluation standards, the execution of customer policies, and the purchase of responsibility insurance for Directors and supervisors)?	✓		<p>1. Currently, the Company has not established relevant regulations for the promotion and performance of social responsibility; however, the management sets creating maximum interests for shareholders as its major target; the Company aegis interests of employees and shareholders by way of employees' bonuses and employee stock option plans.</p> <p>2. In response to the social development, the Company creates a work environment with gender equality and prioritizes employees' abilities for the recruitment and promotion of employees.</p> <p>3. The Company purchased labor insurance and health insurance for all employees according to the law and purchased group insurance to offer more comprehensive protection to employees.</p> <p>4. The Company encourages employees to voluntarily participate in activities of social contribution and social services.</p> <p>5. Except for declaring information on MOPS according to requirements, the Company publishes significant real-time information related to significant policies or financial operations and information that have effects on its operations to provide sufficient real-time information for investors.</p> <p>6. Continuing education of Directors and</p>	No significant deviation.

Evaluation Item	Operations (Note 1)			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Summary	
			<p>supervisors: To reinforce the promotion of corporate governance, the Company informs Directors of laws and regulations related to corporate governance and their updates; please refer to page 79 of the Annual Report.</p> <p>7. The execution of risk management policies and risk evaluation standards: The management of the Company discloses and reports relevant information in accordance with relevant laws and regulations. For the financial aspect, the management reviews our financial structure to prevent excessive financial risks; for the internal control aspect, the management has auditors in place to perform audits on the Company's internal control system regularly and from time to time and submit reports.</p> <p>8. Execution of consumer protection or customer policies: Except for maintaining our usual operations and realizing the maximization of shareholders' interests, the Company concurrently focuses on consumers' rights, environmental protection of communities and public welfare, and values the Company's social responsibility.</p> <p>9. Purchase of responsibility insurance for Directors and supervisors: The Company purchases responsibility insurance from Fubon Insurance for its Directors and supervisors; please refer to page 81 of the Annual Report.</p>	
<p>IX. According to the results of the Corporate Governance Evaluation by the Corporate Governance Center of TWSE for the Latest Year, explain the improvements, and propose the matters to be improved first and measures regarding any conditions not improved: To improve our corporate governance, the Company continues to make improvements according to the results of the Corporate Governance Evaluation and reinforce items we failed to secure scores.</p>				

Note 1: No matter whether "Yes" or "No" is checked, the operation shall be stated in the column of Summary.

Independence Evaluation of CPAs

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

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

(1) Information on the Members of the Remuneration Committee

Identity (Note 1)	Condition Name	Professional qualification and experience	Independence status	Number of other publicly listed companies in which the member concurrently holds the position as a member of the remuneration committee
Independent Director	Wu, Yung-Ku	<ol style="list-style-type: none"> Independent Director, Audit Committee's member, and Remuneration Committee's member of the Company; accountant of Defeng Accounting Firm; president of Realtec Technology Co., Ltd.; independent director and remuneration committee's member of Fu Chan High Pile Co., Ltd.; independent director, audit committee's member, and remuneration committee's member of Geosat Aerospace & Technology Inc.; lecturer at Fu Jen University. None of the circumstances in subparagraphs under Article 30 of the Company Act occurred. 	Independent Director Wu, Yung-Ku complies with the independence requirements under the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies."	1
Independent Director	Lu Chin-Tsang	<ol style="list-style-type: none"> Head of the Tax Auditing Division, Taxation Administration, Ministry of Finance; Deputy Director-General of the Training Institute, Ministry of Finance, Ministry of Finance; vice president of Yung Kuang Hwa Metal Industrial Co., Ltd.; independent director, audit committee's member, and remuneration committee's member of Arima Lasers Corp. None of the circumstances in subparagraphs under Article 30 of the Company Act occurred. 	Independent Director Lu Chin-Tsang complies with the independence requirements under the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies."	0
Independent Director	Chen, Mei-Hua	<ol style="list-style-type: none"> Lawyer of Wu Ling Hua Law Firm; a lawyer of We Zhang Xu Law Firm; a lawyer of Quan Tai Law Firm; a lawyer of Hengyang Law Firm. None of the circumstances in subparagraphs under Article 30 of the Company Act occurred. 	Independent Director Chen, Mei-Hua complies with the independence requirements under the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies."	0

Note: For relevant work seniority, professional qualification, and independence status of members of the Remuneration Committee, please refer to page 17 of the Annual Report.

(2) Information on the Operations of the Remuneration Committee

- I. The Company's Remuneration Committee comprises three members.
- II. Term of the Committee members: The 5th session from July 27, 2021 to July 26, 2024. All members attended in person. 3 (A) meetings had been held for the Remuneration Committee in the latest year, and the attendance of members is as follows (2 meetings were held for the Remuneration Committee in 2023 and 1 meeting was held for the Remuneration Committee from January 1 to March 31, 2024):

Title	Name	Number of actual attendance (B)	Attendance by proxy	Actual attendance (presence) rate (%) (B/A) (Note)	Remark
Convener	Wu, Yung-Ku	3	0	100	
Member	Lu Chin-Tsang	3	0	100	
Member	Chen, Mei-Hua	3	0	100	

Other Matters to be Disclosed:

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

Remuneration Committee meeting	Content of the resolution and subsequent measures adopted	Resolution results	Measures adopted by the Company for the opinions of the Remuneration Committee
5 th meeting of the 5 th session 2023.01.13	<ol style="list-style-type: none"> Discussion on the execution and issuing of the Company's "2022 Employee Bonus Distribution". Expected to amend the Company's "Regulations Governing the Remuneration Paid to Directors, Managers and Functional Committee". Discussion on the Company's remuneration (standards and structure) of directors, 	All attending members passed the resolution as proposed with no opposing opinions.	N/A

		<p>managers and functional committee (including those who are newly appointed)”. 4. Discussion on the Company’s “Measures for 2023 Performance Achievement (Surplus Sharing) Bonus” (including performance evaluation standards and policies)”</p>		
	5 th meeting of the 6 th session 2023.08.10	1. Discussion on the Company’s remuneration (standards and structure) of directors, managers and functional committee (including those who are newly appointed)”. 2. Discussion on the Company’s “Measures for 2023 Performance Achievement Bonus”	All attending members passed the resolution as proposed with no opposing opinions.	N/A
	5 th meeting of the 7 th session 2024.01.29	1. Discussion on the Implementation and Distribution of Company’s “2023 Manager’ Year-end Bonus and Performance Bonus Allocation Plan 2. Discussion Implementation and Distribution on the Company’s “Measures for 2023 Performance Achievement Bonus” 3. Discussion on the Company’s remuneration (standards and structure) of directors, managers and functional committee (including those who are newly appointed)”. 4. Discussion on the Company’s “Measures for 2024 Performance Achievement (Surplus Sharing) Bonus” (including performance evaluation standards and policies)” and “Measures for Executive Vice President Performance Achievement Bonus”	All attending members passed the resolution as proposed with no opposing opinions.	N/A

(3) Scope of Duty of the Remuneration Committee

The Committee shall exercise the due care of a good administrator and faithfully perform the following functions, and submit the recommendations proposed to the Board for discussion:

- I. Establish and regularly examine the policies, systems, standards, and structures of the performance evaluation and remuneration of the Company's Directors and managers.
- II. Regularly evaluate the remuneration of the Company's Directors and managers.

When performing functions in the above paragraph, the Committee shall base on the following principles:

- I. With reference to the general payment standards within the industry, the Committee shall consider personal performance, the Company's operating results, and the rationale of the connection to future risks for the performance evaluation and remuneration of Directors and managers.
- II. The Committee shall not procure Directors and managers to engage in conducts exceeding the Company's risk appetite in pursuit of remunerations.
- III. The Committee shall consider the industry features and the Company's business nature to determine the ratio of bonuses for short-term performances and the payment time for variable remuneration of Directors and managers.
- IV. Members of the Committee may not participate in the discussion and vote for their personal remuneration.

The remuneration in the above paragraphs includes cash compensation, share option, share bonuses, retirement benefits, or severance pay, allowances, and other measures with real incentives; the scope is consistent with the relevant remuneration to Directors and managers in the Regulations Governing Information to be Published in Annual Reports of Public Companies. Managers shall include:

- I. President and persons of the equivalent hierarchy.
- II. Vice President and persons of the equivalent hierarchy.
- III. Assistant Vice President and persons of the equivalent hierarchy.
- IV. CFO.
- V. Chief Accountant.
- VI. Other persons authorized to manage affairs and sign for the Company.

For the remuneration of the directors and managers of the Company's subsidiaries determined based on the decentralization of responsibility of subsidiaries that shall be approved by the Company's Board, the Committee shall propose recommendations before submitting them to the Board for discussion.

(V) Performance of Sustainable Development:

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

Performance Item	Operation (Note 1)			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Summary	
I. Has the Company established a governance structure to promote sustainable development and established a dedicated (part-time) unit for the performance of sustainable development? Has the Board authorized the senior management to handle such matters and supervise the conditions?	V		<p>With the resolution of establishment of “Sustainable Development Committee” by the Board meeting on January 13, 2023, the Company established the Committee, with Chairman Lin, Jung-Te, independent director Wu, Yung-Ku and director Lin, You-Yu appointed as committee members. The “Articles of Incorporation for the Sustainable Development Committee” was formulated.</p> <p>Composed by the senior manager of each department, with the President appointed as chairman of the Committee, Executive Vice President as Deputy Chairman. The Committee meeting will be convened once regularly each year, and convened irregularly as required to discuss over the major issues. The Sustainable Development Task Force is mainly responsible for coordinating and regularly checking the Company’s achievement of CSR, corporate governance and SDGs as well as performances.</p> <p>The Sustainable Development Committee of the Company reported the ESG implementation achievements to the Board and published the 2022 Sustainability Report on September 25, 2023.</p>	No significant deviation.
II. Has the Company conducted risk evaluations		V	The Company has developed a “Code of Practice for Sustainable	No significant deviation.

Performance Item	Operation (Note 1)			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Summary	
on environmental, social, and corporate governance issues related to the Company's operations, and established relevant risk management policies or strategies based on the materiality principle? (Note 2)			Development” to assess the risks associated with important issues in relation to the principle of sustainability significance and to formulate relevant risk management policies or strategies based on the assessed risks. In 2023, the company formulated relevant measures for risk management to assess risks and formulated risk management policies for each risk. These policies cover management objectives, management scope and basis, organizational structure and management, risk measurement mechanisms, and risk management implementation, with the aim of effectively identifying, measuring, and controlling various risks, and controlling risks arising from business activities within an acceptable range.	
III. Environmental issues (I) Has the Company set up an appropriate environmental management system based on the characteristics of the industry in which it operates?	V		The Company has established an environmental management system that passed the ISO14001:2015 based on the characteristics of the industry in which it operates and has a dedicated department in place to protect the environment. Certifying organization for the ISO14001:2015 certification of the Company: Metal Industries Research & Development Centre (MIRDC); valid period: October 30, 2023 to December 11, 2025; certification date: December 1, 2006; certification number: 4XBE002-07. The company conducts an annual greenhouse gas inventory of	No significant deviation.

Performance Item	Operation (Note 1)			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Summary	
			its manufacturing plants to track emission reduction results. Environmental issues are handled in accordance with the Environmental Safety Management System and environmental regulations. The company continually reviews the effectiveness of its implementation and makes continuous improvements. The execution status is reported annually at the management review meeting.	
(II) Has the Company endeavored to improve the utilization rate of various resources and use renewable materials that have lower impacts on the environmental load?	V		To improve the utilization efficiency of resources, the Company promotes internal management for energy-saving and carbon emission reduction and continues to improve the efficacy of process machines and equipment that consumes energy and water during the production to save water resources and improve the energy efficiency, and prioritizes the use of reusable consumables and packaging materials. Internally, the Company adopts e-signature for approval to minimize the burden on the environment. Also, the Company obtained the ISO50001:2018 certification from the international certifying Institution SGS. Certifying organization for the ISO50001:2011 certification of the Company: SGS; valid period: July 26, 2021 to July 25, 2024; certification date: July 26, 2021; certification number: ENMS749071.	No significant deviation.

Performance Item	Operation (Note 1)			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Summary	
(III) Has the Company evaluated current and future potential risks and opportunities arising from climate change and adopted responding measures for issues related to climate?	V		The Company referred to the Task Force on -Related Financial Disclosures (TCFD) to establish its risk structure based on the four core disclosures of “governance,” “strategy,” “risk management,” and “indicators and targets” so as to understand impacts of climate change risks on the Company and, in turn, propose countermeasures.	No significant deviation.
Has the Company prepared statistics on its greenhouse gases (GHG) emissions, water use, and the total weight of wastes for the past two years and established management policies related to GHG reduction, water use reduction, or other wastes?	V		(IV) The Company continues to make integration and improvements for water, electricity, and oil gas at its primary production bases (such as fully replacing the fuel oil system with the natural gas system, examination on water recycling, recycling, and reuse of waste gas produced during the production process, recycling waste products for use, and green supplies procurements) and include the energy-saving and carbon emission reduction of the production process as its annual performance target for control. The targets of the energy-saving and carbon emission reduction of the production process for 2023 and 2024 are 1,100 tons CO ₂ e and 1,100 tons CO ₂ e, respectively. Regarding the Company’s Zhaoqiao Plant, the GHG emission in 2022 and 2023 was 89,497.335 tons CO ₂ e, and 88,416.836 tons CO ₂ e, respectively; the total water use in 2022 and 2023 was 163,158 cubic meter and 196,038 cubic meter, respectively, the total waste in	No significant deviation.

Performance Item	Operation (Note 1)			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Summary	
			<p>2022 and 2023 was 17,670.23 tons and 13,212.46 tons, respectively.</p> <p>Afnor Asia Ltd. executed the GHG emission verification in 2023. The Company registered the content on the National Greenhouse Gas (GHG) Registry provided by the Environmental Protection Administration, Executive Yuan. The GHG emission verification statement (No.: TEGHG15090-07) covers the period from January 1, 2023 to December 31, 2023.</p> <p>Achievement of the Company: The GHG emission was decreased by 1.2%, the water usage increased by 20.15%, and the total waste decreased by 25.22% compared to the preceding year.</p>	
<p>IV. Social issues</p> <p>(I) Has the Company established appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?</p>	V		<p>The Company has established relevant management policies and procedures for employees according to regulations related to labor to protect employees' legal rights, appropriated retirement pension, and established the Employee Benefits Committee to process benefit matters.</p>	No significant deviation.

Performance Item	Operation (Note 1)			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Summary	
(II) Has the Company established and implemented reasonable employee benefit measures (including remuneration, paid leaves, and other benefits) and reflected its operating performance or results in employees' remunerations?			<p>According to Article 19 of the Company's Articles, where the Company records any profits, the Company shall appropriate 3% to 5% of such profits as remuneration to employees</p> <ol style="list-style-type: none"> 1. For the remuneration policies of employees, please refer to page 31 of the Annual Report. 2. For the employees' benefit measures and implementation status, please refer to page 130 of the Annual Report. 	
(III) Has the Company provided a safe and healthy work environment for employees and organized training on health and safety for its employees on a regular basis?	V		<p>The Company regularly arranges fire security inspections and organizes health and safety inspections for employees. The Company makes requirements for the workplace and implements environmental safety and health educational training according to regulations related to environmental protection, labor safety, and fire control. For the protection measures for employees' personal safety and work environment and the implementation status, please refer to page 130 of the Annual Report.</p>	No significant deviation.
(IV) Has the Company established effective career development training plans for its employees?	V		<p>The Company establishes educational training programs according to its policies and employees' personal career development and encourages employees to participate in continuing education and improve their personal abilities. For continuing</p>	No significant deviation.

Performance Item	Operation (Note 1)			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Summary	
			education and training for employees, please refer to page 131 of the Company.	
(V) Has the Company complied with relevant laws and international standards and established policies related to the protection of consumers' interests and complaint procedures for customers' health and safety, customer privacy, marketing, and label of its products and services?	V		<p>1. The Company has established its “Regulations for Customers’ Feedback on Quality” to follow up on and ensure our products’ quality comply with customers’ requirements, maintain customer relationship, and communicate with customers to confirm matters to be improved, and in turn, examine and prepare the improvement countermeasures for improving our products’ quality and services. We also provide complaint channels for customers and have established the internal procedures for processing customers’ complaints and improvement, ensuring customers’ opinions are included in the examination for actual improvement. In 2023, we received several customer complaint cases related to the improvement of quality management; we completed improvements after comprehensive communications with customers.</p> <p>2. The labels of the Company’s products comply with relevant regulations and international standards.</p>	No significant deviation.
(VI) Has the Company established its supplier management policies to require suppliers to observe relevant		V	The Company has established its “Regulations for the Management of Suppliers” and “Rules for the Safety and Health Management of	No significant deviation.

Performance Item	Operation (Note 1)			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Summary	
regulations on issues related to environmental protection, occupational safety and health, or labor human rights, as well as their implementation status?			Contractors.” Before engaging in business dealings with a supplier, the Company considers its historical credibility and reputation and keeps abreast of its current record for affecting the environment by violating occupational safety and health or labor’s human rights at all times. The Company and suppliers are jointly committed to the improvement of corporate social responsibility.	
V. Has the Company referred to internationally common standards or guidelines for the preparation of reports to prepare reports disclosing non-financial information of the Company, such as sustainability reports? Have the reports mentioned obtained certifications or assurance opinions from any certifying institution?		V	The Company prepared its Sustainability Report based on the core options in the GRI Standards 2021 published by the Global Reporting Initiative (GRI) and complied with the requirements of the “Regulations for the Preparation and Reporting of Sustainability Reports of Listed Companies”; however, the assurance from a third-party verification institution has not been obtained.	No significant deviation.
VI. Where the Company has established its Sustainable Development Principles according to the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies,” please describe its operations and the deviation from the Principles established: No significant deviation.				
VII. Other significant information to facilitate a better understanding of the Company's corporate social responsibility operations:				
1. Environmental protection: The Company adheres to its route for green development, sustainable development in respect of environmental protection, health, and intelligence is our long pursuit. Our investments in plants and equipment in Taiwan and China are four times higher than the plant construction costs of companies within the industry in the Mainland. In our production process, we utilize four major environmental-friendly processes of “hot air recycling for kilns,” “improvement of the electricity system,” “water resource reuse,” and “brick recycling” and invest immense efforts in energy-saving, carbon emission reduction, and green environmental protection. We believe such commitments are worthwhile and see them as our major mission for our social commitments. Through fields of green technologies, green processes, green energy, green label, and recycling, we				

Performance Item	Operation (Note 1)			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Summary	
			<p>constantly reduce our carbon emissions from production to consumption, imposing less burden on the earth. We obtained the ISO14001 environmental management system verification in 2006 and received ISO-50001 energy management system quality certification from SGS and TAF.</p> <p>For our outlets, we received the “Outstanding Green Product Sales Performance from the Environmental Protection Administration.” We hope that our efforts would set an example for other parties to follow. We invite all sectors to join hands in protecting the earth and creating a future with green environmental protection, leaving a premium living environment for our next generation. Our green concept hall exhibits tiles that convey green environmental protection concepts to consumers by using its brand-new design concept.</p> <p>Upholding our operating concepts that attach attention to environmental protection and cultivation and energy-saving, we firstly consider the effects of building materials and house owners on earth. In recent years, we constantly introduced new products and developed products complying with the international trends to produce our green concept products achieving the world standards, rendering new decorations to consumers’ household aesthetics, and contributing to the sustainability of the earth.</p> <p>2. Community participation, social contributions, social services, and social welfare: Over the years, we have adopted actual actions to provide services to places that require assistance and respond to the idea of public welfare through our humble contributions and the realization of corporate social responsibility, for creating a stable and peaceful society. To show sympathy, respect, and care for vulnerable families and persons receiving assistance and maintain the dignity of families receiving assistance, for all vulnerable families and persons receiving assistance to have more confidence and courage in facing challenges in lives instead of shivering at the edge of the society in poor conditions without help and losing their hopes for living, we believe that the integrated power of public welfare groups and the respect to demands and current conditions of families receiving assistance are the keys to maximize the efficacy of such support.</p> <p>Realizing the spirit of corporate citizens and implementing the concept of “Taken from Society and Give Back to Society,” we actively engage in various charitable public welfare activities. Since 1996, we have organized the “One Dollar Charitable Tiles” event since 1996, in which we appropriate NT\$1 for the sales of each box of tiles to make long-term charitable donations to vulnerable groups; the amount of such donations has exceeded NT\$100 million; we took actual actions to care for domestic vulnerable groups and students in poverty in the hope of stirring up the public to care for our society and set an example for other parties to follow.</p> <p>One Dollar Charitable Tiles – “Local Care and Happy Households” – brought fruitful results; the scope of donation comprises three major directions of “talent, education, and environmental transformation.” Except for cultivating skills for those with disabilities, the program also provides scholarships for vulnerable children or those with economic difficulties. Furthermore, we assisted social welfare groups in conducting environmental transformation to spread the charitable ideas of One Dollar Charitable Tiles to every corner of society.</p> <p>In recent years, the design and cultural creativity industry recorded booming development across Taiwan. As a leading brand in the tile industry in Taiwan, we believe that the tile design in Taiwan may be fully applied in our daily lives. From Dajia Smile Wall, with</p>	

Performance Item	Operation (Note 1)			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Summary	
			<p>a length of 350 meters covered by 59 smiling face collaged with Mosaic tiles in 1998 to the large-scale art wall made with mosaic tiles co-created by Champion Tiles and artist Yousifu in 2020, the Company provided partial materials to jointly complete the first art wall made with mosaic tiles in Taiwan, adding a new highlight to Country Highway No. 193 that is already attractive. By doing so, there are opportunities to create emerging tribal industries through the development of experiencing tribal cultures. Also, the artistic value of tiles may be exerted through the artist's skills.</p> <p>Aesthetic education has taken root. Champion Building Materials, a leading brand in the magnetic tile industry, is committed to expanding its brand influence, devoting itself to social welfare and promoting the aesthetics of living space. In the process of long-term cooperation with designers, the Company has witnessed the profound strength of Taiwan design, participated in the "Design Movement on Campus" commissioned by the Ministry of Education to Taiwan Design Research Institute and sponsored the "ITS 4.0 Version" tile to help transform the housekeeping classroom of Kaohsiung Municipal Renwu Senior High School. The ingenious idea of the design is to use ceramic tiles to create more aesthetics in our life, to upgrade the aesthetic sense of the school, and to develop students aesthetics and to strengthen their cultural background.</p> <p>3. Consumers' rights: Quality Assurance and Permanent Commitment</p> <p>The creation of maximum value for customers is the primary task of all Champion's employees. We adhere to our corporate concepts of "insisting on the production of tiles with premium quality" and "integrity-based" to provide satisfactory products and services to customers, realizing our corporate commitments and becoming the "choice of the lifetime."</p> <p>To allow consumers to immediately enjoy the high quality of home-used tiles and the high-standard protection upon purchasing the Company's products, we launched the upgrade of our ten-year warranty to a "15-year warranty," setting the first domestic example within the industry to transform our corporate concept of optimized products and services into actual actions. By doing so, we set a new benchmark for consumer services and satisfy the high-quality requirements of modern people regarding the household environment to achieve a sustainable building material industry and premium living environment.</p> <p>4. Human rights and safety and health: Taking care of employees' lives after retirement, we make appropriations from employees' personal salary to their retirement pension accounts according to the new retirement system promulgated by the Labor Insurance Bureau in the hope that all employees may have worry-free retirement lives. Furthermore, we also established the Employee Benefits Committee to ensure employees' rights. We have safety and health technicians, operational superiors, or construction security evaluation personnel who regularly participate in training in place to provide a safe and healthy working environment.</p>	

Note 1: If "Yes" is checked in the Operation field, please specify the important policies, strategies, measures and execution were adopted; if "No" is checked in the Operation field, please explain the derivations and reasons in the field of Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof, and state the relevant policies, strategies and measures to be adopted.

Note 2: The significance principle refers to those issues related to environmental, social and corporate governance that have a significant impact on corporate investors and other stakeholders.

(VI)Climate-related information

Status on Execution of Climate-related information

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

Item	Status on Execution			
<p>3. The impact on finance from extreme climate events and transformational actions is clearly described.</p>	Climate risks		Potential financial impact	Countermeasures
	Total GHG control, carbon tax, and carbon fees		Limited expansion of production capacity	Yearly GHG inventory to continue understanding the emission dynamics of our own plants
	Drought (self-operation and the supply chain)	Flood (self-operation and the supply chain)	The production is affected, resulting in financial losses and a decrease in operating income	Separate the supply chain and find substitutive supplies
	Increase in temperature			
	Impacts on the Company's reputation	Inability to satisfy stakeholders' expectations and causing harm to the Company's reputation		Enhance the communication with external stakeholders to improve our corporate image
	<p>4. The way to integrate the identification, assessment and management process of climate risk into the overall risk management system is clearly described.</p>	Risk category	Risk item	Management strategy
Strategic risk		GHG emission management	<ol style="list-style-type: none"> 1. Promote the energy and resource integration of the Company, examine the promotion progress, and enhance the improvement technologies for energy conservation and carbon reduction. 2. Develop green products, increase the waste recycling and reuse of products, and reduce carbon emissions during 	<p style="text-align: center;">Production Department Quality Assurance Department Administrative Department Environmental Safety and Health</p>

Item	Status on Execution			
			<p>the production process.</p> <p>3. Plan for the carbon footprint inventory and set short-, mid-, and long-term carbon emission targets to respond to the regulatory impacts.</p>	
	Strategic risk	Energy management	<p>1. Promote energy-saving and high-efficiency equipment and formulate energy-saving targets to continue reducing the power consumption of products we produce.</p> <p>2. Promote the reduction of power consumption for process, repeated use of energy, waste heat recycling technologies, equipment efficiency improvement, energy management, and other energy-saving improvement measures.</p>	Production Department
	Strategic risk	Waste management	<p>1. Commit to the source reduction of waste, waste reduction for processes, and recycling and reuse by adopting the concept of circular economy to achieve the minimum output of waste and the maximum use of resources.</p> <p>2. Implement the qualification review and management of waste clearing and processing companies according to the law to ensure that wastes are duly</p>	Production Department R&D Department Administrative Department Environmental Safety and Health

Item	Status on Execution			
			processed to achieve the target of minimum environmental impact.	
5. The scenarios, parameters, assumptions, analysis factors and main financial impacts used shall be described if scenario analysis is used to assess resilience to the risks of climate change.	At present, the Company has not adopted scenario analysis to assess the resilience against climate change risks.			
6. The content of the plan, and the indicators and objectives used to identify and manage physical risks and transition risks shall be described if there is a transition plan to manage the risks of climate-related.	At present, the Company has no transformation plan for responding to the management of climate-related risks.			
7. The bases used for setting prices shall be described if internal carbon pricing is used as a planning tool.	At present, the Company has not adopted carbon pricing planning tools.			
8. Information on the activities covered, the scope and planned schedule of greenhouse gas emissions, and annual progress achieved shall be described if climate-related targets are set. The source and quantity of carbon reduction credits or the quantity of renewable energy certificates (RECs) to be offset shall be described if carbon offsets or renewable energy certificates (RECs) are used to achieve the relevant goals.	At present, the Company has not set climate-related targets.			
9. Inventory and assurance of greenhouse gases, along with reduction goals, strategies, and specific action plans	<p>The consultation for GHG inventory and the formulation of talent training, strategic targets, control mechanisms, internal verification and external verification plans are ongoing, and the estimated timetable is planned as follows:</p> <p>A. The parent company will complete the GHG inventory by December 2025.</p> <p>B. Subsidiaries will complete the GHG inventory by December 2025.</p> <p>C. The parent company will complete the external verification by December 2027.</p>			

Item	Status on Execution
	Subsidiaries will complete the external verification by December 2027.

Greenhouse gas inventory and assurance for the past two fiscal years

Information of Greenhouse Gas Inventory

Providing the emission (tCO ₂ e), intensity (tCO ₂ e/ NT\$ million), and data coverage of greenhouse gases for the past two fiscal years.						
Climate change is an issue of concern worldwide; whether it's economic development, environment and ecology, or international competition, they are all affected by climate. To actively respond to the global sustainable development actions and the national targets of net zero emissions, the Company commenced the introduction of the GHG inventory operation in 2023 in accordance with the Sustainable Development Roadmap published by the FSC in 2022, implementing voluntary GHG inventory and examine the GHG emissions of the Company thoroughly. Meanwhile, the Company implements organizational GHG inventory according to the companies that shall report and register the annual GHG emissions generated by fossil fuels specified in the regulations of the Ministry of Environment. The scope of inventory includes director emissions (Scope 1) and indirect emissions (Scope 2), and the Company also engaged a just third-party institution to verify the GHG emission sources and emissions of the Company. According to the results of the inventory, total GHG emissions reached 89,497.335 tCO ₂ e, and the intensity was 29.46 tCO ₂ e/NT\$ million (data calculated based on the operating income. The Company will plan for various energy conservation improvement plans based on the data to reduce GHG emissions and achieve the target of GHG reduction. Statistics of GHG Emission Scope and Scope 1 Emissions of the Plant						
	Scope 1				Scope 2	Total emissions
	Fixed emissions	Process emissions	Transportation emissions	Effusion emissions	Indirect emissions from imported energy	
2023						
Emissions (tCO ₂ e/year)	61,784.6477				26,632.1880	88,416.836
	58,744.9763	2,037.0021	912.3212	90.3481		
Ratio of gas by category (%)	69.88%				30.12%	100.00%
	66.44%	2.30%	1.03%	0.10%		
2022						
Emissions (tCO ₂ e/year)	62,354.1978				27,143.1376	89,497.335
	57,515.5660	3,843.8909	913.6459	81.0950		
Ratio of gas by category (%)	69.67%				30.33%	100.00%
	64.27%	4.29%	1.02%	0.09%		

Information of Greenhouse Gas Assurance

Providing the assurance status for the past two fiscal years as of the printing date of the annual report, including the scope of assurance, the institution of assurance, assurance criteria, and assurance opinion.
The Company has implemented the GHG inventory and assurance for fuel combustion at major production plants in 2023 and 2022. The scope of inventory and assurance covers Scope 1 (direct emission) and Scope 2 (indirect emissions (i.e., power consumption)) GHG emissions related to all production activities of the Company. The assurance institution engaged by the Company is AFNOR Asia Ltd., and the institution is a

professional third-party institution that has extensive assurance experience and professional knowledge. The assurance standard is to implement the verification according to the standards under ISO 14064-1:2006 and comply with the requirements of standards under 14064-3:2006. The assurance opinion is an opinion proposed for the 2023 GHG Statement issued by AFNOR Asia Ltd. based on the just verification process, and the results have no substantial difference from the GHG declaration of the organization under verification, and the declaration is prepared according to the international standards for GHG quantification, monitoring, and reporting under the verification standards specified in the agreement and fairly presents GHG and relevant information.

Greenhouse Gas Reduction Goals, Strategies, and Specific Action Plans

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

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

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

(VII) Performance of Ethical Management and Measures Adopted:

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

Evaluation Item	Operation (Note 1)			Deviation from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Summary	
I. Establishment of ethical management policies and programs				
(I) Has the Company established its ethical management policies passed by the Board and expressly declared its ethical management policies and measures in its rules and documents for external parties, and the commitments made by the Board and the senior management to actively implement the operating policies?	V		The Company has established its “Ethical Management Principles” and “Procedures for Ethical Management and Guidelines for Conducts” to expressly state the Company’s ethical operating policies, practices, and the commitment of the Board and the management in actively implementing such operational policies. In addition, the Company also disclosed its “Ethical Management Principles” and “Procedures for Ethical Management and Guidelines for Conducts” on its website.	No significant deviation.
(II) Has the Company established an evaluation system for the risk of unethical behaviors, regularly analyzed and evaluated operating activities with higher risks of unethical behaviors within its scope of business, and established an unethical behavior preventive plan that at least covers the preventive measures for behaviors set out in paragraph 2 under Article 7 of the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies”?	V		The Company has established its “Procedures for Ethical Management and Guidelines for Conducts” to prevent unethical behaviors; the content of the Procedures and Guidelines for Conducts covers the preventive measures for behaviors set out in paragraph 2 under Article 7 of the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.”	No significant deviation.

Evaluation Item	Operation (Note 1)			Deviation from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Summary	
(III) Has the Company stated the operating procedures, behavioral guidelines, punishments for violations, and the complaint system in its unethical behavior preventive plan, duly implemented the plan, and regularly examined and amended the abovementioned plan?	V		The Company promulgated its “Procedures for Ethical Management and Guidelines for Conducts” and disclosed its ethical management policies, carried out ethical management evaluation before having business relationships, explained ethical operating policies to business partners, avoided transactions with companies having unethical management, and stated the due execution clauses of ethical management based on the principles of the Procedures and Guidelines for Conducts. Furthermore, the Company shall organize ethical management educational training or communication for the Company’s employees at least once a year for them to fully understand the Company’s determination, policies, preventive programs related to ethical management, and the consequences of violating ethical behaviors.	No significant deviation.
II. Implement ethical management (I) Has the Company evaluated business partners’ ethical records and included clauses related to ethical management in contracts with business partners?	V		The Company stated clauses for ethical behaviors in our business contracts to prevent unethical behaviors.	No significant deviation.

Evaluation Item	Operation (Note 1)			Deviation from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Summary	
(II) Has the Company established a dedicated department supervised by the Board to be in charge of corporate ethical management? Has the dedicated department regularly (at least once a year) reported to the Board regarding the ethical management policies, unethical behavior preventive plan, and the execution of supervision?		V	The Company has not established a dedicated (part-time) department for the promotion of ethical corporate management.	No significant deviation.
(III) Has the Company established policies to prevent conflicts of interest and provide appropriate communication channels, and implemented such policies?	V		The Company's "Procedures for Ethical Management and Guidelines for Conducts" stated the policies and processing status for recusals due to the interests of the Company's Directors and all employees. It is stated that when discovering others involved in receiving unjust benefits, employees of the Company shall report to their direct supervisor and inform the dedicated department.	No significant deviation.
(IV) Has the Company established effective accounting systems and internal control systems to implement ethical management, with the internal audit department being responsible for devising relevant audit plans based on the evaluation results of the risk of involvement in unethical behaviors, and examining, accordingly, the compliance with the unethical behavior preventive plan, or engaged CPAs to carry out the audit?	V		The Company has established a comprehensive and effective accounting system and internal control system. Except for regular audits performed by the internal audit department, KPMG (Taiwan) also regularly reviews the Company's financial statements.	No significant deviation.

Evaluation Item	Operation (Note 1)			Deviation from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Summary	
(V) Has the Company regularly held internal and external educational training on ethical management?	V		In 2023, the Company organized educational training programs related to ethical management issues on the basis of 5 persons/3 hours.	No significant deviation.
III. Operations of the Company's whistleblowing system				
(I) Has the Company established concrete whistleblowing and incentive system, established convenient whistleblowing channels, and appointed appropriate dedicated handling personnel for the targets being reported?	V		The Company has established its "Procedures for Ethical Management and Guidelines for Conducts," which sets out the whistleblowing channels; legal personnel of the Company would assist in processing such matters.	No significant deviation.
(II) Has the Company established standard operating procedures for investigating the matters being reported and relevant confidentiality systems?	V		The Company's "Procedures for Ethical Management and Guidelines for Conducts" has relevant specifications in place for managing the report of unethical behaviors. The responsible department shall conduct the investigations, and the course of the investigation and relevant documents shall remain confidential throughout the course.	No significant deviation.
(III) Has the Company adopted measures to protect whistleblowers from being mistreated due to whistleblowing?	V		The Company adopts protective measures to protect whistleblowers from being mistreated due to whistleblowing.	No significant deviation.
IV. Improve information disclosure				
Has the Company disclosed the content of its Ethical Management Principles and the results of its implementation on the Company's website and MOPS?	V		The Company has set up its corporate website and published relevant corporate governance information in the stakeholder section. The Company's website is http://group.champion.com.tw/ .	No significant deviation.
V. Where the Company has established its Ethical Management Principles according to the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies," please describe its operations and the deviation from the Principles: No significant deviation.				

Evaluation Item	Operation (Note 1)			Deviation from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Summary	
<p>VI. Other important information to facilitate a better understanding of the Company's ethical management operations (such as a review of and amendments to the Ethical Management Principles):</p> <ol style="list-style-type: none"> 1. The Company observes the Company Act, Securities Exchange Act, Business Entity Accounting Act, rules and regulations related to TWSE/TPEX listed companies, or other laws and regulations related to business activities as the basis for implementing ethical management. 2. The Company's "Rules of Procedure for Board Meetings" sets out the interest recusal system for Directors; when Directors or the corporate they represent have interests in the proposals at the Board meeting that may harm the Company's interest, such Directors may describe their opinions and answer to inquiries; they may not participate in discussions and voting, and shall recuse themselves from discussion and voting, and may not exercise voting rights on behalf of other Directors. 3. On January 29, 2024, the Board passed the amendments to the Company's "Procedures for Ethical Management and Guidelines for Conducts": The Company shall require Directors and the management to issue a statement for the observation of ethical management policies and require the employees to observe the ethical management policies in the employment conditions. 				

Note 1: Please state in the field of Summary no matter whether the "Yes" or "No" is checked in the field of Operation.

(VIII) The Company established its code for corporate governance, and relevant rules and regulations shall disclose the inquiry method:

Currently, the Company has established its Code of Ethics, Ethical Management Principles, Procedures for Ethical Management and Guidelines for Conducts, Rules of Procedure for Shareholders' Meeting, and comprehensive internal control system and internal audit system to realize the operations and promotion of corporate governance. Relevant rules and regulations are disclosed on the Company's website.

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

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

The term of office of the current Directors is from July 27, 2021 to July 26, 2024; the continuing education for 2023:

Title	Name	Date of continuing education		Organizer	Name of the course	Hours of continuing education	Whether the continuing training complies with the requirements
		From	To				
Director	Lin, You-Yu	2023/10/19	2023/10/19	Independent Director Association Taiwan	ESG Action Plan and Strategy Planning Necessary for the	3.0	Yes

Title	Name	Date of continuing education		Organizer	Name of the course	Hours of continuing education	Whether the continuing training complies with the requirements
		From	To				
					Board		
		2023/11/14	2023/11/14	Independent Director Association Taiwan	M&A Strategy and Post-investment Management of Groups	3.0	Yes
Director	Lin, He-Cun	2023/11/29	2023/11/29	Taipei Bar Association	2023 Civil Responsibility and Loss Compensation Seminar for Untrue Financial Statements	3.0	Yes
Independent Director	Wu, Yung-Ku	2023/12/01	2023/12/01	National Federation of Certified Public Accountant Associations. R. O. C.	Latest Taxation Laws and Regulations and Practice Analysis in the Second Half of 2023	6.0	Yes
		2023/12/21	2023/12/21	National Federation of Certified Public Accountant Associations. R. O. C.	Responsibility of CPAs when Facing Shareholders' Disputes and Countermeasures	3.0	Yes
Independent Director	Chen, Mei-Hua	2023/11/24	2023/11/24	Taipei Bar Association	Finance Industry to AI and Other Relevant Issues – Roles Lawyers shall Actively Assume	3.0	Yes
		2023/11/29	2023/11/29	Taipei Bar Association	2023 Civil Responsibility and Loss Compensation Seminar for Untrue Financial Statements	3.0	Yes

7. The execution of risk management policies and risk evaluation standards: The management of the Company discloses and reports relevant information in accordance with relevant laws and regulations. For the financial aspect, the management reviews our financial structure to prevent excessive financial risks; for the internal control aspect, the management has auditors in place to perform audits on the Company's internal control system regularly and from time to time and submit reports.
8. Execution of consumer protection or customer policies: Except for maintaining our usual operations and realizing the maximization of shareholders' interests, the Company concurrently focuses on consumers' rights, environmental protection of communities and public welfare, and values the Company's social responsibility.
9. Purchase of responsibility insurance for Directors and supervisors: The Company purchased responsibility insurance for Directors and supervisors and has reported such matters at the 4th Board meeting on August 10, 2023.

Item	Content Summary
Insured company	Champion Building Materials Co., Ltd.
Insured persons	Directors, supervisors, and managers
Insured amount	US\$1,000,000
Insurance period	2023.9.3~2024.9.3
Insurance company	Fubon Insurance Co., Ltd.
Insurance coverage	<ol style="list-style-type: none"> 1. Insurance coverage for responsibilities of Directors and managers 2. Insurance coverage for corporate compensation 3. Insurance coverage for investigation and lawsuit expenses 4. Insurance coverage for securities claims 5. Insurance coverage for employment behavior responsibilities

(X) Execution of the Internal Control System

1. Statement of Internal Control:

Champion Building Materials Co. Ltd.
Statement of Internal Control System

Date: March 14, 2024

Based on the results of the self-evaluation on the internal control system for 2023, the Company hereby states as follows:

- I. The Company acknowledges that establishing, implementing, and maintaining the internal control system is the responsibility of the Company's Board and managers. The Company had established the system. The purpose of which is to provide reasonable assurance on the achievements of objectives such as effects and efficiency of operations (including profits, performance, and protection of assets' safety), credibility, timeliness, and transparency of reports, compliance with relevant regulations and relevant laws, regulations, and rules.
- II. An internal control system has inherent limitations. Regardless of the

comprehensive design, an effective internal control system may merely provide reasonable assurance on achieving the three objectives mentioned above. Moreover, the effectiveness of an internal control system is subject to changes in the environment and circumstances. Nevertheless, the Company's internal control system contains self-monitoring mechanisms, and the Company adopts immediate remedial actions in response to any identified deficiencies.

- III. The Company established the determination items for the effectiveness of its internal control system based on the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (the "Regulations") to determine whether the design and execution of its internal control system are effective. The determination items for the internal control system adopted by the "Regulations" divide the internal control system into five key components based on the course of management and control: 1. control environment; 2. risk evaluation; 3. control operations; 4. information and communications; and 5. supervisory operations. For the items mentioned above, please see the requirements under the "Regulations."
- IV. The Company adopted the aforementioned determination items for the internal control system to evaluate the effectiveness of the internal control system's design and execution.
- V. Based on the evaluation results above, the Company considered that the design and execution of the internal control system (including supervision and management of subsidiaries) as at December 31, 2023 are effective (including the understanding of the level of achievement regarding the objectives of operations' effects and efficiency, credibility, timeliness, and transparency of reports, compliance with relevant regulations and relevant laws, regulations, and rules), and the internal control system is able to provide reasonable assurance on the achievement of the above objectives.
- VI. The Statement is a major part of the Company's annual report and prospectus disclosed to the public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, Article 32, Article 171, and Article 174 of the Securities and Exchange Act.
- VII. The Statement was passed at the meeting of the Board on March 14, 2024. It is hereby stated that seven Directors who attended the meeting have agreed on the content of the Statement.

Champion Building Materials Co. Ltd.

Chairman Lin, Jung-Te

President Lin, Jung-Te

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

(XI) For Penalties Imposed upon the Company and Its Internal Personnel According to Law or Penalties Imposed by Company on Its Internal Personnel for the Violation of the Internal Control System with Results that May Have Significant Effects on Shareholders' Equity or Securities Prices for the Latest Year and as of the Date of Publishing the Annual Report, the Content of Punishment, Principal Deficiencies, and Improvement shall be Stated: None.

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

1. Significant Resolutions of the 2023 Annual Shareholders' Meeting

Description	Resolution and execution status
(1) Recognition of the 2022 business report and financial statements.	<p>Relevant statements and documents have been archived by the competent authority, announced, and declared according to the Company Act and relevant laws and regulations.</p> <p>Passed after voting; the number of votes in favor: 225,665,287 votes (including voting rights exercised in electronic methods: 26,360,714 votes), accounted for 99.20% of the total voting rights; the number of votes in objection: 171,723 votes (including voting rights exercised in electronic methods: 171,723 votes), accounted for 0.07% of the total voting rights; the number of invalid votes: 0, accounted for 0% of the total voting rights; the number of renunciation or unused votes: 1,657,045 votes (including voting rights exercised in electronic methods: 1,657,045 votes), accounted for 0.73% of the total voting rights; the number of voting rights of the attending shareholders: 227,494,055 votes.</p>
(2) Recognition for the 2022 Loss Compensation.	<p>The Loss Compensation was passed at the 2023 shareholders' meeting as a resolution. The execution had been completed according to the resolution made by the shareholders' meeting.</p> <p>Passed after voting; the number of votes in favor: 225,708,200 votes (including voting rights exercised in electronic methods: 26,403,627 votes), accounted for 99.21% of the total voting rights; the number of votes in objection: 182,271 votes (including voting rights exercised in electronic methods: 182,271 votes), accounted for 0.08% of the total voting rights; the number of invalid votes: 0, accounted for 0% of the total voting rights; the number of renunciation or unused votes: 1,603,584 votes (including voting rights exercised in electronic methods: 1,603,584 votes), accounted for 0.71% of the total voting rights; the number of voting rights of the attending shareholders: 227,494,055 votes.</p>

Description	Resolution and execution status
(3) Revise the company's "Procedures for Ethical Management and Guidelines for Conducts".	The amendments were passed at the 2023 shareholders' meeting and published on MOPS and the Company's website. Passed after voting; the number of votes in favor: 225,681,613 votes (including voting rights exercised in electronic methods: 26,377,040 votes), accounted for 99.20% of the total voting rights; the number of votes in objection: 181,034 votes (including voting rights exercised in electronic methods: 181,034 votes), accounted for 0.08% of the total voting rights; the number of invalid votes: 0, accounted for 0% of the total voting rights; the number of renunciation or unused votes: 1,631,408 votes (including voting rights exercised in electronic methods: 1,631,408 votes), accounted for 0.72% of the total voting rights; the number of voting rights of the attending shareholders: 227,494,055 votes.

2. Significant Resolutions at the Board Meetings in 2023 and as of the Date of Publishing the Annual Report:

2023:

Board	Significant resolution of Board meetings	Matters stated in 14-3 of the Securities Exchange Act	Opposing or qualified opinions of Independent Directors
1 st in 2023 2023.1.13	1. Establishment of the Company's "Sustainable Development Committee" and formulation of "Articles of Incorporation of Sustainable Development Committee".		None
	2. The proposal of the Company's 2023 business plan.		None
	3. Proposal of the Company's intention to negotiate the financing limits with financial institutions due to the requirements of operating development.		None
	4. Proposal for providing a loan of NT\$50 million to subsidiary Champion Highwealth Co., Ltd.	V	None
	5. Proposal of the Company being the joint guarantor to provide endorsement and guarantee services for the Company's subsidiary Champion Highwealth Co., Ltd. that intends to alter the loan limit to US\$0.5 million with financial institutions.	V	None
	6. Proposal for the appointment of manager.		None
	7. Execution of the Company's "year-end bonus and performance achievement bonus distribution for managers in 2022."		None
	8. Expected to amend the Company's "Regulations Governing the Remuneration Paid to Directors, Managers and Functional Committee".		None

Board	Significant resolution of Board meetings	Matters stated in 14-3 of the Securities Exchange Act	Opposing or qualified opinions of Independent Directors
	9. Discussion on the Company's remuneration (standards and structure) of directors, managers and functional committee (including those who are newly appointed)".		None
	10. Discussion on the Company's "Measures for 2023 Performance Achievement (Surplus Sharing) Bonus" (including performance evaluation standards and policies)"		None
	<p>Opinions of members: None. Measures adopted by the Company for opinions of members: None. Resolution results: All attending members passed the resolution as proposed with no opposing opinions.</p>		
2 nd in 2023 2023.3.14	1. The Company's 2022 individual financial statements and consolidated financial statements.		None
	2. Proposal of the issuance of the Statement of Internal Control after the completion of the internal control self-evaluation of the Company for 2022.	V	None
	3. Discussion on the proposal of the convening date, time, venue, major proposals, and matters related to accepting shareholders' proposals for the Company's 2023 annual shareholders' meeting.		None
	4. Proposal of the Company's intention to negotiate the financing limits with financial institutions due to the requirements of operating development.		None
	5. Proposal to lend loans to the Company's subsidiary Sinyih Ceramics (China) Co., Ltd.	V	None
	6. Proposal of the Company being the joint guarantor to provide endorsement and guarantee services for the Company's subsidiary Guan Zhong Trading Co., Ltd. that intends to apply for a loan of US\$1.5 million with financial institutions.	V	None
	7. Expected to formulate the Company's "General Principles for Pre-Approved Non-assurance Service Policy".	V	None
	8. Expected to formulate the Company's "Standards for Preparing Financial Report".	V	None
	9. Expected to formulate the Company's "Key Points for the Establishment and Exercise of the Functions and Powers of the Board of Directors" and "Regulations Governing the Financial Business between Affiliated Enterprises"	V	None

Board	Significant resolution of Board meetings		Matters stated in 14-3 of the Securities Exchange Act	Opposing or qualified opinions of Independent Directors
	10. Expected to amend the Company's "SOP for Handling the Directors' Requests"		V	None
	11. Expected to amend the Company's "Operation Procedures for Integrity Management and Guidelines" and "Regulations Governing the Handling of Report Cases of Illegal, Unethical or Dishonest Behavior".		V	None
	12. Proposal for the dismissal of manager.			
	Opinions of members: None. Measures adopted by the Company for opinions of members: None. Resolution results: All attending members passed the resolution as proposed with no opposing opinions.			
3 rd in 2023 2023.3.28	1. The Company's "Operation Procedures for Integrity Management and Guidelines" and "Regulations Governing the Handling of Report Cases of Illegal, Unethical or Dishonest Behavior".			None
	2. Proposal for the Company's 2022 Loss Compensation		V	None
	3. Assessment of the independence and suitability of the Company's CPAs and appointment for the audit and certification service for 2023 financial statements.		V	None
	Opinions of members: None. Measures adopted by the Company for opinions of members: None. Resolution results: All attending members passed the resolution as proposed with no opposing opinions.			
4 th in 2023 2023.5.11	1	Proposal for the Company's 2023 Q1 consolidated financial statements.		
	2	The Company's intention to apply for a financing limit of NT\$50 million from Hua Nan Bank due to the business development needs.		
	3	Proposal of the Company being the joint guarantor to provide endorsement and guarantee services for the Company's subsidiary Guan Zhong Trading Co, Ltd. that intends to negotiate the financing limits of NT\$20 million with financial institutions.	V	None
	Opinions of members: None. Measures adopted by the Company for opinions of members: None. Resolution results: All attending members passed the resolution as proposed with no opposing opinions.			

Board	Significant resolution of Board meetings	Matters stated in 14-3 of the Securities Exchange Act	Opposing or qualified opinions of Independent Directors
5 th in 2023 2023.8.10	1	Discussion on the Company's 2023 Q2 consolidated financial statements.	
	2	Proposal of the Company being the joint guarantor to provide endorsement and guarantee services for the Company's subsidiary Guan Zhong Trading Co., Ltd. that intends to negotiate the financing limits of USD\$800,000 with financial institutions.	V None
	3	Proposal for the performance guarantee amount to apply for with financial institutions for the Company's application for the Taiwan Industry Innovation Platform Consultation Project, MOEA.	
	4	Discussion on the Company's "Measures for 2023 Performance Achievement"	V None
	Opinions of members: None. Measures adopted by the Company for opinions of members: None. Resolution results: All attending members passed the resolution as proposed with no opposing opinions.		
6 th in 2023 2023.9.25	1	Discussion on the Company's "2022 Sustainability Report"	
	2	Proposal for the provision of loans in the amount of NT\$7 million and MT\$2 million to Wei Xun Co., Ltd. and Fan Yang Co., Ltd., respectively; both companies have business dealings with the Company.	V None
	3	Proposal for the dismissal of manager.	
Opinions of members: None. Measures adopted by the Company for opinions of members: None. Resolution results: All attending members passed the resolution as proposed with no opposing opinions.			
7 th in 2023 2023.11.13	1	Discussion on the Company's 2023 Q3 consolidated financial statements.	
	2	Proposal of the Company's intention to negotiate the financing limits with financial institutions due to the requirements of operating development.	
	3	Proposal to lend loans to the Company's subsidiary Guan Zhong Trading Co., Ltd., with a limit of NT\$30 million.	V None
	4	Proposal to lend loans to the Company's subsidiary Champion Highwealth Co., Ltd., with a limit of NT\$50 million.	V None
	5	Formulation of 2024 Audit Plan.	
	6	Proposal for the appointment of the dedicated information safety officer of the	

Board	Significant resolution of Board meetings		Matters stated in 14-3 of the Securities Exchange Act	Opposing or qualified opinions of Independent Directors
	7	Expected to formulate the Company's "Key Points for the Establishment and Exercise of the Functions and Powers of the Board of Directors"		
	8	Formulation of the Company's "Risk Management Policies and Procedures." °		
<p>Opinions of members: None. Measures adopted by the Company for opinions of members: None. Resolution results: All attending members passed the resolution as proposed with no opposing opinions.</p>				

2024:

Board	Significant resolution of Board meetings		Matters stated in 14-3 of the Securities Exchange Act	Opposing or qualified opinions of Independent Directors
1 st in 2024 2024.1.29	1	Proposal for the general manager.		
	2	Discussion on the Company's 2024 business plan.		
	3	By-Election of the Company's Directors (incl. Independent Directors)		
	4	Adoption of the release of newly elected director from non-competition restrictions.		
	5	Proposal for the convening date, time, venue, main proposals, agenda, acceptance of shareholders' proposal rights, and other relevant matters of the 2024 annual shareholders' meeting of the Company.		
	6	Proposal for providing a loan of RMB50 million to subsidiary Singyih Ceramic (China) Co., Ltd.	V	None
	7	Proposal for the increase in the investment in subsidiary Champion Highwealth Co., Ltd.	V	None
	8	Proposal of the Company's intention to negotiate the financing limits with financial institutions due to the requirements of operating development.		
	9	Proposal of the Company being the joint guarantor to provide endorsement and guarantee services for the Company's subsidiary Guan Zhong Trading Co., Ltd. that intends to apply for a loan of USD\$1,500,000 with financial institutions.	V	None

Board	Significant resolution of Board meetings		Matters stated in 14-3 of the Securities Exchange Act	Opposing or qualified opinions of Independent Directors
	10	Execution of the Company’s “year-end bonus and performance achievement bonus distribution for managers in 2023.”	V	None
	11	Discussion Implementation and Distribution on the Company’s “Measures for 2023 Performance Achievement Bonus”	V	None
	12	Discussion on the Company’s remuneration (standards and structure) of directors, managers and functional committee (including those who are newly appointed)”.	V	None
	13	Discussion on the Company’s “Measures for 2024 Performance Achievement Bonus” (including performance evaluation standards and policies) and “Measures for Executive Vice President Performance Achievement Bonus”	V	None
	14	Amendments to the Company’s “Ethical Corporate Management Best Practice Principles”.		
	15	Amendments to the Company’s “Procedures for Ethical Management and Guidelines for Conducts”.		
	16	Amendments to the Company’s “Rules of Procedure for Board of Directors Meetings”.		
	17	Amendments to the “Procedures for Suspension and Recovery Applications”.		
	18	Amendments to the “Insider Trading Prevention Management.”		
	19	Amendments to the “Financial Reporting Preparation Standards.”		
	20	Amendments to the “Corporate Governance Best Practice Principles.”		
	21	Amendments to the “Regulations for Internal Audits”		
	22	Amendments to the “Regulations for the Preparation and Reporting of the Sustainability Report.”		
	23	Amendments to the “The Organic Regulations of the Audit Committee.”		
	<p>Opinions of members: None. Measures adopted by the Company for opinions of members: None. Resolution results: All attending members passed the resolution as proposed with no opposing opinions.</p>			

Board	Significant resolution of Board meetings		Matters stated in 14-3 of the Securities Exchange Act	Opposing or qualified opinions of Independent Directors
2 nd in 2024 2024.3.14	1	The Company's 2023 individual financial statements and consolidated financial statements.		
	2	Completion of the Company's 2023 Internal Control Self-evaluation and issuance of Internal Control Statement.	V	None
	3	Proposal of the Company's intention to negotiate the financing limits with financial institutions due to the requirements of operating development		
	4	Amendments to the "Regulations for the Preparation and Reporting of the Sustainability Report."		
	5	Proposal for the appointment of managers.		
	<p>Opinions of members: None. Measures adopted by the Company for opinions of members: None. Resolution results: All attending members passed the resolution as proposed with no opposing opinions.</p>			
3 rd in 2024 2024.3.28	1	The Company's 2023 individual financial statements and consolidated financial statements. (The CPA's issues a qualified audit report)		
	2	Proposal of the Company being the joint guarantor to provide endorsement and guarantee services for the Company's subsidiary Champion Highwealth Co., Ltd. that intends to apply for a loan of USD\$800,000 with financial institutions.	V	None
	3	Assessment of the independence and suitability of the Company's CPAs and appointment for the audit and certification service for 2024 financial statements.	V	None
	4	Proposal for the application for the credit union syndicated loans in the amount of NT\$1.7 to 2.04 billion by the Company to credit loans club organized by Taipei Fubon Bank and the proposal for the provision of collateral as the guarantee.	V	None
	<p>Opinions of members: Expressed the respect for the 1st proposal. The CPAs of the Company shall carry out the audit and revaluation after receiving the formal financial statements and update the independent auditor's report for the 2023 financial statements. Measures adopted by the Company for opinions of members: The Company will restate the Company's 2023 parent company only and consolidated financial statements after receiving the formal financial statements of Seagull Champion and engage CPAs to update the independent auditor's report.</p>			

Board	Significant resolution of Board meetings		Matters stated in 14-3 of the Securities Exchange Act	Opposing or qualified opinions of Independent Directors
Resolution results: All attending members passed the resolution as proposed with no opposing opinions.				
4 th in 2024 2024.4.26	1	The Company's 2023 (restated) individual financial statements, consolidated financial statements and business report.		
	2	Proposal for the Company's 2023 Loss Compensation	V	None
	Opinions of members: None. Measures adopted by the Company for opinions of members: None. Resolution results: All attending members passed the resolution as proposed with no opposing opinions.			
5 th in 2024 2024.5.9	1	Discussion on the Company's 2024 Q1 consolidated financial statements.		
	2	The Company's intention to apply for a financing limit of NT\$50 million from Hua Nan Bank due to the business development needs.		
	3	Proposal of the Company being the joint guarantor to provide endorsement and guarantee services for the Company's subsidiary Guan Zhong Trading Co, Ltd. that intends to negotiate the financing limits of NT\$20 million with financial institutions.	V	None
	4	Proposal for the approval of the list of Director and Independent Director candidates nominated by the Board.		
	Opinions of members: None. Measures adopted by the Company for opinions of members: None. Resolution results: All attending members passed the resolution as proposed with no opposing opinions.			

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

(XIV) Summary of Separation and Dismissal of Parties Related to the Financial Report (Including Chairman, General Manager, Chief Accountant, and Chief Internal Auditor) for the Latest Year and as of the Date of Publishing the Annual Report:

Table of Summary for the Separation and Dismissal of Parties Related to the
Company

March 31, 2024

Title	Name	Date of assumption	Date of dismissal	Reason for separation or dismissal
General Manager	Lin, Jung-Te	2007/11/01	2024/01/29	Job relocation

IV. Information on Audit Fees

Information on Audit Fees

Unit: NT\$1,000

CPA firm	Name of CPAs	Audit period	Audit fees	Non-audit fees	Total	Remark
KPMG (Taiwan)	Chen, Chung-Che	2023/1/1~ 2023/12/31	3,600	750	4,350	
	Chi, Shi-Qing	2023/1/1~ 2023/12/31				

Please specify the content of services for non-audit fees: Checklist for salary information of non-executive full-time employees of NT\$50 thousand, tax certification of NT\$650 thousand, and affiliate report of NT\$50 thousand.

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

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

V. Information on the Replacement of CPA: None.

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

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

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

Title	Name	2023		Current year as of March 31	
		Increase (decrease) in number of shares held	Increase (decrease) in number of shares pledged	Increase (decrease) in number of shares held	Increase (decrease) in number of shares pledged
Chairman	Tai Yu Investment Co, Ltd	0	0	0	0
	Representative: Lin, Jung-Te	(236,000)	0	0	0
Director	Tai Yu Investment Co, Ltd	0	0	0	0
	Representative: Lin, You-Yu	287,000	0	0	0
Director	Hua Yi Industrial Co, Ltd	0	0	0	0
	Representative: Lin, He-Cun	(9,000)	0	0	0
Director	Hua Yi Industrial Co, Ltd	0	0	0	0
	Representative: Chen, Jung-Yang	0	0	0	0
President	Lin, You-Yu	287,000	0	0	0
Executive Vice President	Wang, Kai-Ming	0	0	0	0
Senior Speical Assistant	Wang, Kuei-Feng	(226,600)	0	0	0
Assistant Vice President	Lin, Jen-Hsiung	0	0	0	0
Assistant Vice President	Lin, Meng-Yu	654,600	0	0	0
CFO	Liao, Hui-Yi	0	0	0	0
Assistant Vice President	Chang, Chih-Chung	0	0	0	0
Assistant Vice President	Jang, Shiuan-Ming	0	0	0	0
Assistant Vice President	Chang, Cing-Fu	0	0	0	0
Assistant Vice President	Hsu, Chi-Ling	0	0	0	0
Assistant Vice President	Liu, Chi-Ming	0	0	0	0
Assistant Vice President	Lin, Ta-Cheng	0	0	0	0

Note 1: Shareholders holding more than 10% of the total shares of the Company shall be identified as major shareholders and listed separately.

Note 2: If the counterpart of equity transfer or equity pledge is a related party, the following table should also be filled out.

Information on Equity Transfer

Name (Noe 1)	Reason for equity transfer (Note 2)	Transactio n date	Transaction counterparty	Relationship between the transaction counterparty and the Company, Directors, supervisors, managers, and shareholders with shareholdings over 10%	Number of shares	Transacti on price
None						

Note 1: Specifies the names of directors, supervisors, managers and shareholders holding more than 10% of the Company.

Note 2: The acquisition or disposal shall be filled in.

Information on Equity Pledged

Name (Noe 1)	Reason of changes in pledge (Note 2)	Date of changes	Transaction counterparty	Relationship between the transaction counterparty and the Company, Directors, supervisors, managers, and shareholders with shareholdings over 10%	Number of shares	Share holdin g	Pledge d percent age	Amount borrowed (redeeme d)
None								

Note 1: Specifies the names of directors, supervisors, managers and shareholders holding more than 10% of the Company.

Note: Fill in the pledge or redemption.

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

Information on Relationships between Shareholders with Top Ten Shareholdings

April 20, 2024

Name (Note 1)	Shares held by the shareholders		Shares held by spouses and minors		Shares held in the name of others		Title, name, or relationship of shareholders with top ten shareholdings who are related parties or spouses or family members within the second degree of kinship. (Note 3)		Remark
	Number of shares	Shareholding	Number of shares	Shareholding	Number of shares	Shareholding	Title (or name)	Relationship	

Name (Note 1)	Shares held by the shareholders		Shares held by spouses and minors		Shares held in the name of others		Title, name, or relationship of shareholders with top ten shareholders who are related parties or spouses or family members within the second degree of kinship. (Note 3)		Remark
	Number of shares	Shareholding	Number of shares	Shareholding	Number of shares	Shareholding	Title (or name)	Relationship	
Deqian Investment Co., Ltd. Representative: Lin, Meng-Yu	29,032,763	7.44%	0	0	0	0	None	None	
	2,847,954	0.73%	0	0	0	0	Lin, Jung-Te Lin, You-Yu	Direct relative Relative within the second degree of kinship	
Guicheng Investment Co., Ltd. Representative: Lin, You-Yu	28,740,880	7.36%	0	0	0	0	None	None	
	2,864,084	0.73%	0	0	0	0	Lin, Jung-Te Lin, Meng-Yu	Direct relative Relative within the second degree of kinship	
Fengde Industrial Co., Ltd. Representative: Wang, Chun-Tian	25,982,811	6.66%	0	0	0	0	None	None	Chairman of Chung Yang, Founden, Hua Yi, and Founder are the same person.
	0	0	0	0	0	0	None	None	
Lin, Jung-Te	22,865,200	5.86%	2,096,360	0.54%	0	0	Tai Yu Lin, Meng-Yu Lin, You-Yu	Chairman Direct relative Direct relative	
Representative of Chung Yang Industrial Co., Ltd. Representative: Wang, Chun-Tian	22,687,161	5.81%	0	0	0	0	None	None	Chairman of Chung Yang, Founden, Hua Yi, and Founder are the same person.
	0	0	0	0	0	0	None	None	
Founden Industrial Co., Ltd. Representative: Wang, Chun-Tian	21,369,331	5.47%	0	0	0	0	None	None	Chairman of Chung Yang, Founden, Hua Yi, and Founder are the same person.
	0	0	0	0	0	0	None	None	
Investment account in the custody of HSBC	19,215,921	4.92%	0	0	0	0	None	None	
Tai Yu Investment Co., Ltd. Representative: Lin, Jung-Te	17,142,759	4.39%	0	0	0	0	None	None	
	22,865,200	5.86%	2,096,360	0.54%	0	0	Lin, Meng-Yu Lin, You-Yu	Direct relative Direct relative	
Shi, Shan-Hsiung	16,842,000	4.31%	0	0	0	0	None	None	

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

Note 1: All the top ten shareholders shall be listed. If the shareholder is a corporate shareholder, the name of the corporate shareholder and the name of the representative shall be listed separately.

Note 2: The calculation of shareholding ratio refers to the calculation of shareholding ratio in the name of shareholders themselves, their spouses, minor children or in the name of others.

Note 3: The shareholders listed above include legal persons and natural persons, and shall disclose the relationship between them in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

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

Consolidated Shareholding Ratio

Unit: Share; %

Investee Company (Note)	Investments of the Company		Investments of Directors, supervisors, managers, and companies directly or indirectly controlled by the Company		Investments in aggregation	
	Number of shares	Shareholding	Number of shares	Shareholding	Number of shares	Shareholding
Swanview International, Ltd.	93,906,266	100.00%	0	0.00%	93,906,266	100.00%
Guan Zhong Trading Co., Ltd.	9,600,000	100.00%	0	0.00%	9,600,000	100.00%
Champion Highwealth Co., Ltd.	4,800,000	100.00%	0	0.00%	4,800,000	100.00%

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

Chapter 4. Fund-raising

I. Capital and Shares

(I) Source of share capital

Unit: Share; NT\$

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

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

Month and Year	Issue price	Authorized capital		Paid-up capital		Remark		
		Number of shares	Amount	Number of shares	Amount	Source of share capital	Properties other than cash in substitution of share capital	Others
2009.11	10	450,000,000	4,500,000,000	369,199,184	3,691,991,840	Capital increase in cash of NT\$80,000,000		Jing-shou-shang-zi No. 09801262400 on November 13, 2009
2010.02	10	450,000,000	4,500,000,000	390,027,126	3,900,271,260	Conversion of corporate bonds of NT\$208,279,420		Jing-shou-shang-zi No. 09901025350 on February 4, 2010
2010.05	10	450,000,000	4,500,000,000	396,650,214	3,966,502,140	Conversion of corporate bonds of NT\$66,230,880		Jing-shou-shang-zi No. 09901096620 on May 12, 2010
2010.07	10	450,000,000	4,500,000,000	397,502,716	3,975,027,160	Conversion of corporate bonds of NT\$8,525,020		Jing-shou-shang-zi No. 09901171570 on July 30, 2010
2010.09	10	450,000,000	4,500,000,000	418,012,428	4,180,124,280	Capital increase from earnings of NT\$205,097,120		Jing-shou-shang-zi No. 09901201940 on September 6, 2010
2010.10	10	450,000,000	4,500,000,000	422,106,626	4,221,066,260	Conversion of corporate bonds of NT\$40,941,980		Jing-shou-shang-zi No. 09901234200 on October 18, 2010
2011.05	10	450,000,000	4,500,000,000	427,672,646	4,276,726,460	Conversion of corporate bonds of NT\$55,660,200		Jing-shou-shang-zi No. 10001094540 on May 11, 2011
2011.06	10	450,000,000	4,500,000,000	422,672,646	4,226,726,460	Cancellation of treasury shares of NT\$50,000,000		Jing-shou-shang-zi No. 10001112870 on June 1, 2011
2011.08	10	450,000,000	4,500,000,000	424,012,266	4,240,122,660	Conversion of corporate bonds of NT\$13,396,200		Jing-shou-shang-zi No. 10001180610 on August 5, 2011
2011.11	10	450,000,000	4,500,000,000	429,965,078	4,299,650,780	Conversion of corporate bonds of NT\$59,528,120		Jing-shou-shang-zi No. 10001253130 on November 3, 2011
2012.02	10	450,000,000	4,500,000,000	433,755,078	4,337,550,780	Conversion of corporate bonds of NT\$37,900,000		Jing-shou-shang-zi No. 10101023790 on February 20, 2012
2012.04	10	450,000,000	4,500,000,000	437,335,078	4,373,350,780	Conversion of corporate bonds of NT\$35,800,000		Jing-shou-shang-zi No. 10101072050 on April 24, 2012
2018.12	10	450,000,000	4,500,000,000	433,782,078	4,337,820,780	Cancellation of treasury shares of NT\$3,553,000		Jing-shou-shang-zi No. 10701149490 on December 4, 2018
2022.10	10	500,000,000	500,000,000	390,403,870	3,904,038,700	Capital reduction 43,378,208		Jing-shou-shang-zi No. 11101192930 on October 12, 2022

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

Note: Please indicate whether the shares are listed on TWSE/TPEX (please specify if there are restricted to be listed on TWSE/TPEX).

Summary of Information Related to the Declaration System

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

(II) Shareholders' Structure

Shareholders' Structure

June 19, 2024

Shareholder structure \ Quantity	Government agencies	Financial institutions	Other corporates	Individuals	Foreign institutions and foreign individuals	Total
Number of shareholders	0	4	40	30,096	73	30,213
Number of shares held	0	348,153	158,839,918	195,966,627	35,249,172	390,403,870
Shareholding	0	0.09%	40.68%	50.20%	9.03%	100%

Note: The TWSE(TPEX) companies shall disclose their shareholding ratio of Mainland China investors; investment from Mainland China refers to the people, legal persons, organizations, other institutions from the mainland or their investment companies in the third region as stipulated in Article 3 of the Regulations Governing Investment Permit to the People of Mainland Area.

(III) Equity Dispersion

Equity Dispersion

Nominal value of NT\$10 per share

June 19, 2024

Range of shareholding	Number of shareholders	Number of shares held	Shareholding
1 to 999	16,792	5,037,790	1.29
1,000 to 5,000	9,451	22,093,272	5.66
5,001 to 10,000	2,097	16,427,648	4.21
10,001 to 15,000	526	6,544,289	1.68

Range of shareholding	Number of shareholders	Number of shares held	Shareholding
15,001 to 20,000	451	8,217,061	2.10
20,001 to 30,000	325	8,255,581	2.11
30,001 to 40,000	156	5,499,451	1.41
40,001 to 50,000	107	4,921,080	1.26
50,001 to 100,000	161	11,723,936	3.00
100,001 to 200,000	64	8,980,843	2.30
200,001 to 400,000	32	8,813,882	2.26
400,001 to 600,000	11	5,272,764	1.35
600,001 to 800,000	5	3,431,715	0.88
800,001 to 1,000,000	3	2,680,503	0.69
Ranges shall be provided for above 1,000,001 according to the circumstances	32	272,504,055	69.80
Total	30,213	390,403,870	100.00

(IV) List of Major Shareholders

List of Major Shareholders

June 19, 2024

Title of major shareholders	Shares	Number of shares held	Shareholding (%)
Deqian Investment Co., Ltd.		29,032,763	7.44%
Guicheng Investment Co., Ltd.		28,740,880	7.36%
Fengde Industrial Investment Co., Ltd.		25,982,811	6.66%
Lin, Jung-Te		22,865,200	5.86%
Chung Yang Industrial Co., Ltd.		22,687,161	5.81%
Founden Industrial Co., Ltd.		21,369,331	5.47%
Investment account in the custody of HSBC		19,215,921	4.92%
Tai Yu Investment Co, Ltd.		17,142,759	4.39%
Shi, Shan-Hsiung		16,842,000	4.31%
Hua Yi Industrial Co, Ltd		9,931,500	2.54%

(V) Market Price Per Share, Net Value, Earnings, Dividends, and relevant Information for the Latest Two Years

Information on Market Price Per Share, Net Value, Earnings, and Dividend

Item		Year		Current year and as of March 31, 2024 (Note 8)	
		2022	2023		
Market price per share (Note 1)	Highest	13.05	12.10	13.80	
	Lowest	8.12	8.83	10.25	
	Average	10.95	9.50	11.58	
Net value per share (Note 2)	Before distribution	13.95	13.95	14.04	
	After distribution	13.95	13.95	14.04	
Earnings per share	Weighted average number of shares	422,729,548	390,403,870	390,403,870	
	Earnings per share (before retrospective adjustments)	(0.45)	0.001	0.03	
	Earnings per share (after retrospective adjustments)	(0.45)	0.001	0.03	
Dividends per share	Cash dividends	0	0	0	
	Right issue	Share allotment from earning	0	0	0
		Share allotment from capital reserve	0	0	0
	Accumulated unpaid dividends (Note 4)	1	0	0	
Analysis of investment return	P/E ratio (Note 5)	(24.33)	9500	386	
	Price to dividend ratio (Note 6)	0	0	0	
	Dividend yield (Note 7)	0	0	0	

*In case of share allotment from earning or from capital reserve, information on market prices and cash dividends retroactively adjusted for the number of shares issued shall be disclosed.

Note 1: List the maximum and minimum market prices of common shares in each year, and calculate the average market prices of each year based on the transaction value and volume of each year.

Note 2: Please refer to the number of shares issued at the end of the year and allocated in accordance with the resolution of the Board of Directors or the next annual general meeting.

Note 3: Earnings per share before and after adjustment should be listed in case of retroactive adjustment due to unpaid rights offering.

Note 4: If there are provisions for the issuance conditions of equity securities that stipulate that dividends that have not been paid in the current year can be accumulated and distributed until the year when there is a surplus, the cumulative unpaid dividends as of the current year shall be disclosed separately.

Note 5: P/E ratio: Average closing price per share/earnings per share for the year.

Note 6: Price to dividend ratio: Average closing price per share/cash dividend per share for the year.

Note 7: Dividend yield: Cash dividend per share/average closing price per share for the year.

Note 8: Net value per share and earnings per share shall be included in the latest quarter as of the publication date of the

annual report which has been checked (reviewed) by accountants; The remaining fields should contain information for the year ending on the publication date of the annual report.

(VI) Dividend Policy of the Company and the Execution

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

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

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

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

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

At present, the development of the Company's business is in the mature stage with stable profits and a healthy financial structure. To pursue sustainable operations and long-term development, based on the future capital demand and long-term business planning of the Company, the Board may prepare a dividend distribution proposal in accordance with the operating status at the time, with equal considerations given to shareholders' interests, balanced dividend policies, and capital requirements, and submit the proposal to the shareholders' meeting for determination.

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

2. Dividends Distribution Intended at the Shareholders' Meeting:

The Table for Earning Distribution and Loss Compensation for 2023 is as follows:

Champion Building Materials Co., Ltd.
Table for Earning Distribution and Loss Compensation
2023

Amount: NT\$

Undistributed earnings at the beginning of the period	470,891,829
Add: Net profit after tax for the year	409,183
Re-measurements of the defined benefit plan	(3,968,016)
Less: 10% appropriation as statutory surplus reserve	0
Earnings available for distribution	294,152,514
Distribution items:	
Shareholders' dividend – Cash dividend (NT\$1 per share)	0
Shareholders' dividend – Share dividend	0
Undistributed earnings at the end of the period	294,152,514

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

(VIII) Remuneration of Employees, Directors, and Supervisors

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

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

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

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

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

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

3. Distribution of remuneration passed by the Board:

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

The Company's Table for Loss Compensation for 2023 was passed by the Board as a resolution on April 26, 2024. 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.

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

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

The Company's 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.

The Company recognized remuneration to employees and remuneration to Directors and supervisors of NT\$0 in 2022; there is no difference between the actual distribution and the amount recognized in the financial report. Where the actual distribution amount differs from the estimated amount, the Company would deem such differences as changes in the estimation, and recognize them as gains or losses in the following year.

(IX) Repurchase of the Company's Shares by the Company: None.

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

III. Preferred Shares: None.

IV. Global Depository Receipt: None.

V. Employee Stock Option: None.

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

VII. Execution of the Capital Utilization Plan

(I) Content of the Plan

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

(II) Execution Status: None.

Chapter 5. Business Overview

I. Scope of Business

(I) Scope of Business

1. The Company's scope of business is as follows:
 - C901010 Ceramic and Ceramic Products Manufacturing
 - C901070 Cutting, Shaping and Finishing of Stone
 - H701040 Specific Area Development
 - H701060 New County and Community Construction and Investment
 - C901060 Manufacture of Refractory Products
 - C802990 Other Chemical Products Manufacturing
 - ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

2. Operating Proportion

Amount: NT\$1,000

Year	2023		2022		2021	
	Amount	%	Amount	%	Amount	%
Tiles	3,075,903	98.03	2,967,339	98.70	3,187,545	99.42
wooden floor	6,851	0.22	16,485	0.55	2,502	0.08
Construction engineering income	54,903	1.75	22,584	0.75	15,880	0.50
Total	3,137,657	100.00	3,006,408	100.00	3,205,927	100.00

3. Products

Amount: NT\$1,000

Product	2023	2022	2021
Quartz tiles	865,277	1,011,970	1,058,268
External tiles	526,717	502,323	512,949
Slate tiles	1,505,569	1,208,630	1,046,654
Floor tiles	45,821	33,819	49,820
Wall tiles	11,039	110,858	344,145
Others	183,234	138,808	194,091
Total	3,137,657	3,006,408	3,205,927

4. New Products to be Developed

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

(II) Industry Overview

1. Current Condition and Development of the Industry:

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

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

The production cost of the ceramic industry is relatively higher, and companies within the industry in Taiwan are majorly SMEs; however, SMEs possess the advantage of the clustering effect through the close production system from upstream, mid-stream to downstream and advanced technologies in Taiwan, as well as international trends. By integrating durability, environmental protection, safety, aesthetics, and premium texture, they are transforming into aesthetic creators; a trend of natural-like texture has also risen. In recent years, digital ink jet printing technology made advances, as such, we created the natural stone texture, log texture and the value of high-end premium building materials equivalent to that of Europe, leveraging on the aesthetic soft power.

Catering to the requirements of all environments and space design, our product functions have their unique merits. Our corporate commitment to providing the best materials for homes for life remains unchanged. Champion Building Materials integrate tiles with VR technology

and the brand-new Champion 2.0 version by utilizing modern technologies allow designers to see the 3D realistic picture of tiles in space utilization by way of 720-degree VR. Such immersive experiences provide real-scene senses that allow customers to pick tiles at ease.

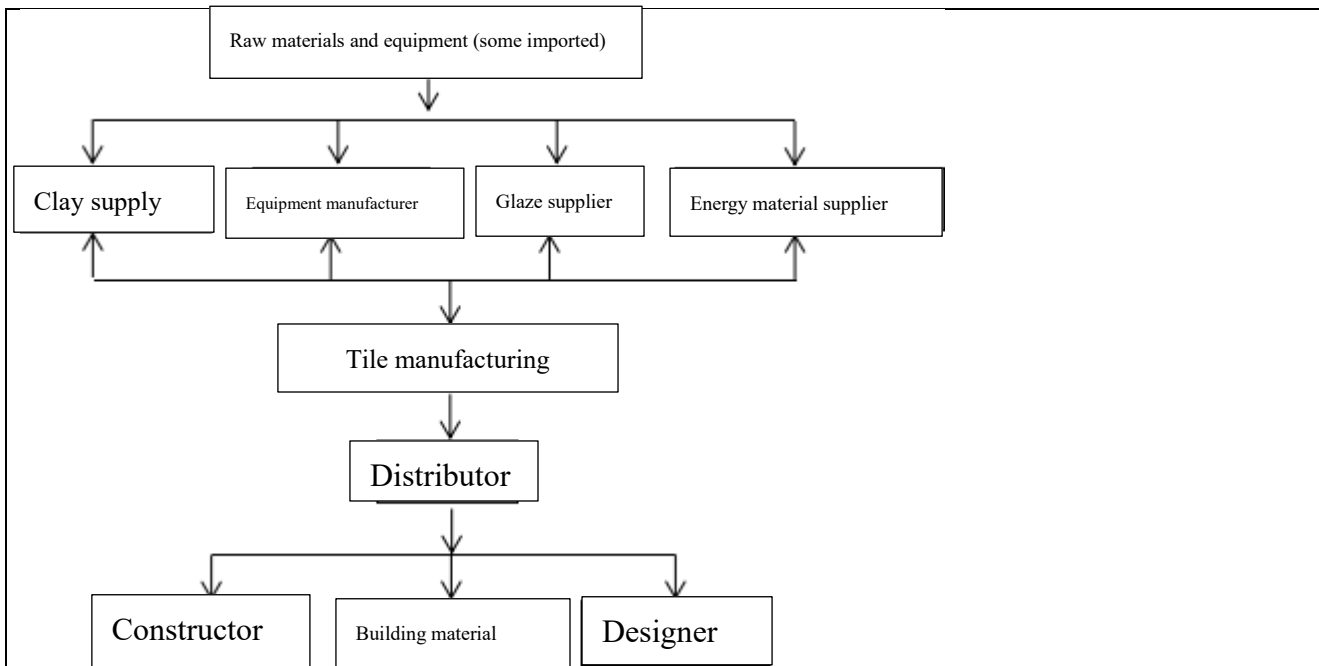
In the post-pandemic era, people have different ideas about home decoration. Apart from the functions, consumers care for the quality, spaciousness, and field designs of their living spaces and seek the relaxing and comfortable feelings therefrom. In addition, with the continuous increase of construction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

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

With the increasing attention attached to climate change and environmental protection issues worldwide, low-carbon and energy-saving technologies have become significant. Tiles are important materials in the building industry; the ways to reduce carbon emissions during the processes, solve energy consumption, and recycle and reuse have become necessary topics for companies. Champion will extend its existing concepts of low carbon, energy conservation, and environmental protection and continue to make innovations to connect to the international stage and sell MIT products with premium quality to different niche markets.

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

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



3. Development Trend of Products and Competition:

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

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

Tiles are durable and easy to maintain and clean and have infinite development spaces in terms of the deriving capacity as wall and floor materials. In response to the coming of the super-aged society, the demand of senior citizens, children, pregnant women, and even pets for anti-slip and easily cleanable tiles has increased, showing that the safety and convenience of tiles have been evolving to the comprehensive application of all ages. As the weather in Taiwan is humid and warm, the wearing and stampede rates of public facilities and commercial spaces are higher than that of household spaces; therefore, the anti-skidding factor and durability of tiles are significant. With the progress of modern technologies, various stone

materials and patterns have emerged from the development of natural stone materials to wooden materials, cement (raw concrete), and particularly marble tiles, creating new trends for household design. Abandoning the natural defect of marble to grant the natural color and luster to tiles to create unique living styles is a kind of pursuit of modern people for a quality life.

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

From tiles for the appearance of buildings, outdoor and indoor floor tiles, and wall tiles, the category of tiles has become more diversified in recent years, and new construction methods have been rolling out. In particular, the new dry-fasten construction method is one of them. For the 2cm thick brick with the dry-fasten construction method, the theory is to adopt the dry-fasten construction method for tiles to allow them to maintain a space with the wall to further block the direct heat and radiation of sun for the wall; therefore, it also has the laudatory title of “green construction method.” The construction method has passed the “thermal conductivity experiment of building materials” and obtained the high-performance green building material label, helping construction companies and the government to achieve net zero buildings in advance. Apart from effective energy conservation and carbon reduction, the new dry-fasten construction method can also avoid the problems of cracking and inflating that often occurred in the past, and the construction is convenient, accelerating the tiling speed; therefore, it has become the prestigious doctrine of tile engineering in recent years. Together with products with renewable green building material certification and light tiles, we can help Taiwan to achieve net zero emissions by 2050.

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

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

(III) Technology and R&D Overview

1. For the current year and as of the date of publishing the Annual Report, we had invested R&D expenses amounted to NT\$12,026 thousand.
2. Technology or products successively developed
 - (1) Development of slate tile series products in the sizes of 90×90 cm and 60×120 cm.
 - (2) Development of ceramic marble tile series products in the sizes of 60×120 cm, 60×60 cm, and 90×90 cm.
 - (3) Development of new digital slate tile series in the sizes of 30×60 cm and 60×60 cm.
 - (4) Development of thick brick series products in the sizes of 60×120×2 cm and 60×60×2 cm.
 - (5) Light formula for different specifications of products and energy-saving technology development.
3. Development in the Future
 - (1) Development of slate tile series products in the sizes of 45×90 cm, 90×90 cm, and 60×120 cm.
 - (2) Development of ceramic wall tile series products in the sizes of 30×60 cm and 60×60 cm.
 - (3) Development of new digital slate tile series in the sizes of 30×60cm and 60×60 cm.
 - (4) Development of new thick brick products in the sizes of 60×60×2 cm, and 60×120×2 cm.
 - (5) Development of new large-scale slab products in the size of 90×180 cm.
 - (6) Development of ceramic marble tile series products in the sizes of 90×90cm, 60×120 cm, and 60×60 cm.
 - (7) Development of new effects of external tile in size of 6×22.7cm.

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

1. Short-term Development Direction:

Domestic Market:

According to the statistics for 2023 Q3 of the Ministry of the Interior, the national house price index (HPI) of the quarter is 133.18, representing an increase of 1.82% from the preceding quarter and a YoY increase of 5.42% from 2022. However, observing the annual change rate, the annual increase in the quarter is 5.42%, representing a slight decrease as compared to the annual increase of 5.51% in the preceding quarter. Downward amendments have been made to the annual increase rate of the national HPI for five consecutive quarters after the peak of 10.27% in 2022 Q2, showing that the increase in the housing market is slowing down.

Due to the slowdown of global inflation, the domestic Monitoring Indicators turned from Yellow-blue Light to Blue Light in September, with a slight improvement in the economy. In addition, the Central Bank did not further increase the interest rate during the quarter, and the Ministry of Finance launched the New Youth Housing Loan Program in August. The new interest rate for contracting house mortgages offered by the five major banks decreased, driving the increase in the demand for self-occupied property acquisition; the trading volume rebounded, causing a slight increase in housing prices.

Observing the long-term trend, the overall speculations in the housing market are inhibited due to the Equalization of Land Rights Act promulgated by the Executive Yuan. Downward amendments have been made to the annual increase rate of the national HPI for five consecutive quarters, the increasing trend has slowed down and turned to acquisition due to self-occupation demand. The housing market is developing in a stable and orderly direction. We performed a business upgrade project for the Taiwan region, which accounted for over 90% of the overall revenue of the Group, to safeguard living quality through communications with builders and consumers regarding choosing building material suppliers with outstanding quality and favorable after-sale services, including:

- (1) Upgrade designs and production process of tile products: In response to the diverse fitting styles of building materials, with equal considerations given to the demand for outstanding product quality, apart from the introduction of the 3D digital ink jet printing equipment from Italy to provide more variety to the designs of natural-like stone and wooden textures, we also launched marble tiles, nano anti-slip tiles with anti-slip, scratch-proof, and easy-clean features, matte tiles with styles catering to the younger generation, and other star products in the market. In 2023, we are expected to take the lead in the industry to launch a new 90X180cm large size tile, to provide more diversified specifications of products, improve the household quality of Taiwanese.

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

China Market:

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

2. Long-term Business Plan:

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

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

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

For the past 52 years, the Champion Building Material Group has constantly been making innovations and has become the largest tile design and production group in Taiwan; we receive awards for product innovation year after year, and our quality exceeds the national standards. From land tiles, wall tiles, external wall tiles to 2cm thick tiles, medium slabs, imported slabs, and slates, we became the leader in the industry, and proposed the longest warranty service of 15 years.

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

II. Market, Production, and Marketing Overview

(I) Market Analysis

1. House acquisition intentions become conservative, and the increase in the transactions in the national housing market slowed down

Due to the effects of the increase in interest rates, the 5th wave of selective credit control, and the launch of the Equalization of Land Rights Act, together with the continuation of the Ukraine-Russia War and increase in the prices of natural gas, raw materials, and freight, the global economy remained gloomy in the first half of 2023, and the overall purchases in the housing market frozen. In

Taiwan, and number of house transfers is approximately 306,971 houses, representing a decrease of approximately 11,000 houses (3.5%) from the preceding year, and is the new low in the most recent four years. However, the housing market rebounded in the second half of the year with a significant increase in transfers, and an increase of 20.9% from the first half of the year was recorded.

2. Science park effects with Tainan and Hsinchu recorded positive growth

Tainan and Hsinchu recorded positive growth. Under the effects of the policy and poor economy, together with the higher housing prices in the metropolis areas, self-occupation customers in the seven major metropolis areas in Taiwan turned to acquire houses in non-central areas, materially limiting the house acquisition options. The purchase market in Hsinchu recorded a significant increase with the support of local customers and engineers in Hsinchu Science Park, achieving an annual increase of 21.4%. Benefiting from the Tainan Science Park effects, the housing market has booming cases in Hsinshi District and Shanhua District.

3. With the launch of the Youth Housing Loan measures, initial acquirers became the fresh troops

According to the statistics of the Ministry of Finance, starting from the launch of the New Youth Housing Loans in August to the end of December, a total of 25,000 households were contracted, with a loan appropriation amount reaching 185 billion, making initial acquirers actively enter the market, and the house acquisition intentions of house replacement and long-term property investment groups have increased considering the long-term inflation and the training volume in the housing market is supported by self-occupation and property investments.

4. Mainstream small-size housing market with open spaces as the major trend

The housing prices in Taiwan are high, the consumption prices are rising, and inflation has caused the prices of renovation supplies to soar. Sub-replacement fertility and high housing prices resulted in the mainstream of small-to-mid-size houses. Such houses are available more easily with the lower total price, and the subsequent management fees derived are lower; therefore, they are favored by house acquirers. Open spaces have also become the trend in spatial design to turn houses with three small rooms into a layout with two spacious big rooms by removing the traditional wall to allow small houses to have open and spacious feelings.

(II) Competitive Niche

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

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

We are the leading brand in the tile industry with the top market share, and we possess comprehensive one-stop resources for R&D, production, services, and education and training. We have won the first prize in “Taiwan Household Ideal Brands for Tiles” for nine consecutive years since 2010 and received the only title of “Top 100 Brands in Taiwan” within the industry, becoming the top company for brand awareness and market with our status far ahead of companies within the same industry. In 2015, we became a ceramic enterprise and received certification from the EU. We are also a ceramic enterprise that received the title of “500 Most Valuable Brand in China” for a consecutive ten years and was recognized as a

Renowned Chinese Trademark.

2. Comprehensive Sales Channel Layout and Structure:

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

3. Honor Award and Extraordinary Recognition:

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

(III) Favorable and Unfavorable Factors for Future Development

1. Favorable Factor

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

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

With 52 years of operating experience in building materials, Champion Building Materials adheres to providing diverse building materials for a wide base of consumers as the “Best Surface Building Material System Provider” for its sustainable corporate operation and adopts integrated services for design and engineering.

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

(2) Comprehensive products with comprehensive combination advantages:

The Company possesses the only comprehensive product lines for external tiles, wall tiles, floor tiles, polished crystal tiles, slate tiles, marble tiles, 2cm thick bricks, and exported slab tiles to satisfy the one-stop shipping

demand of customers and the market for the procurement of tiles. In recent years, we launched simulated wood tiles, cement tiles, and high-end stone texture tiles by using digital inkjet printing technology to provide diverse and extensive changes for our products. Digital slate tiles, marble tiles, and ceramic wall tiles possess the advantages of being used in combination with our entire product portfolio, providing diverse options and versatile tile application services to customers, and in turn, improving the product's competitive strength and the market share of the Company.

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

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

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

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

(5) Upgrade of stores to explore spatial aesthetics:

During the course of renovations, the spatial structures include ceiling, floor, wall, door, window, and other elements for consumers to consider the layout in detail so as to exhibit visual aesthetics and spatial value. Champion is committed to improving the consumer experience of all channels. It invested in the vertical and horizontal development niches of all brands and established ten major brand image halls in Taipei, Taoyuan, Miaoli, Taichung, Kaohsiung, Pingtung, and other regions to exhibit its product value, create immersive experiences with tiles, and realize the ideal homes of customers. In

particular, the brand image hall in Taipei adopted the philosophy of “spatial stage” and “laboratory,” which received the iF Design Award in Germany (also known as the “Oscars in the design sector”). The brand image hall in Taichung adopted the ideas of “blossom” and “infinity” and won the A' Design Silver Award in Italy and the MUSE Platinum Award in the US. The two halls have won a total of 25 international design awards, exhibiting the reputation and influence of tile quality in Taiwan in the global design sector. Through the promotion and consultation of the fully renovated stores and the display upgrades of stores, we also organize diverse marketing activities for stores and regularly organize sessions to share the successful sales experience for building material companies.

- (6) Service and digital upgrade “Champion tile matching webpage & App 2.0 and LINE@” :

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

- (7) Equipment upgrade to increase the growing momentum:

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

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

The course of tile production involves a large amount of energy and raw material consumption and waste generation. With environmental friendliness as the precondition, we actively optimize our green competitiveness and invest in energy-saving facilities (i.e., kiln replacement and the overall reformation of the air pressure system of plants) to improve production value and achieve the effects of environmental protection and energy conservation. During the course of production, we achieve the purpose of environmental friendliness through heat air recycling from kilns, improvement in power systems, reuse of water resources, tile material recycling and other technologies. Champion voluntarily discloses relevant, sustainable practices and became the first tile business to complete its ESG Report and takes the lead in completing the organizational carbon inventory in the tile industry.

For green building materials, Champion provides the most extensive (over 200 types) green building material products within the industry for customers to choose from and develops light products to reduce the load of buildings. Regarding the high-efficiency and energy-saving system of dry-fasten thick brick on external walls, Champion became the first company in the building industry to obtain the high-performance green building material certificate, assisting in creating low-carbon buildings. We work with Farglory Land to launch the tile circulation and renew project for environmental protection companies to recycle the remaining tile materials generated from construction sites and deliver them back to Champion for reproduction for them to become renewable tiles that can be used at the construction site so as to reduce building waste, implement the philosophy of sustainable environmental development, and help solve the waste issues upon tile constructions. Champion has become the first company to complete BIM for green building material labels and building material's carbon footprint, allowing architects and construction companies to rapidly calculate carbon emissions at the initial stage of planning.

2. Unfavorable Factor

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

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

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

Countermeasures

Sustainable, peaceful houses create value for the construction projects

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

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

- Noise reduction for sustainable peace: Adopt permanently effective insulation and noise reduction to return the rights to choose surface building materials to consumers for flexible replacement of floor materials, which improves living quality and avoids disputes, and construction companies can build favorable goodwill.
- Tiles are the best surface materials: Tiles are durable, waterproof, and easily cleanable. Adopt Champion Tiles and Macrobelli Tiles, brands under Champion, to allow the use of 15 years or above.

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

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

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

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

The Company will strengthen its own brand and corporate image, emphasize local production, local services, "MIT" quality products, and the first-ever "15-year warranty in Taiwan for its advertisement promotion, and apply for the "MIT smile corporate" certification to distinguish with illegally imported tiles, continue to contribute to promoting products produced in Taiwan, and focus on the quality and safety of building materials' quality for residential houses. Meanwhile, we provide tile selection handbooks at our outlet for consumers to clearly see the MIT smile label when selecting building materials as products with the smile label mean verified premium quality, realizing our corporate commitment and allowing us to become the "choice of life" of consumers.

(IV) Major Sales Region of Primary Products

Amount: NT\$1,,000

Sales region	2023	2022
Asia	3,126,345	2,989,365
America	342	0
Australia	10,970	17,043
Others	0	0
Total	3,137,657	3,006,408

(V) Major Use and Production Process of Primary Products

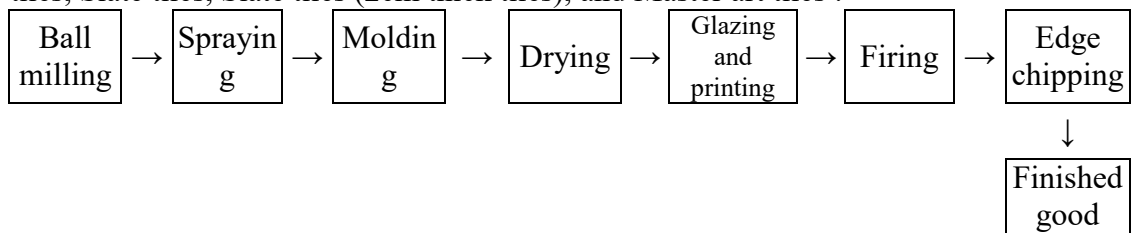
Primary products	Major use
External tiles	Tiles for laying on the external walls of buildings
Wood plank tiles	Tiles for laying on the internal walls of buildings
Floor tiles	Tiles for laying on the internal floors of buildings
Slate tiles	Tiles for laying on the internal and external floors and walls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

Production Process of Products:

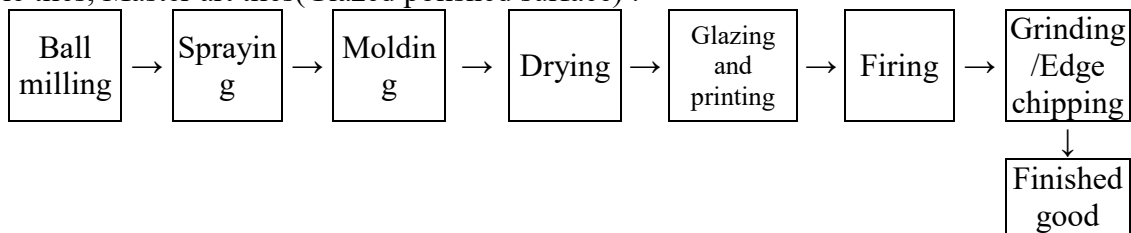
External tiles, Floor tiles(no edge chipping), Slate tile(no edge chipping), and Wood plank tiles :



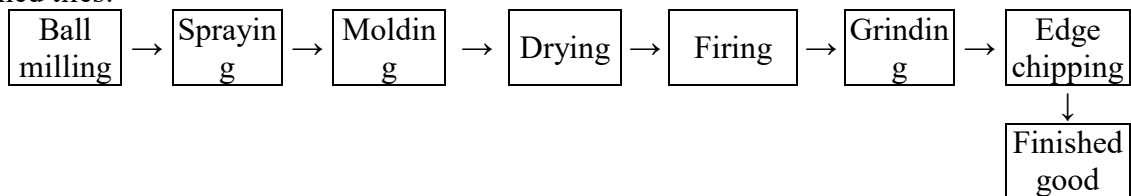
Floor tiles, Slate tiles, Slate tiles (2cm thick tiles), and Master art tiles :



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



Polished tiles:



For the 52 years since the establishment of the Champion Group, its raw material selection, production crafts, design philosophy, and environmental considerations have been made for the delicate life of nationals; it strives for innovations and spares no effort in exploring domestic and foreign markets as the No. 1 brand in the tile industry in Taiwan. The Company is the first to introduce the latest high-tech digital inkjet printing equipment to lead the tile industry into the new digital era by using advanced digital stereoscopic inkjet printing craft. Digital inkjet printing is in sync with Europe, which is the latest tile printing technology that sprays the glaze on the surface of tiles through innovative image output to combine the computer high-tech and tiles; the high image resolution renders a realistically result and enriches the color of tiles with non-repetitive texture and image that are true to nature, creating unique tastes. With the innovative printing technology and diversified exquisite design, we initiated an aesthetic revolution to adopt environmental raw materials different from traditional ink in response to the current trend and create a new era for building materials. Our tiles are true to nature and equivalent to natural stone and may cater to the high-end market. Such products have high added values that comply with the consumption trend and the global trend in the future.

Digital inkjet printing series product:

- Wood plank Porcelain:
Bellissimo, Everglade, Impression, Aberdeen, Foliation
- Floor Porcelain:
Starry Stone, Stone Neutrals
- Slate Porcelain:
Simone, Stazzema, Lithus, Mica, Wave Grey, Palermo, Basaltina, Build, Vesta, Piasentina, Minerva, Mist Flow, Hillview, Vatican, Pluton, Lime Stone, Rockefeller, Ceppo, Pietra Cardosa, Sand Stone, Mixed Stone, Murano 、 Lipica, Geocentric Stone 、 Sardegnall 、 Artist, Oman Sandstone, Stone Neutrals, Portland
- 2cm thick Slate Porcelain
Juno Granite, Austrina Granitello, Granules Fine, Vesta, Lavagrigia, Antium, Lime Stone
- Marble Porcelain:
New century, Brand New, Top Stone, Silky Marble, Royal Marble, Impression, Venice, and Ducale, Matte Marble, Florence
- Master art Porcelain:
New Horizon, Giamor Milano

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

Key Indicators for Tiles

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

(VI) Supply of Major Raw Materials for 2023:

Unit: NT\$1,000

Raw material	Purchase amount	%	Domestic		Foreign	
			Amount	%	Amount	%
Earth material	548,654	70.04	125,592	34.86	423,062	100.00
Glaze material	234,654	29.96	234,654	65.14	-	-
Total	783,308	100.00	360,246	100.00	423,062	100.00

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

(VII) Name of Top Ten Purchases (Sales) Customers and Their Amount and Ratio of Purchases (Sales) for the Latest Two Years.

Information on Major Sales Customers for the Latest Two Years

Amount: NT\$1,000

Item	2022				2023				2024 and as of Q1			
	Name	Amount	Ratio to the net sales of the year (%)	Relationship with the issuer	Name	Amount	Ratio to the net sales of the year (%)	Relationship with the issuer	Name	Amount	Ratio to the net sales of the year as of Q1 (%)	Relationship with the issuer
1	Guangdori Co., Ltd.	555,646	18.48	None	Guangdori Co., Ltd.	574,269	18.30	None	Guangdori Co., Ltd.	160,457	18.78	None
2	Gaoyu Wang Co., Ltd.	378,042	12.57	None	Gaoyu Wang Co., Ltd.	384,145	12.24	None	Gaoyu Wang Co., Ltd.	104,051	12.18	None
3	Guangliyu Co., Ltd.	316,719	10.54	None	Guangliyu Co., Ltd.	325,271	10.37	None	Guangliyu Co., Ltd.	88,532	10.36	None
4	Depot Co., Ltd.	228,173	7.59	None	Fengyu Wang Co., Ltd.	272,779	8.69	None	Fengyu Wang Co., Ltd.	83,113	9.73	None
5	Mao Jun Enterprise Co., Ltd	221,528	7.37	None	Mao Jun Enterprise Co., Ltd	246,749	7.86	None	Depot Co., Ltd.	66,270	7.76	None
6	Fengyu Wang Co., Ltd.	221,501	7.37	None	Depot Co., Ltd.	241,121	7.68	None	Wei Xun Co., Ltd.	52,021	6.09	None
7	Uian Ho Co., Ltd.	181,502	6.04	None	Uian Ho Co., Ltd.	185,067	5.90	None	Uian Ho Co., Ltd.	49,266	5.77	None
8	Jheng Run Enterprise Co., Ltd.	147,746	4.91	None	Jheng Run Enterprise Co., Ltd.	156,952	5.00	None	Mao Jun Enterprise Co., Ltd	45,242	5.29	None
9	Wei Xun Co., Ltd.	140,011	4.66	None	Wei Xun Co., Ltd.	149,661	4.77	None	Jheng Run Enterprise Co., Ltd.	37,573	4.40	None
10	FAN YANG Co., Ltd.	95,072	3.16	None	Deshi Co., Ltd.	111,792	3.56	None	Deshi Co., Ltd.	26,506	3.10	None
	Others	520,468	17.31		Others	489,851	15.63		Others	141,499	16.54	
	Net sales	3,006,408	100.00		Net sales	3,137,657	100.00		Net sales	854,530	100.00	

Note 1: Set out the names of customers with more than 10% of total sales in the last two years and their sales amount and proportion. However, if, for contractual reasons, the company is not allowed to disclose the name of the client or the transaction object is an individual and not a related party, it may use the code name.

Note 2: As of the date of publication of the annual report, a company listed or whose shares have been traded on the premises of a securities broker should disclose the most recent financial information which has been certified or reviewed by accountants.

Information on Major Suppliers for the Latest Two Years

Amount: NT\$1,000

Item	2022				2023				2024 and as of Q1			
	Name	Amount	Ratio to the net purchases of the year (%)	Relationship with the issuer	Name	Amount	Ratio to the net purchases of the year (%)	Relationship with the issuer	Name	Amount	Ratio to the net purchases of the year (%)	Relationship with the issuer
1	CPC Corporation, Taiwan	255,969	17.33	None	CPC Corporation, Taiwan	259,514	17.16	None	CPC Corporation, Taiwan	57,709	19.44	None
2	Maissive Trading Co., Ltd.	192,042	13.00	None	Maissive Trading Co., Ltd.	201,116	13.30	None	Maissive Trading Co., Ltd.	44,741	15.07	None
3	Taiwan Power Company	138,125	9.35	None	Taiwan Power Company	172,888	11.43	None	Taiwan Power Company	36,022	12.14	None
4	China's glaze Co., Ltd.	98,441	6.66	None	China's glaze Co., Ltd.	104,076	6.88	None	China's glaze Co., Ltd.	20,219	6.81	None
5	Rising Wood Inc.	71,536	4.84	None	Hongkong Lucky Group Co., Ltd.	102,402	6.77	None	Hongkong Lucky Group Co., Ltd.	13,777	4.64	None
6	Hongkong Lucky Group Co., Ltd.	57,133	3.87	None	Rising Wood Inc.	69,711	4.61	None	Taimax Materials Co., Ltd.	11,971	4.03	None
7	Cheng Loong Corporation	55,825	3.78	None	Taimax Materials Co., Ltd.	61,064	4.04	None	Cheng Loong Corporation	11,201	3.77	None
8	Taimax Materials Co., Ltd.	48,250	3.27	None	Cheng Loong Corporation	60,330	3.99	None	Rising Wood Inc.	11,090	3.74	None
9	Foshan Skyplanet Import And Ecpot	36,759	2.49	None	Million Super Co., Ltd.	43,783	2.90	None	Foshan Skyplanet Import And Ecpot	9,220	3.11	None
10	Luck Fortune Co., Ltd.	36,329	2.46	None	Foshan Skyplanet Import And Ecpot	36,268	2.40	None	Sun-Li Ceramic Trade Co.,Ltd.	8,125	2.74	None
	Others	486,618	32.95		Others	401,137	26.52		Others	72,733	24.51	
	Net purchases	1,477,027	100.00		Net purchases	1,512,289	100.00		Net purchases	296,808	100.00	

Note 1: List the names of suppliers and their purchase amount and proportion of more than 10% of the total purchase amount in the recent two years, but if the Company is not allowed to disclose the name of the supplier or the transaction object is an individual and not a related party, the code name can be disclosed.

Note 2: As of the date of publication of the annual report, a company listed or whose shares have been traded on the premises of a securities broker should disclose the most recent financial information which has been certified or reviewed by accountants.

(VIII) Production Volume and Value for the Latest Two Years

Volume Unit: 100m²

Amount Unit: NT\$1,000

Year	2022			2023		
Production volume and value Major product	Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Tiles	100,140	98,077	3,138,464	100,140	99,262	3,176,394

(IX) Sales Volume and Value for the Latest Two Years

Amount Unit: NT\$1,000

Year	2022				2023			
Sales volume and value Major product	Domestic sales		Foreign sales		Domestic sales		Foreign sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Tiles(100 m ²)	95,848	2,893,561	2,547	72,323	99,705	3,011,730	2,066	64,173
Timber floor (ping/m ² / pcs)	9,752.31 ping/ 91,743 pcs	29,828	3,604.08 m ²	9,241	17,824.44 ping/ 39,038 pcs	60,519	3,712.91 m ²	1,235
Others	-	1,455	-	-	-	-	-	-
Total		2,924,844		81,564		3,072,249		65,408

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

March 31, 2024

Year		2022	2023	Current year and as of March 31, 2024
Number of employees	Above assistant manager	34	32	35
	Section chief	169	173	172
	Basic	495	501	507
	Total	698	706	714
Average age		41.6	42.1	41.9
Average year of services		8.5	8.6	8.5
Educational background distribution	Ph. D	0	0	0
	Master	14	16	17
	University and college	162	164	166
	High school	337	343	346
	Below high school	185	183	185

IV. Information on Environmental Expenses

- (I) Losses (including compensation and matters violating the environmental protection regulations found in the results for the environmental protection audits, date of disposals, number of disposals, provisions under the regulations of such violations, the content violating the regulations, and the content of disposal) incurred to the Company due to environmental pollution for the latest year and as of the date of publishing the Annual Report, the potential estimated amount incurred at present and in the future and countermeasures shall be disclosed; for those that cannot be reasonably estimated, explain the fact related to the inability to reasonably estimate.

Amount: NT\$

Date of disposal	Disposal No.	Provisions under the regulations of such violations	Content violating the regulations	Content of disposal	Amount of compensation or disposal
2022.01.06	2022.01.06 Huan-fei-zi No. 1110001254	Subparagraph 2, paragraph 1, Article 31 of the Waste Disposal Act	Based on the format stated by the central competent authority, declare the output, storage, clearing, processing, reuse, export, import, passage, or transit of the wastes.	The Environmental Protection Bureau performed an audit on the online declared information; there were quality imbalances in 110.10 R-0403 and D-0902.	6,000
2022.03.17	2022.03.17 Fu-huan- kong-zi No. 1110009701	Paragraphs 2 and 4, Article 24 of the Air Pollution Control Act	After the setting or the alteration of stationery sources, certifying documents shall be submitted in accordance with relevant requirements under the law to apply for and obtain the operational license, and the operations shall be performed in accordance with the license issued.	The Central Branch, Bureau of Environmental Inspection, performed an audit; the differential value for the impulse baghouse (A601) failed to comply with the content in the license.	160,000
2022.04.11	2022.04.11 Huan-fei-zi No. 1110020936	Paragraph 2, Article 28 of the Waste Disposal Act	Enterprises designated in the announcements of the central competent authority shall have professional technicians in place; for enterprises that clear and process business wastes on their own, management regulations related to	The Environmental Protection Bureau performed an audit; the dedicated personnel for wastes concurrently engages in matters that require the license for occupational safety personnel.	6,000

Date of disposal	Disposal No.	Provisions under the regulations of such violations	Content violating the regulations	Content of disposal	Amount of compensation or disposal
			the conditions, licenses, licensed period abolishment, and other matters to be observed shall be established by the central competent authority at a meeting with the central competent authority in charge of particular target businesses.		
2023	NA	NA	NA	NA	NA

(II) Future Countermeasures

1. Improvement Plan

- (1) Maintain, inspect, and repair the bag collector of the pollution control prevention equipment immediately, and repair the damages of the bad filters and edges with poor marginal adaptation immediately.
- (2) Purchase new bag filters for complete updates.
2. Qualified personnel for visual inspection of gases performs visual inspections on the gas pipe from time to time each day, and a gas pipe inspection shall be performed regularly every half year.

3. Estimated Environmental Expenses for Three Years in the Future

Unit: NT\$1,000

Year	Pollution prevention equipment to be purchased or the content of expenses	Estimated improvement	Amount
2024	(1) Exhaust gas processing equipment for the kiln (2) Wastewater processing equipment (3) Noise prevention equipment (4) Bag collector equipment (5) Addition of plant and machines (6) Addition of detention basin	Maintenance, repair, improvement, and updates Reduce pollution and improve efficiency Organize indoor plant for raw materials and waste to prevent dust effusion Conservation of water and soil – Prevent flood hazard	108,803

2025	(1) Exhaust gas processing equipment for the kiln (2) Wastewater processing equipment (3) Noise prevention equipment (4) Bag collector equipment (5) Addition of plant and machines (6) Addition of detention basin	(1) Maintenance, repair, improvement, and updates (2) Reduce pollution and improve efficiency (3) Organize indoor plant for raw materials and waste to prevent dust effusion (4) Conservation of water and soil – Prevent flood hazard	83,695
2026	(1) Exhaust gas processing equipment for the kiln (2) Wastewater processing equipment (3) Noise prevention equipment (4) Bag collector equipment (5) Addition of detention basin (6) Addition of plant and machines	(1) Maintain, improve, and upgrade equipment to reduce air pollution (2) Add equipment to reduce water pollution (3) Upgrade the grinding line and the noise room of the office to reduce noise hazards (4) Replace dust-collecting equipment to reduce dust pollution (5) Clear sludge for soil and water conservation	88,000

4. Effects After Improvements

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

(III) Potential Expenses

Unit: NT\$1,000

2023	Human affairs expenses	Operational expenses	Equipment repair expenses	Equipment depreciation	Total
Exhaust gas	4,133	78,291	15,365	6,708	104,497
Wastewater	11,686	35,179	10,241	1,404	58,510
Waste	1,681	8,567	558	0	10,806
Noise	0	0	3,349	1,162	4,511
Total	17,500	122,037	29,513	9,274	178,324

V. Labor-capital Relationship

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

1. Employee Benefit Measures

- (1) The Company's benefit measures include national health insurance, labor insurance, group insurance, incentives for senior employees with excellent performances, labor insurance, free uniform provision, employees' bonus distribution, and educational lectures.
- (2) Full-time employees working for a year are entitled to one free health inspection. The Company values the health inspection results of employees. After receiving consent from employees, the Company actively assists employees in treatment follow-up or by arranging specialists stationed in the plant for consultation for employees with abnormal or special inspection circumstances to ensure employees' health.
- (3) Assign dedicated nursing staff to assist in providing knowledge and notices related to health to employees and providing relevant consultation and arrangements for hospitals and clinics for employees with abnormal health inspection results.
- (4) Employees' satisfaction survey: The Company regularly organizes the "employees' satisfaction survey" each year to understand the recognition of the organization and the work satisfaction of employees. We also prepare improvement measures according to the statistical analytical results of the survey and recommendations from employees. We believe that "happy employees give rise to satisfied customers."
- (5) The Company holds birthday celebrations each month and provides vouchers and gifts to employees having their birthdays and provide gift money or consolation money in unfixed amount to employees for marriages, funerals, celebrations, hospitalization, and significant disasters.
- (6) The Benefits Committee is responsible for the measures of the Company's benefits, including company trips, gifts for the Labor Day and three significant Chinese festivals, birthday celebrations, scholarships and grants for their offspring, gift money for marriages, fertility subsidies, house-warming gifts, subsidies for funerals, and consolation money for hospitalization.

2. Retirement System

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

3. Continuing Education and Training of Employees:

The Company provides a diversified learning environment for employees. Employees may learn through channels of internal/external training, digital learning platform, OJT, reading club, unscheduled benchmark learning and exchange, foreign exhibition participation and observation, training for professional sales engineers, celebrity lectures, and superior/peer instructions; meanwhile, we adopt the training systems for new employees, general knowledge training, professional functions, and management functions to allow employees to acquire systematic and professional training, cultivation, and instruction. The Company also provides appropriate resources to allow all employees to acquire multiple skills and knowledge for effectively executing the Company's tasks to serve as the basis for the improvement of our production capacity. The "certificate allowance" system encourages employees to participate in external professional certification examinations to improve employees' professional abilities, which not only improves employees' working skills and competitive strength but also creates corporate values for the Company.

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

The actual performance of relevant educational training in 2023 is as follows:

Amount: NT\$

Item	Number of classes	Total number of employees	Total number of hours	Total training expenses
Management function training	75	2,009	637.84	556,582
Professional function training	37	1,309	93.5	247,080
General knowledge training	4	151	24	186,160
Total	116	3,469	755.34	989,822

* The Company introduced the E-learning training platform at the end of Q3 in 2021; employees may access learning courses via the learning platform at all times.

4. Succession Plan for Directors and Significant Executives:

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

The Company implements the diversification policy of the Board's composition according to the "Corporate Governance Principles." Currently, a total of seven Directors (including three Independent Directors) possess versatile and complementary industry experience and professional finance, financial, and accounting capacities. Two of the Directors are also the senior management of the Company. In the future, the composition and structure of the Company's Board and the experiences and backgrounds of Directors will follow the current structure.

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

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

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

6. Code of Conduct or Ethics for Employees:

Working Rules

Chapter 1 General

Article 1 To accurately set out the labor-capital rights and obligations, optimize the modern business management system, facilitate the unity of employees and employers, and pursue business development; the Company established the Rules according to the Labor Standard Act and relevant laws and regulations. Management for employees of the Company shall be subject to the Rules, except otherwise required by the Company's Articles of Association and labor contracts.

Article 2 The Rules shall apply to persons employed by the Company (the "employee") to receive compensation. For part-time workers employed by the Company, their rights and obligations shall be subject to relevant requirements under the "Implementation Guidelines for the Employment of Part-time Labor," labor contracts, and the Rules.

Article 3 The employees and employer of the Company shall commit to corporate ethics and adhere to occupational ethics and integrity principles to treat others with honesty. The Company is obliged to duly care for the employees and has the right to request employees to properly provide labor services. Employees shall comply with the requirements under the Rules and duly perform their obligations of diligence and integrity to be entitled to their rights.

Article 4 The Rules may be amended and supplemented upon the amendments to the Labor Standard Act, its Enforcement Rules, and other relevant regulations.

Chapter 2 Service Principles

Article 5 All employees shall be proud of being the members of Champion, adopt responsibility, honor, and performance as the standards for execution, faithfully perform their duties, comply with the rules and regulations of

the Company, and obey the supervision and instructions of the Company superiors.

Article 6 Employees shall treat others modestly and exert group spirits to establish the healthy image of the Company.

Article 7 Internally, employees shall work faithfully, care for public properties, reduce consumption, improve quality, and increase efficiency; externally, employees shall keep their businesses or duties confidential.

Article 8 Employees shall protect the Company's credibility and reputation and shall not conduct any behavior that may harm the Company's credibility and reputation.

Article 9 Employees shall not secretly operate businesses related to the Company or hold part-time positions other than that of the Company.

Article 10 Employees shall not engage in any activities not related to the Company's business in the name of the Company or in the name of their duties.

Article 11 Employees shall not seek profits for themselves or others by using their positions or accept entertainment, gifts, rebates, commission, or other illegal interests; souvenirs or gifts received due to public affairs shall be made as public possession without private use.

Article 12 Employees shall be aware of work safety, and shall not get close to the dangerous areas or prohibited areas organized by the Company.

Article 13 All employees shall comply with laws and regulations related to labor safety and health and the Company's Articles, maintain the safety, health, and cleanness of the workplace and the surrounding environment, and prevent theft, fire, or other natural disasters.

Article 14 There shall be no misdemeanor of violence, intimidation, harm, abuse, intemperance, incendiary, drug, damage to public properties, carriage of hazardous items and prohibited items, disturbance of order, interference to work, impairment to the public safety and health.

Article 15 Any employee who carries the Company's items and leaves the plant shall complete the "discharge slip," and the employee shall only leave after the guard has checked the slip.

Article 16 Employees shall not read documents, account books, statements and books, or external letters not under their jurisdiction at will.

Article 17 For statements required by the Company, employees shall complete such statements according to facts in due course without falsification.

Article 18 Employees shall not chit-chat or read books or magazines unrelated to their duties during work hours.

Article 19 Employees shall not use the Company's phone or private conversations.

Article 20 Employees shall fulfill the responsibility of safe-keeping tools kept by them.

Article 21 Employees shall wear uniforms, and their dress and appearance shall be tidy

during work hours according to the requirements of the Company.

Article 22 Without written consent from the responsible superiors, employees shall not bring external visitors such as relatives or friends or suppliers to the business department for a tour.

Article 23 Employees shall be at their work locations during work hours and shall not arrive late or leave early or leave their work post without any approval.

Article 24 Employees on shifts shall complete the handover of work with the employees of the next shift to leave their work post, and the employees of the next shift shall arrive at work ten minutes before working time.

Article 25 Employees shall not incite any strike, slowdown, or interfere with the production operations.

Article 26 Employees shall avoid conducting any private transactions with suppliers having business dealings with the Company.

Article 27 Superiors shall not accept birthday celebrations held by subordinates and shall not accept birthday gifts (excluding birthday cards and congratulations via phone calls or in person), properties, or presents provided by subordinates.

Article 28 Superiors shall not borrow loans from or invite subordinates to join investment groups.

Article 29 Employees are forbidden to carry out stock transactions or engage in other businesses related to private wealth management during work hours.

Article 30 Except for outstanding talents, superiors shall not recommend their subordinate for employment; except for outstanding suppliers, superiors shall not recommend their subordinates for adoption.

Article 31 Building a green plant is the unchanged direction of the Company; employees shall execute relevant environmental protection and waste reduction measures according to the Company's policy. To procure employees of all levels to value the Company's policies, the Article is added as follows:

1. For claims of compensation made by the neighboring residents resulting from the unfavorable execution of environment protection or fines imposed by the competent authority after audits, the Company would impose administrative punishments on employees with dereliction of duty, and they shall be responsible for the partial fines (the amount of fine borne by employees shall be deducted from the distribution of such employees' bonuses and incentives for the year).
2. When it is determined that the occurrence of the environmental protection event is arising from the conditions or functions of the Company's equipment after investigation instead of human error, the Company shall be responsible for the fines.

7. Procedures for the Significant Internal Information Processing of the Company:

To avoid the Company or internal parties accidentally or intentionally violating requirements related to insider trading that may result in litigations of the Company or internal parties, harming our reputation, the Company has established the “Procedures for the Prevention of Insider Trading” to prevent insider trading and protect the interests of investors and the Company.

Procedures for the Prevention of Insider Trading

Article 1 Purpose:

To avoid the Company or internal parties accidentally or intentionally violating requirements related to insider trading that may result in litigations of the Company or internal parties, harming our reputation, the Procedures are established to prevent insider trading and protect the interests of investors and the Company.

Article 2 Scope:

The Procedures shall apply to the management operations for preventing insider trading of the Company; however, such operations shall be subject to requirements otherwise stated in other laws.

Article 3 Definition:

- I. Internal parties: According to the specification of the Company’s internal parties under the Securities Exchange Act, the scope of internal parties includes the Directors, supervisors, managers, and shareholders holding more than 10% of the total shares; related parties of internal parties include (I) spouse, minor, and shares held in the name of others of internal parties; (II) representative of corporate Directors (supervisors), spouse, minor, and shares held in the name of others of representatives; the above-mentioned are the internal parties of the Company.
- II. Regulated targets of insider trading: Except for the internal parties above, such targets also include persons who acknowledge information due to business or controlling relationships and the persons who receive information from internal parties.

Article 4 Responsibility:

- I. The Company’s Finance Department is responsible for the establishment and maintenance of the Procedures.
- II. The spokesperson of the Company is responsible for disclosing the Company’s significant information to external parties.

Article 5 Operations:

- I. Persons stated under paragraph 1 Article 157 of the Securities Exchange Act are included in the application scope for the prohibition of insider trading of the Company, including:
 1. Directors, supervisors, managers, and natural persons designated to perform duties on behalf of the Company are stated under paragraph 1 Article 27 of the Company Act.

2. Shareholders holding more than 10% of the Company's shares.
3. Persons acknowledge information due to business or controlling relationships.
4. Person who lost the identities in the above subparagraphs within six months.
5. Persons receive information from persons stated in the above subparagraphs.

Furthermore, according to the requirements under Article 22-2 of the Securities Exchange Act, the Company's Directors, supervisors, managers, or shareholders holding more than 10% of the Company's shares; their shareholding shall include shares held by their spouse, minor, and in the name of others.

II. Insider Trading:

Once regulated targets of insider trading acknowledge information that has significant effects on the stock prices of the Company, such targets shall not purchase or sell the Company's stock or other securities with the nature of equity that is listed or traded on TPEX when such information is undisclosed or within 18 hours from the disclosure of such information; any violation to the requirement constitutes insider trading.

III. The scope of information that has significant effects on the stock prices of the Company includes:

1. Information involving the Company's finance and business that has significant effects on the stock prices of the Company or information that has significant effects on the investment decision of proper investors;
2. Information involving the market supply and demand and open acquisition of securities that has significant effects on the stock prices of the Company or information that has significant effects on the investment decision of proper investors.

IV. Disclosure methods for information that has significant effects on the stock prices:

1. Significant information involving the Company's finance and business shall be disclosed by uploading the information to MOPS by the Company.
2. Significant information involving market supply and demand shall be disclosed by uploading the information to MOPS by the Company, basic market condition reports, or on the non-local pages of two newspapers published across the nation each day or national TV news, or reports on the electronic newspaper published by the mentioned media.

V. Procedures for the significant information processing:

1. The significant internal information processing and disclosure of the Company shall be subject to the requirements of laws, orders, and TWSE or TPEX.
2. The Company's Directors, supervisors, managers, and employees shall exert the focus and faithful obligations of a good administrator, execute businesses in accordance with the principles of honesty and credibility, and sign the non-disclosure agreement.

Directors, supervisors, managers, and employees who acknowledge the significant information of the Company shall not disclose the significant internal information acknowledged by them to others.

The Company's Directors, supervisors, managers, and employees shall not inquire about persons who acknowledged the significant internal information of the Company or collect undisclosed significant internal information of the

Company not related to their personal duties, and they shall not disclose undisclosed significant internal information of the Company acknowledged by them due to the execution of businesses.

3. When the files or document of the Company's significant internal information is delivered in writing, there shall be appropriate protection. When delivering via e-mails or other electronic methods, appropriate security technologies such as encryption or electronic signature shall be used. Files or documents of the Company's significant internal information shall be backed up and kept at safe locations.
4. Institutions or persons other than the Company who participated in the Company's merger, significant memorandum, strategic alliances, other business cooperation plans or the execution of significant contracts shall sign non-disclosure agreements and shall not disclose significant internal information of the Company acknowledged by them to others.
5. The Company shall adhere to the following principles when disclosing its significant internal information to external parties:
 - (1) Accurate, complete, and prompt information disclosure.
 - (2) Information disclosure with a supportive basis.
 - (3) Fair information disclosure.
6. Except for otherwise required by laws or laws and regulations, the Company's spokesperson or the acting spokesperson shall be responsible for the disclosure of significant internal information of the Company based on the sequence of commission; when necessary, the Company's representative may directly take over for processing.

The speech content of the Company's spokesperson or the acting spokesperson shall be subject to the scope authorized by the Company. Except for the Company's representative, spokesperson, and acting spokesperson, employees of the Company shall not disclose significant internal information to external parties without authorization.
7. Information disclosure of the Company to external parties shall keep the following records:
 - (1) Personnel, date, and time of information disclosure.
 - (2) Method of information disclosure.
 - (3) Content of information disclosure.
 - (4) Content of written information delivered.
 - (5) Other relevant information.
8. When the content of media reports is inconsistent with the content disclosed by the Company, the Company shall immediately clarify MOPS and request the media to make corrections.
9. When the Company's Directors, supervisors, managers, and employees acknowledge any leakage of significant internal information, they shall immediately report to the dedicated department and the Internal Audit Department.

After receiving the reports above, the dedicated department shall prepare the processing countermeasures; when necessary, it may hold a meeting with the

Internal Audit Department to discuss the processing; it shall prepare records on the processing results, and the Internal Audit Department shall also conduct audits according to their duties.

10. For any of the following circumstances, the Company shall investigate the responsibility of relevant staff and adopt appropriate legal measures:

- (1) Employees of the Company who disclosed significant internal information to external parties or violated the requirements of the Procedures or other laws and regulations.
- (2) The content of the external speech made by the spokesperson or acting spokesperson of the Company exceeded the scope authorized by the Company or violated the requirements of the Procedures or other laws and regulations.

Where damages occurred to the Company's properties or interests due to the leakage of the Company's significant internal information by persons other than the Company, the Company shall observe relevant channels to investigate their legal responsibilities.

Article 6 Educational Communication

The Company organizes educational communication of the Procedures or relevant laws and regulations with Directors, supervisors, managers, and employees at least once a year

The Company shall provide educational communications to new Directors, supervisors, managers, and employees in due course.

Article 7 The Company shall establish and maintain the data files of internal parties and declare to the competent authority according to the stated period and method.

Article 8 The Procedures are implemented after being passed by the Board; the same shall apply upon any amendment.

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

- (1) To safeguard the safety and health of employees and realize the occupational safety and health management, the Company has established its "Occupational Safety and Health Management Plan" for all employees to observe and promote the "Zero Disaster Activity" in the hope of improving the awareness of the Company's employees regarding the inside or outside the plant and reducing the occurrence of occupational disasters.
- (2) To understand the actual status of the operating environment of labor and evaluate the exposure of workers to their operating environment, the Company implements operating environment monitoring according to the hazardous characteristics of the operating environment. The monitoring evaluation team shall discuss and establish the operating environment monitoring plan (with sampling strategies), duly execute

the place, and carry out examinations and updates according to the actual need; the plan shall be implemented four times a year.

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

(7) Professional occupational safety and health management personnel

Personnel holding certificates related to occupational safety and health		Personnel holding certificates related to occupational safety and health	
Chief of occupational safety and health	2	First-aid personnel	26
Occupational safety and health manager	1	Superiors of hazardous operations	13
Occupational safety and health managing staff	3	Fixed crane operator	9
Labor health service nursing staff	2	Forklift operator	120

9. Other Significant Agreements: None.

(II) Set out losses (including matters of labor inspection results violating the Labor Standard Act; date of disposals, number of disposals, provisions under the regulations of such violations, the content violating the regulations, and the content of disposal shall be set out) incurred to the Company due to environmental pollution for the latest year and as of the date of publishing the Annual Report, the potential estimated amount incurred at present and in the future and countermeasures shall be disclosed; for those that cannot be reasonably estimated, explain the fact related to the inability to reasonably estimate: None.

VI. Identity, Concerned Issues, Communication Channels, and Response Method of Stakeholders:

Communications with categories of stakeholders:

Stakeholders	Concerned issues of priority	Communication channels, response methods, and communication frequency	Communication performance with stakeholders in 2023
Competent authority	<ol style="list-style-type: none"> 1. Legal compliance 2. Customer protection and communication 3. Corporate governance 4. Risk management 5. Communication with the competent authority 	<p>Participate in the policy discussions and seminars organized by the competent authority from time to time</p> <p>Cooperate with the competent authority's monitoring and audits.</p> <p>Establish a contact window to maintain healthy interactions with the competent authority.</p> <p>Ms. Chen, Finance Department (e-mail:s22384@mail.champion.com.tw)</p>	<p>Participated in two sessions of business communication programs organized by the National Taxation Bureau of the Central Area.</p>
Employee	<ol style="list-style-type: none"> 1. Employees' benefits 2. Employees' evaluation system 3. Labor-capital relations 4. Corporate image 	<p>Announcements on the internal website or via internal e-mails:</p> <p>Announce employees' benefits matters (health inspection and healthcare information), information on the Employee Benefits Committee, information on educational training programs, and information on annual performance management operations from time to time.</p> <p>Labor-capital conference: The Company organizes the labor-capital conference every three months and actively interacts with employees to further understand and listen to employees' thinking and ideas; to provide public and convenient</p>	<p>The Company held a total of nine labor-capital conferences in 2023.</p>

Stakeholders	Concerned issues of priority	Communication channels, response methods, and communication frequency	Communication performance with stakeholders in 2023
		communication platforms for the Company and employees, the Company established e-mail (e-mail: hr.ec@mail.champion.com.tw) and a physical mailbox at the plant, and the handling unit and window (Ms. Gu and Ms. Chiang for Zhunan Plant and Zhaoqiao Plant, Human Resources Department).	
Shareholder	<ol style="list-style-type: none"> 1. Corporate governance 2. Sustainable development strategies 3. Shareholders' participation 4. Operating performance 	<p>Press release/significant information: real-time media release/publication of significant information on MOPS. Convene a shareholder meeting once a year and publish its annual report</p> <p>Organize domestic investor conferences once a year.</p> <p>Establish stock affairs and investor relations contact windows for mutual communication.</p> <p>Ms. Liao, Finance Department (e-mail:wenny@mail.champion.com.tw)</p>	<p>Published 19 news for each of the significant information and announcements</p> <p>Convened a shareholders' meeting on June 19, 2023</p> <p>Convened investor conferences on November 27, 2023</p>
Customer	<ol style="list-style-type: none"> 1. Information security 2. Customer protection and communication 3. Information transparency 4. Service quality 5. Corporate governance 	<ol style="list-style-type: none"> 1. Corporate website: Provide product information, online tile display, has a customer service section in place with services of common Q&A for customers, introduction to building material crafts, tile selection guidelines established, and establish service line and e-mail for dedicated personnel to process relevant matters to protect consumers' interests (http://www.champion.com.tw/service). 2. Broadcast advertisements on TV, printed materials and online from time to time. 3. Upgraded the 10-year warranty to a "15-year" warranty15-year warranty line: 037-561236 4. Official Facebook page operations: The Facebook page of Champion Tiles and Macrobelli Tiles has weekly interactions with consumers. 5. Champion's LINE@ publishes 	<ol style="list-style-type: none"> 1. Organized the 2023 Building Material Enterprise Conference. 2. Participated in the 35th Taipei Building Show in 2022. 3. Regularly organize designer and architect lectures.

Stakeholders	Concerned issues of priority	Communication channels, response methods, and communication frequency	Communication performance with stakeholders in 2023
		product information, activities, and lectures and shares materials and new construction methods.	
Supplier	<ol style="list-style-type: none"> 1. Corporate image 2. Sustainable development strategies 3. Information transparency 4. Supplier management 	<p>Prioritize the procurement commitment to green products, set out annual KPIs based on products with green labels procured, and establish a response window for suppliers:</p> <p>Mr. Kuo, Zheng-Bin, Procurement Department (Ext. 1313; e-mail: ben.kuo@champion.com.tw) is responsible for mutual communication with suppliers. Execute annual evaluation on delivery terms and quality for suppliers each year.</p>	<p>The annual purchase amount of green products reached NT\$66.03 million, accounting for 12.95% of the procurement volume. The Company conducts the evaluation once a year; the latest evaluation was completed on March 5, 2023.</p>
Society and community care	<ol style="list-style-type: none"> 1. Environmental protection 2. Community care 3. Social participation 	<ol style="list-style-type: none"> 1. Promote green environmental protection: The Company established its energy-saving and carbon emission reduction targets and utilized four environmental processes of “kiln’s hot air recycle,” “improvement of power system,” “reuse of water resources,” and “tile recycle” during the production process to create a friendly environment. 2. Champion Concept Hall Tourism Factory: In 2010, the Company invested millions of funds in building the first tile industry tourist factory, “Champion Green Concept Hall,” in Taiwan. We adopted actions to promote the co-existence concept with nature. By adopting the idea of “respect nature, energy-saving and environmental protection, green life aesthetic,” we expect to improve visitors’ environmental protection awareness related to energy-saving and carbon emission reduction through methods closely related to 	<p>The Company set its energy-saving and carbon emission reduction target for the production process in 2023 at 1,050 tons CO₂e. The total GHG emission for 2021 was 88,416.836 tons CO₂e/year. The Company had made donations to 24 public welfare and charitable groups in 2023.</p>

Stakeholders	Concerned issues of priority	Communication channels, response methods, and communication frequency	Communication performance with stakeholders in 2023
		<p>citizens' daily life for them to care for the natural environment and enjoy healthy lives co-existing with nature.</p> <p>3. Community care: We participate in community activities, care for seniors during Chinese New Year, and participate in the daycare services and repair of hardware equipment in communities.</p> <p>4. Social participation: We actively participate in various public welfare activities. We have organized the “One Dollar Charitable Tiles” event since 1996, in which we appropriate NT\$1 for the sales of each box of tiles; the scope of donation comprises three major directions of “talent, education, and environmental transformation.” Except for cultivating skills for those with disabilities, the program also aims to improve the environment and children’s education through the application of subsidies. In recent years, members of social welfare groups in Miaoli developed their skills based on their expertise and demand to allow members to recognize themselves and grow through the course of learning, and in turn, improve their household economy by learning such skills.</p>	

VII. Significant Contracts:

Contract nature	Parties involved	Period of the contract	Primary content	Restrictive terms
Syndicated loans	16 banks, including Taipei Fubon Bank	Entered into the contract on April 15, 2019 The credit period shall be three years from the initial utilization Furthermore, an extension of two years to July 5, 2024 was made on March 25, 2022	The total limit cap of the syndicated loans was NT\$10 billion; the loans are primarily used for the repayment of borrowings from financial institutions and to improve our mid-term operating capital.	Lands and plants of Zhaoqiao Plant and Zhunan Plant, the office building in Zhunan, and machines and equipment are the collaterals for the contract.

Chapter 6. Financial Overview

I. Condensed Balance Sheet and Statements of Profit or Loss for the Latest Five Years

(I) Condensed Balance Sheet

Condensed Balance Sheet (Consolidated) – Adopting IFRS

Unit: NT\$1,000

Year		Financial information for the latest five years					Financial information for the current year and as of March 31, 2024 (Note)
		2019	2020	2021	2022	2023 (restated)	
Current	assets	4,815,419	4,770,411	5,224,523	4,161,714	4,259,981	4,282,826
Property, plant and equipment		4,145,337	3,784,353	3,061,323	3,006,680	2,621,144	2,561,114
Right-of-use	assets	340,286	287,563	265,517	250,293	260,338	255,847
Intangible	assets	166,150	153,655	143,821	138,388	135,378	138,485
Other	assets	444,753	898,794	826,249	776,145	766,904	862,385
Total	assets	9,911,945	9,894,776	9,521,433	8,333,220	8,043,745	8,100,657
Current liabilities	Before distribution	2,449,478	3,035,705	2,655,669	1,649,383	2,267,236	2,295,386
	After distribution	2,449,478	3,035,705	2,221,887	1,649,383	2,267,236	2,295,386
Non-current	liabilities	1,529,983	1,342,169	367,548	1,236,823	329,181	323,761
Total liabilities	Before distribution	3,979,461	4,377,874	3,023,217	2,886,206	2,596,417	2,619,147
	After distribution	3,979,461	4,377,874	2,589,435	2,886,206	2,596,417	2,619,147
Interests attributable to the owner of the parent company		5,932,484	5,516,902	6,498,216	5,447,014	5,447,328	5,481,510
Share	capital	4,337,821	4,337,821	4,337,821	3,904,039	3,904,039	3,904,039
Capital	reserve	157,999	157,999	157,999	157,999	157,999	157,999
Retained earnings	Before distribution	1,041,760	636,586	1,626,061	1,019,099	1,015,540	1,025,681
	After distribution	1,041,760	636,586	1,192,279	1,019,099	1,015,540	1,025,681
Other	equity	394,904	384,496	376,335	365,877	369,750	393,791
Treasury	shares	0	0	0	0	0	0
Non-controlling interests		0	0	0	0	0	0
Total equity	Before distribution	5,932,484	5,516,902	6,498,216	5,447,014	5,447,328	5,481,510
	After distribution	5,932,484	5,516,902	6,064,434	5,447,014	5,447,328	5,481,510

Note: The financial information had been reviewed by CPAs.

Condensed Balance Sheet (Individual) – Adopting IFRS

Unit: NT\$1,000

Item		Year	Financial information for the latest five years				
			2019	2020	2021	2022	2023 (restated)
Current assets			3,566,753	4,243,734	4,612,246	3,925,906	3,915,870
Investment accounted for by using the equity			2,350,438	1,570,494	2,191,395	1,726,046	1,463,819
Property, plant and equipment			1,668,013	1,623,913	1,617,685	1,795,941	1,763,785
Intangible assets			4,538	1,707	517	2,502	11,517
Other assets			260,885	267,531	282,984	282,900	361,727
Total assets			7,850,627	7,707,379	8,704,827	7,733,295	7,516,718
Current liabilities	Before distribution		635,555	1,045,463	2,019,623	1,221,034	1,908,957
	After distribution		635,555	1,045,463	1,585,841	1,221,034	1,908,957
Non-current liabilities			1,282,588	1,145,014	186,988	1,065,247	160,433
Total liabilities	Before distribution		1,918,143	2,190,477	2,206,611	2,286,281	2,069,390
	After distribution		1,918,143	2,190,477	1,772,829	2,286,281	2,069,390
Interests attributable to the owner of the parent company			5,932,484	5,516,902	6,498,216	5,447,014	5,447,328
Share capital			4,337,821	4,337,821	4,337,821	3,904,039	3,904,039
Capital reserve			157,999	157,999	157,999	157,999	157,999
Retained earnings	Before distribution		1,041,760	636,586	1,626,061	1,019,099	1,015,540
	After distribution		1,041,760	636,586	1,192,279	1,019,099	1,015,540
Other equity			394,904	384,496	376,335	365,877	369,750
Treasury shares			0	0	0	0	0
Non-controlling interests			0	0	0	0	0
Total equity	Before distribution		5,932,484	5,516,902	6,498,216	5,447,014	5,447,328
	After distribution		5,932,484	5,516,902	6,064,434	5,447,014	5,447,328

Note: The financial information had been audited by CPAs.

(II) Condensed Statements of Profit or Loss

Condensed Statements of Profit or Loss (Consolidated) – Adopting**IFRSs**

Unit: NT\$1,000

Item \ Year	Financial information for the latest five years					Financial information for the current year and as of March 31, 2024 (Note)
	2019	2020	2021	2022	2023 (restated)	
Operating income	4,730,243	3,609,001	3,205,927	3,006,408	3,137,657	854,530
Operating gross profit	1,085,216	690,993	753,869	863,117	905,309	234,487
Operating gain or loss	(306,763)	(350,447)	21,545	246,871	246,486	58,681
Non-operating income and expenses	(111,611)	37,305	1,254,273	(301,825)	(184,872)	(29,226)
Net profit before tax	(418,374)	(313,142)	1,275,818	(54,954)	61,614	29,455
Net profit of continuing operations for the period	(425,190)	(402,867)	991,496	(188,243)	409	10,141
Losses from discontinued operations	0	0	0	0	0	0
Net gain (loss) for the period	(425,190)	(402,867)	991,496	(188,243)	409	10,141
Other comprehensive income for the period (net after tax)	(54,374)	(12,715)	(10,182)	4,605	(95)	24,041
Total comprehensive income for the period	(479,564)	(415,582)	981,314	(183,638)	314	34,182
Net profit attributable to the owner of the parent company	(425,190)	(402,867)	991,496	(188,243)	409	10,141
Net profit attributable to non-controlling interests	0	0	0	0	0	0
Total comprehensive income attributable to the owner of the parent	(479,564)	(415,582)	981,314	(183,638)	314	34,182
Total comprehensive income attributable to non-controlling interests	0	0	0	0	0	0
Earnings per share	(0.98)	(0.93)	2.29	(0.45)	0.001	0.03

Note: The financial information had been reviewed by CPAs.

Condensed Statements of Profit or Loss (Individual) – Adopting IFRSs

Unit: NT\$1,000

Year Item	Financial information for the latest five years				
	2019	2020	2021	2022	2023 (restated)
Operating income	2,703,277	2,711,953	2,912,598	2,844,942	2,992,558
Operating gross profit	617,914	869,701	908,769	864,792	890,125
Operating gain or loss	134,022	436,894	416,968	380,321	332,427
Non-operating income and expenses	(552,117)	(749,251)	673,017	(469,888)	(270,241)
Net profit before tax	(418,095)	(312,357)	1,089,985	(89,567)	62,186
Net profit of continuing operations for the period	(425,190)	(402,867)	991,496	(188,243)	409
Losses from discontinued operations	0	0	0	0	0
Net gain (loss) for the period	(425,190)	(402,867)	991,496	(188,243)	409
Other comprehensive income for the period (net after tax)	(54,374)	(12,715)	(10,182)	4,605	(95)
Total comprehensive income for the period	(479,564)	(415,582)	981,314	(183,638)	314
Net profit attributable to the owner of the parent company	(425,190)	(402,867)	991,496	(188,243)	409
Net profit attributable to non-controlling interests	0	0	0	0	0
Total comprehensive income attributable to the owner of the parent company	(479,564)	(415,582)	981,314	(183,638)	314
Total comprehensive income attributable to non-controlling interests	0	0	0	0	0
Earnings per share	(0.98)	(0.93)	2.29	(0.45)	0.001

Note: The financial information had been audited by CPAs.

Note: 1. The above information had been audited and certified by CPAs.

2. the accumulated effects of the profit or loss of discontinued operations, non-recurring profit or loss, and changes in accounting principles are presented in net amount after deducting the income tax.

3. The amount for interest capitalization for the years is as follows:

Unit: NT\$1,000

Year	2019	2020	2021	2022	2023
Amount	\$382	\$415	\$750	\$1,985	\$1,370

(III) Name of CPAs for the Latest Five Years and Audit Opinions

Year	Name of CPAs	Audit opinions
2019	Tseng, Guo-Yang and Lai, Li-Zhen	Unqualified opinion
2020	Tseng, Guo-Yang and Lai, Li-Zhen	Unqualified opinion
2021	Chen, Chung-Che and Lai, Li-Zhen	Unqualified opinion
2022	Chen, Chung-Che and Chi, Shi-Qin	Unqualified opinion
2023	Chen, Chung-Che and Chi, Shi-Qin	Unqualified opinion

II. Financial Analysis for the Latest Five Years

Financial Analysis (Consolidated) – Adopting IFRSs

Analysis Item		Year	Financial information for the latest five years					Financial information for the current year and as of March 31, 2024
		2019	2020	2021	2022	2023 (restated)		
Financial structure (%)	Debt ratio	40.15	44.24	31.75	34.63	32.28	32.33	
	Ratio of long-term capital to property, plant and equipment	170.45	172.63	212.27	181.16	207.82	214.03	
Solvency (%)	Current ratio	196.59	157.14	196.73	252.32	187.89	186.58	
	Quick ratio	111.75	115.00	157.14	178.51	134.05	138.83	
	Interest coverage ratio	(2.78)	(1.67)	29.45	3.27	3.91	7.33	
Operating capacity	Turnover rate for receivables (time)	5.07	3.54	2.92	3.40	4.07	1.00	
	Average number of days for cash collection	72.00	103.00	125.00	107.35	89.68	90.00	
	Turnover rate for inventories (time)	1.81	1.87	2.33	2.18	2.11	0.61	
	Turnover rate for payable (time)	7.24	4.80	3.93	4.87	6.62	2.19	
	Average number of days for sales	202.00	195.00	157.00	167.43	172.99	147.54	
	Turnover rate for property, plant and equipment (times)	1.08	0.91	0.94	0.99	1.12	0.33	
	Turnover rate for total assets (times)	0.45	0.36	0.33	0.34	0.38	0.11	
Profitability	Return on assets (%)	(3.28)	(3.43)	10.64	(1.82)	0.39	0.20	
	Return on equity (%)	(6.89)	(7.04)	16.50	(3.15)	0.01	0.19	
	Ratio of net profit before tax to paid-up capital (%) (Note 7)	(9.64)	(7.22)	29.41	(1.41)	1.58	0.75	
	Profit margin (%)	(8.99)	(11.16)	30.93	(6.26)	0.01	1.19	
	Earnings per share (NT\$)	(0.98)	(0.93)	2.29	(0.45)	0.001	0.03	
Cash flows	Cash flow ratio (%)	8.46	10.92	1.13	24.58	12.91	8.59	
	Cash flow adequacy ratio (%)	212.34	282.78	183.52	60.82	72.83	76.28	
	Cash reinvestment ratio (%)	3.11	5.44	0.48	(7.59)	5.76	3.93	
Leverage	Operating leverage	(6.14)	(5.58)	79.31	5.88	6.17	8.21	
	Financial leverage	0.74	0.81	(0.65)	1.16	1.21	1.15	

Please explain the reasons for variations in financial ratios for the latest two years (analysis may be exempted for items with variation less than 20%).

1. Solvency: The decrease in the current ratio and quick ratio during the year from 2022 was primarily due to the transfer of long-term borrowings to short-term borrowings arising from the nearing of the expiry.
2. Profitability: Return on assets, return on equity, net profit before tax, net profit margin, and earnings per share increased due to the increase in profits of the net profit after tax during the year from the net loss after tax of the preceding year.
3. Cash flow: The decrease in cash flow ratio during the period by 47.5% from the preceding period was due to the transfer of long-term borrowings to short-term borrowings arising from the nearing of the expiry. Cash reinvestment ratio: Net cash flow from operating activities in 2023 reduced (accounts/notes receivable increased); however, the investment amount in cash is positive as there was no distribution of cash dividend in 2022. There was no such circumstance in 2023; therefore, the cash reinvestment ratio increased in 2023.

Financial Analysis (Individual) – Adopting IFRS

Analysis Item		Financial information for the latest five years				
		2019	2020	2021	2022	2023 (restated)
Financial structure (%)	Debt ratio	24.43	28.42	25.35	29.56	27.53
	Ratio of long-term capital to property, plant and equipment	423.60	402.28	401.70	303.30	308.84
Solvency (%)	Current ratio	561.20	405.92	228.37	321.52	205.13
	Quick ratio	418.01	311.12	179.36	230.24	147.62
	Interest coverage ratio	(9.82)	(6.08)	38.33	1.29	4.05
Operating capacity	Turnover rate for receivables (time)	4.67	4.24	4.09	4.09	4.20
	Average number of days for cash collection	78.00	86.00	89	87.24	86.90
	Turnover rate for inventories (time)	2.48	2.13	2.24	2.16	2.19
	Turnover rate for payable (time)	7.81	7.09	7.78	7.16	7.30
	Average number of days for sales	147.00	171.00	163.00	168.98	166.67
	Turnover rate for property, plant and equipment (times)	1.58	1.65	1.80	1.67	1.68
	Turnover rate for total assets (times)	0.33	0.35	0.35	0.35	0.39
Profitability	Return on assets (%)	(4.79)	(4.88)	12.37	(2.01)	0.41
	Return on equity (%)	(6.89)	(7.04)	16.50	(3.15)	0.01
	Ratio of net profit before tax to paid-up capital (%) (Note 7)	(9.64)	(7.20)	25.13	(2.29)	1.59
	Profit margin (%)	(15.73)	(14.86)	34.04	(6.62)	0.01
	Earnings per share (NT\$)	(0.98)	(0.93)	2.29	(0.45)	0.001
Cash flows	Cash flow ratio (%)	49.23	45.42	21.22	38.26	13.36
	Cash flow adequacy ratio (%)	302.08	339.02	332.97	111.95	112.93
	Cash reinvestment ratio (%)	4.49	7.39	6.67	(6.40)	4.85
Leverage	Operating leverage	7.23	2.68	3.41	3.45	4.39
	Financial leverage	1.40	1.08	1.08	1.09	1.14

Please explain the reasons for variations in financial ratios for the latest two years (analysis may be exempted for items with variation less than 20%).

1. Solvency: The decrease in the current ratio and quick ratio during the year from 2022 was primarily due to the transfer of long-term borrowings to short-term borrowings arising from the nearing of the expiry.
2. Profitability: Return on assets, return on equity, net profit before tax, net profit margin, and earnings per share increased due to the increase in profits of the net profit after tax during the year from the net loss after tax of the preceding year.
3. Cash flow: The decrease in cash flow ratio during the period by 47.5% from the preceding period was due to the transfer of long-term borrowings to short-term borrowings arising from the nearing of the expiry. Cash reinvestment ratio: Net cash flow from operating activities in 2023 reduced (accounts/notes receivable increased); however, the investment amount in cash is positive as there was no distribution of cash dividend in 2022. There was no such circumstance in 2023; therefore, the cash reinvestment ratio increased in 2023.
4. Leverage: The operating income recorded growth during the period; however, the operating leverage increased due to the decrease in operating net profit compared to the preceding period, resulting from the increase in management and sales expenses and freight (caused by the rising expenses).

Note 3: At the end of the annual report, the following calculation formula should be shown:

1. Financial structure

- (1) Debt ratio = total liabilities / total assets.
- (2) Ratio of long-term capital to property, plant and equipment = (total equity + non-current liabilities) / net real estate, plant and equipment .

2. Solvency

- (1) Current ratio = current assets / current liabilities.
- (2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities.
- (3) Interest coverage ratio = net profit before income tax and interest expense / interest expense for the current period.

3. Operation capacity

- (1) Accounts receivable turnover ratio (including accounts receivable and bills receivable arising from business operations) = net sales / average receivables in each period (including accounts receivable and bills receivable arising from business operations) Receivables) balance.
- (2) Average days of receipt = 365 / receivables turnover rate.
- (3) Inventory turnover ratio = cost of goods sold / average inventory.
- (4) Accounts payable (including accounts payable and bills payable arising from business operations) turnover rate = cost of goods sold / balance of average payables (including accounts payable and bills payable arising from business operations) in each period.
- (5) Average days on sale = 365 / inventory turnover rate.
- (6) Fixed asset turnover rate = net sales / average net fixed assets.
- (7) Turnover rate of total assets = net sales / total average assets.

4. Profitability

- (1) Return on assets = [after-tax profit and loss + interest expense × (1 - tax rate)] / average total assets.
- (2) Return on equity = after-tax profit and loss / average total equity.
- (3) Net profit ratio = profit and loss after tax / net sales.
- (4) Earnings per share = (equity attributable to owners of the parent company - dividends on special shares) / weighted average number of shares issued.

5. Cash flow

- (1) Cash flow ratio = net cash flow from operating activities / current liabilities.
- (2) Cash flow adequacy ratio = the net cash flow of operating activities in the last five years / the last five years (capital expenditure + inventory increase + cash dividend).

(3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividends) / (gross real estate , plant and equipment + long-term investment + other non- current assets + working capital).

6. Leverage:

(1) Operating leverage = (net operating income - variable operating costs and expenses) / operating profit.

(2) Financial leverage = operating profit / (operating profit - interest expense).

Note 4: In the calculation of earnings per share, special attention should be paid to the following:

1. Based on the weighted average number of common shares and not on the number of shares outstanding at the end of the year.
2. Where there is a cash increase or treasury share transaction, the weighted average number of shares shall be calculated taking into account the period of circulation.
3. Where there is investment from surplus or capital reserves, the earnings per share of previous years and half years shall be adjusted retroactively in proportion to the capital increase, without taking into account the issuance period of the capital increase.
4. If the special shares are non-convertible cumulative special shares, the dividends for the current year (whether paid or not) shall be reduced from the net profit after tax or increased by the net loss after tax. If the special stock is non-cumulative, the special stock dividend shall be deducted from the net profit after tax if there is net profit after tax; If it is a loss, it does not need to be adjusted.

Note 5: Cash flow analysis should be measured with special attention to the following:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the statement of cash flows.
2. Capital expenditure refers to the annual cash outflow from capital investment.
3. The increase in inventory is credited only if the ending balance is greater than the beginning balance, and zero if the end of the year inventory is reduced.
4. Cash dividends include cash dividends on common and special shares.
5. Gross real estate, plant and equipment refers to the total amount of real estate, plant and equipment before deduction of accumulated depreciation.

Note 6: The issuer shall classify various operating costs and operating expenses as fixed and variable by nature. If there is any estimation or subjective judgment involved, it shall pay attention to its rationality and maintain consistency.

Note 7: If the shares of the Company are non-denomination or the denomination of each share is not NT \$10, the above-mentioned calculation of the paid-in capital ratio shall be changed to the equity ratio attributable to the owner of the parent company on the balance sheet.

III. Audit Committee's Review Report for the Financial Report of the Latest Year

Audit Committee Review Report

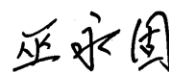
The Board of Directors has compiled and submitted the Company's 2023 (restated) Consolidated Financial Statements audited and attested by CPAs Chung-Che Chen and Shin-Chin Chih of KPMG Taiwan, with audit report issued; the aforesaid Business Report, Consolidated Financial Statements and Profit and Loss 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

IV. Financial Report of the Latest Year: Please refer to pages 168 to 258 of the Annual Report.

V. Individual Financial Report of the Company Audited and Certified by the CPA for the Latest Year: Please refer to pages 259 to 335 of the Annual Report.

VI. Financial Difficulty Incurred to the Company and Its Affiliates for the Latest Year and as of the Date of Publishing the Annual Report, Effects of any Financial Difficulty on the Company shall be Specified: None.

Chapter 7. Review and Analysis on the Financial Position and Financial Results and Matters of Risk

I. Financial Position

Unit: NT\$1,000

Item	Year	2023	2022	Changes	
				Amount	%
Current assets		4,259,981	4,161,714	98,267	2.36
Non-current assets		3,783,764	4,171,506	(387,742)	(9.30)
Total assets		8,043,745	8,333,220	(289,475)	(3.47)
Current liabilities		2,267,236	1,649,383	617,853	37.46
Non-current liabilities		329,181	1,236,823	(907,642)	(73.38)
Total liabilities		2,596,417	2,886,206	(289,789)	(10.04)
Share capital		3,904,039	3,904,039	0	0.00
Capital reserve		157,999	157,999	0	0.00
Retained earnings		1,015,540	1,019,099	(3,559)	(0.35)
Other equity		369,750	365,877	3,873	1.06
Treasury shares		0	0	0	0.00
Total shareholders' interests		5,447,328	5,447,014	314	0.01

Descriptions of items with significant changes:

1. Current assets: There was no significant addition to non-current assets during the period, and the decrease was due to the provision of depreciation and amortization of fixed assets and right-of-use assets.
2. Current liabilities: As the expiry of long-term borrowings is in July 2024, long-term borrowings due within one year are reclassified, resulting in an increase in current liabilities.
3. Non-current liabilities: As the expiry of long-term borrowings is in July 2024, they are reclassified as current liabilities, resulting in a decrease in long-term borrowings.

II. Financial Results

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

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

Unit: NT\$1,000

Item	Year	2023	2022	Increase or decrease in amount	Changes (%)
Net operating income		3,137,657	3,006,408	131,249	4.37
Operating costs		2,232,348	2,143,291	89,057	4.16
Operating gross profit		905,309	863,117	42,192	4.89
Operating expenses		658,823	616,246	42,577	6.91
Operating gains		246,486	246,871	(385)	(0.16)
Non-operating income and expenses		(184,872)	(301,825)	116,953	(38.75)
Net profit before tax		61,614	(54,954)	116,568	(212.12)
Less: Income tax expenses		61,205	133,289	(72,084)	(54.08)
Net profit after tax		409	(188,243)	188,652	(100.22)
Other comprehensive income		(95)	4,605	(4,700)	(102.06)
Total comprehensive income for the period		314	(183,638)	183,952	(100.17)

Descriptions of the analysis of changes:

1. Comparison difference between 2023 and 2022: With the growth in operating income, operating cost and gross profit increased. However, the increase in the marketing expenses under operating expenses was due to the increase in freight for finished goods transportation arising from the hiking transportation costs and the increase in advertising and distribution reward expenses for the promotion of new tile products alongside the performance growth.
2. The comparison difference of non-operating income and expenses between 2023 and 2022 was a decrease in net loss of NT\$116,953 thousand:
 - (1) The loss difference of other gains and losses was reduced to NT\$153,127 thousand:
 - ① The net gains on the disposal of equipment and assets with no economic benefits by consolidated subsidiary Singyih Ceramic (Penglai) in 2023 were NT\$21,485 thousand (the disposal consideration was NT\$149,495 thousand).
 - ② Impairment losses of assets recognized in 2022 were NT\$98,156 thousand, and losses reduced as there were no such circumstances in 2023.
 - ③ The rental income from leases to related parties was NT\$40,575 thousand (increased by NT\$12,627 thousand from 2022).
 - ④ The reversal gain arising from the confirmation of the verdict of the litigation in

2023 was NT\$23,853 thousand, and litigation losses of NT\$37,605 thousand were provided in 2022; therefore, the differences between the two periods are differences between gains of losses of NT\$61,458 thousand.

- (2) The share of profit or loss of affiliates and joint ventures recognized by adopting the equity method was an increase in loss of NT\$38,748 thousand, and the increase was due to the recognition of losses generated from operations of investments accounted for adopting the equity method in 2023.
3. The decrease in income tax expenses in 2023 from the preceding year was primarily due to the decrease in the current taxation loss of NT\$76,046 thousand of the unrecognized deferred income tax assets resulting from the non-deductible operating losses generated from consolidated subsidiaries (Mainland China) for the taxes in the region where the Company is located.

(II) Estimated Sales Volume and Its Basis, and Potential Effects on the Company's Financial Operations in the Future and Countermeasures: No significant effect.

III. Cash Flows

(I) Liquidity Analysis for the Latest Two Years

Item	Year	2023	2022	Changes (%)
Cash flow ratio		12.91	24.58	(47.48)
Cash flow adequacy		72.83	60.82	19.75
Cash re-investment		5.76	(7.59)	175.89

Descriptions of the analysis of changes:

1. Cash flow ratio: The cash flow ratio decreased due to the decrease in the net cash flow from operating activities from 2022 and the transfer of long-term borrowings to short-term borrowings arising from the nearing of the expiry.
2. Net cash flow from operating activities in 2023 reduced (accounts/notes receivable increased); however, the investment amount in cash is positive as there was no distribution of cash dividends in 2022. The reinvestment amount became negative as there were cash dividend distributions in 2022, and there was no such circumstance in 2023; therefore, the cash reinvestment ratio increased in 2023.

(II) Cash Flow Analysis for the Following Year

Unit: NT\$1,000

Opening cash balance	Net cash flow from operating activities throughout the year	Cash inflow (outflow) throughout the year	Amount of remaining cash (insufficiency)	Remedial measures for cash insufficiency	
				Investment plan	Wealth management plan
1,705,602	450,000	150,000	—	(450,000)	600,000

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

- (1) Operating activities: It is estimated that there will be net cash inflows from operating activities in the following year.
 - (2) Investing activities: Net cash inflows from investing activities are primarily due to the cash income resulting from the acquisition of fixed assets and disposals of assets.
 - (3) Financing activities: Net cash outflows resulted from repayment made according to the loan contract regarding the estimated loans from financial institutions.
2. Remedial measures for estimated cash insufficiency and liquidity analysis: None.

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

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

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

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

The losses in 2023 were primarily from the loss on share of profit or loss of affiliates and joint ventures recognized by adopting the equity method of NT\$64,689 thousand as the operations in Mainland China are primarily joint ventures. The operations of joint ventures in the Mainland are affected by the poor real estate development in Mainland, and the recovery of accounts receivable was postponed due to the excessive production volume of the ceramic industry, resulting in the increase in bad debt allowance provided according to the accounts evaluation policy and the loss of affiliates in 2023 of NT\$224,142 thousand (NT\$97,413 thousand is attributable to the comprehensive income of the Company) due to the provision of depreciation loss for inventory valuation. For the effects of the operating environment on the operations, the affiliates are actively changing their operating models and proactively reducing operating expenditures and costs to improve operating benefits.

Improvement plan: We will engage in new product introduction and sales channel

improvement and make efforts for sustainability through production equipment upgrades and advances so as to provide consumers with products of delicate designs and outstanding quality and focus on the added value of tile products for the improvement in sales value.

(III) Investment plan for the following year: None.

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

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

Changes in interest rates

The Company has fair value change risk and cash flow risk due to loans on fixed and floating interest rates. The Company manages its interest rate risk by maintaining an appropriate portfolio of fixed and floating interest rates. When interest rates increase or decrease by 0.5%, with all other variables remaining unchanged, the net profit in 2023 would decrease by NT\$1,997 thousand.

Currency risks are primarily arising from the foreign currency conversion gains or losses upon the translation of cash and cash equivalent, account receivable, other receivables, financial assets available for sales, borrowings, account payable, and other payables denominated in foreign currencies. In 2023, when the functional currency depreciates or appreciates against the USD and Euro with all other variables remaining unchanged, the net profit in 2023 would decrease or increase by NT\$13,749 thousand. A certain level of nature hedging arising from the elimination of receivables and payables may reduce the changes in currency rates, which has an insignificant effect on the Company's operating gain or loss.

Inflation

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

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

Loans to others and endorsement and guarantee shall be based on the policies and countermeasures stated in the Company's "Procedures for the Acquisition or Disposal of

Assets,” “Procedures for Loan to Others,” and “Procedures for Endorsement and Guarantee.”

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

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

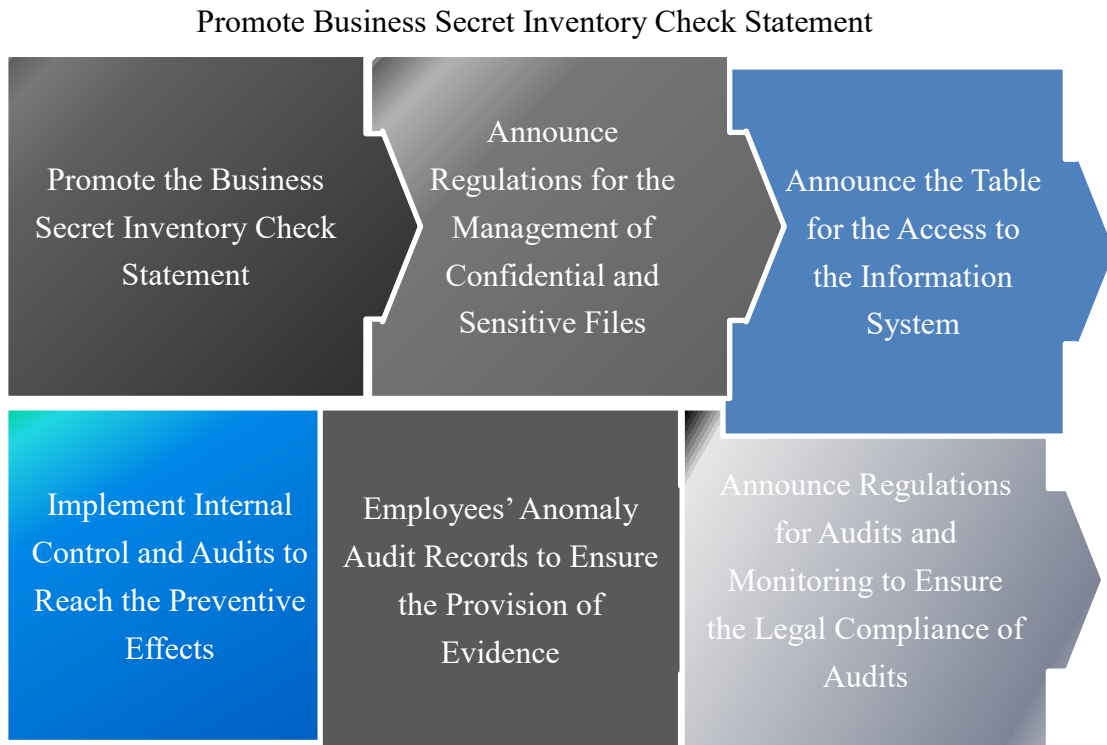
1. Technologies or products of the future R&D plan
 - (1) Development of slate tile series products in the sizes of 45×90 cm, 90×90 cm, and 60×120 cm.
 - (2) Development of porcelain wall tile series product in the sizes of 30×60 cm and 60×60 cm.
 - (3) Development of new series digital slate tiles in the sizes of 30×60cm and 60×60 cm.
 - (4) Development of new thick brick products in the sizes of 60×60×2 cm, 60×120×2 cm.
 - (5) Development of new large-scale slab products in the size of 90×180 cm.
 - (6) Development of porcelain marble tile series products in the sizes of 90×90 cm, 60×120 cm, and 60×60 cm.
 - (7) Development of new effects of External Wall Tile in the size of 6×22.7cm.
2. R&D expenses estimated to be invested: NT\$40,000 thousand.

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

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

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

Evaluation and analysis of information security risk:

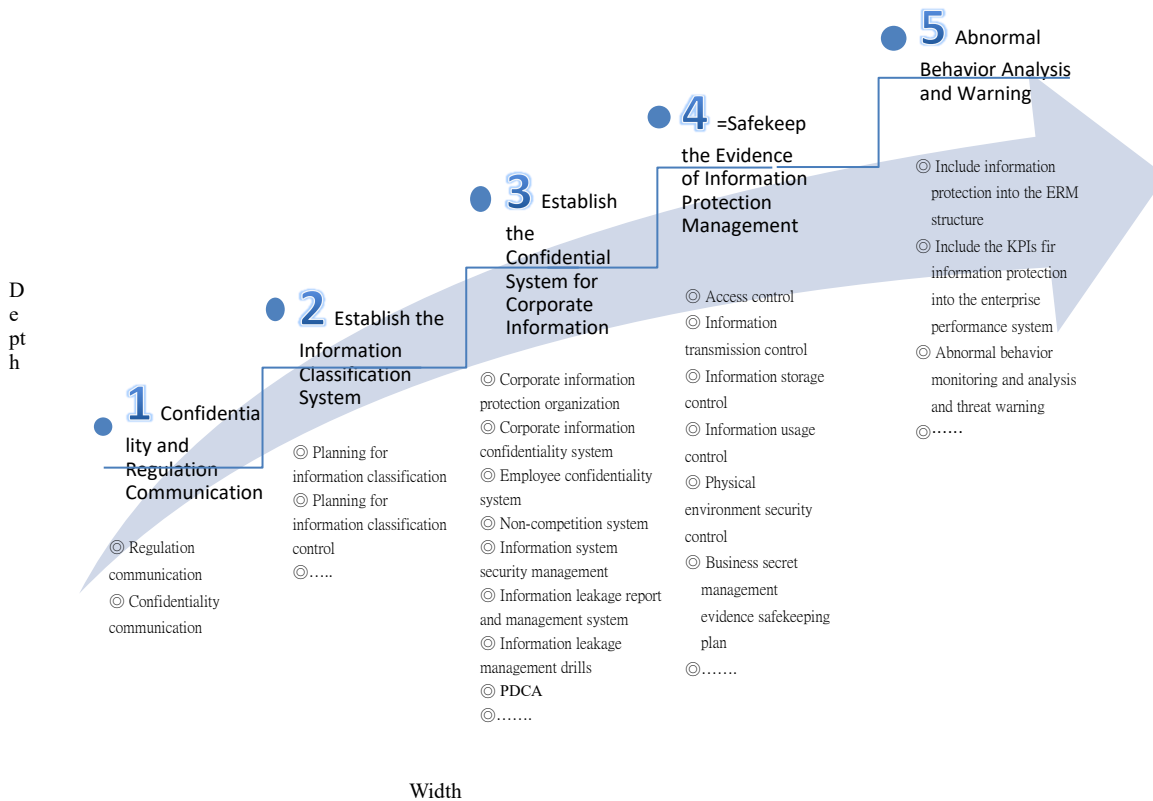


The scope of protecting information security includes employees, customers, suppliers, and shareholders, and information software and hardware equipment related to operations. All information security rules, regulations, and systems are established based on the technical protection, applications, and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

Through the information security management system and execution rules, the Company duly controls and explicitly defines the duties and management responsibility. For internal control, apart from the IT Department's continual efforts to improve the information security protection management system, new employees shall sign the agreement for ethical occupational services for employees on the day of on-boarding and accept information security educational training, and the Company conducts educational training related to information security for employees to improve employees' information

security awareness through continual training and internalize the information security into our operations, realizing the information security protection of utmost safety and precision. In 2022, there was no complaint related to the invasion of customers' privacy or the loss of customer information.

Blueprint for the Promotion and Implementation of Information Security Management



(VI) Effects of changes in the corporate image on the Company's crisis management and countermeasures: None.

(VII) Expected benefits and possible risks arising from mergers and acquisitions and countermeasures: None.

(VIII) Expected benefits and possible risks arising from the expansion of plants and countermeasures: None.

(IX) Risks arising from concentrate sales or purchases and countermeasures and countermeasures: None.

(X) Effects of significant transfers of or changes in equity by Directors or top ten major shareholders with over 10% shareholding on the Company, risks, and countermeasures: None.

(XI) Effects of changes in the ownership on the Company, risks, and countermeasures: None.

(XII) Litigation or non-litigation: None.

(XIII) Other significant risks and countermeasures: None.

VII. Other Significant Matters: None.

Chapter 8. Additional Information

I. Information Related to Affiliates

(I) Consolidated business report of affiliates: Please refer to page 336 of the Annual Report.

(II) Consolidated financial statements and the relationship report of affiliates: Please refer to pages 336~343 of the Annual Report.

II. Private Offering for the Latest Year and as of the Date of Publishing the Annual Report:

None.

III. Shares of the Company Held or Disposed of by Subsidiaries for the Latest Year and as of the Date of Publishing the Annual Report: None.

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

I. Chapter 9. Matters Having Significant Effects on Shareholder's Interests or Securities' Price Stated in Subparagraph 2, Paragraph 2 under Article 36 of the Securities Exchange Act for the Latest Year and as of the Date of Publishing the Annual Report: None.

Declaration

It is hereby certified that the companies required to be included in the Company's consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2023 (restated) are the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in IFRS 10 endorsed by the Financial Supervisory Commission (the “FSC”). Relevant information that should be disclosed in the consolidated financial statements of affiliates has been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, no separate set of consolidated financial statements of affiliates would be otherwise prepared.

Name of the Company: Champion Building

Materials Co., Ltd.

Chairman: LIN, JUNG-TE

Date: 26 April 2024

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 “Champion 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

31 December 2023 and 2022

Unit: NT\$ thousand

Assets	2023.12.31 (restated)		2021.12.31			Liabilities and equity	2023.12.31 (restated)		2021.12.31	
	Amount	%	Amount	%			Amount	%	Amount	%
Current Assets:						Current liabilities:				
1100 Cash and cash equivalents (Note 6(1) and (22))	\$ 1,705,602	21	1,785,126	21	2100	Short-term borrowings (Note 6(12) and (22))	\$ 465,725	6	725,183	9
1110 Financial at fair value through profit or loss – Current (Notes 6(2) and (22))	62,167	1	67,746	1	2130	Contract liabilities – Current (Note 6(19) and (22))	8,511	-	46,114	1
1120 Financial at fair value through other comprehensive income – Current (Notes 6(3) and (22))	27,558	-	25,503	-	2150	Note payables (Note 6(22))	134,700	2	108,033	1
1141 Contract assets – Current (Notes 6(19) and (22))	2,443	-	602	-	2170	Account payables (Note 6(22))	173,557	3	194,461	2
1150 Note receivables (Notes 6(5,19) and (22))	525,529	7	376,933	5	2181	Account payables – Related parties (Note 6(22) and 7)	18,678	-	44,643	1
1170 Account receivables (Notes 6(5,19) and (22))	327,167	4	269,505	3	2200	Other payables (Note 6(17) and (22))	312,786	4	274,055	3
1180 Account receivables – Related parties (Notes 6(5,19,22) and 7)	11,578	-	30,139	-	2220	Other payables – Related parties (Note 6(22) and 7)	17,193	-	13,779	-
1220 Current income tax assets	10	-	-	-	2230	Current income tax liabilities	24,897	-	40,303	1
1310 Inventories – Manufacturing industry (Notes 6(6))	1,017,066	13	980,576	12	2251	Allowances for employee benefit liabilities – Current (Note6 (14))	17,798	-	16,749	-
1321 Buildings and land held for sale (Note 8)	59,339	1	59,339	1	2280	Lease liabilities - Current (Note 6(22))	31,148	-	22,045	-
1410 Prepayments	144,436	2	177,416	2	2320	Current portion of long-term borrowings (Note 6(13) and (22))	899,766	11	-	-
1476 Other financial assets – Current (Notes 6(22), 7, and 8)	330,140	4	339,426	4	2399	Other current liabilities - Others	162,477	2	164,018	2
1479 Other current assets – Others (Notes 6(22))	46,946	-	49,403	1			<u>2,267,236</u>	<u>28</u>	<u>1,649,383</u>	<u>20</u>
	<u>4,259,981</u>	<u>53</u>	<u>4,161,714</u>	<u>50</u>	2540	Non-Current liabilities:				
Non-current assets:					2556	Long-term borrowings (Note 6(13) and (22))	-	-	899,231	11
1517 Financial at fair value through other comprehensive – Non-current (Notes 6(3) and (22))	10,000	-	10,000	-	2570	Long-term provision for decommissioning, restoration and rehabilitation	59,068	1	57,577	1
1535 Financial assets measured at amortized cost – Non-current (Notes 6(4) and (22))	20,000	-	-	-	2580	Deferred income tax liabilities (Note 6(16))	96,330	1	100,665	1
1550 Investments accounted for using the equity method (Note 6(7))	375,951	5	465,321	6	2630	Lease liabilities – Non-current (Note 6(22))	72,667	1	66,167	1
1600 Property, plant and equipment (Notes 6(8) and 8)	2,621,144	33	3,006,680	36	2640	Long-term deferred income (Note 6(15))	73,458	1	81,489	1
1755 Right-of-use assets (Notes 6(9) and 8)	260,338	4	250,293	3	2645	Net defined benefit liabilities – Non-current (Note 6(14))	6,065	-	7,695	-
1760 Net investment properties (Notes 6(10) and 8)	81,463	1	81,463	1		Guarantee deposit received (Note 6(22))	21,593	-	23,999	-
1780 Intangible assets (Note 6(11))	135,378	2	138,388	2			<u>329,181</u>	<u>4</u>	<u>1,236,823</u>	<u>15</u>
1840 Deferred income tax assets (Note 6(16))	39,518	-	41,169	1		Total liabilities	<u>2,596,417</u>	<u>32</u>	<u>2,886,206</u>	<u>35</u>
1915 Prepayment for equipment (Note 9)	104,622	1	40,555	-		Interests attributable to the owner of the parent company (Note 6(17)):				
1980 Other financial assets – Non-current (Notes 6(22))	38,429	-	34,722	-	3100	Share capital	3,904,039	49	3,904,039	47
1990 Other non-current assets – Others	96,921	1	102,915	1	3200	Capital reserve	157,999	2	157,999	2
	<u>3,783,764</u>	<u>47</u>	<u>4,171,506</u>	<u>50</u>	3300	Retained earnings	1,015,540	13	1,019,099	12
Total assets	\$ 8,043,745	100	8,333,220	100	3400	Other equity	<u>369,750</u>	<u>4</u>	<u>365,877</u>	<u>4</u>
					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	-	-	-	-
						Total equity	<u>5,447,328</u>	<u>68</u>	<u>5,447,014</u>	<u>65</u>
						Total liabilities and equity	\$ 8,043,745	100	8,333,220	100

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

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

Unit: NT\$ thousand

		2023 (restated)		2022	
		Amount	%	Amount	%
Operating revenue (Note 6(19) and 7):					
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
Net revenue		3,137,657	100	3,006,408	100
Operating costs (Notes 6(4), (14), 7 and 12)					
5110	Cost of sales	2,197,263	70	2,129,001	71
5510	Cost of construction sales	35,085	1	14,290	-
Operating costs		2,232,348	71	2,143,291	71
5900	Gross profit	905,309	29	863,117	29
Operating expenses (Notes 6(5), (14),(20), and 12):					
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	Total operating expenses	658,823	21	616,246	21
6900	Operating income (loss)	246,486	8	246,871	8
Non-operating income and expenses:					
7010	Other income (Notes 6(21))	22,785	1	12,620	-
7020	Other gains and losses (Notes 6 (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)
	Total non-operating income and expenses	(184,872)	(4)	(301,825)	(10)
Profit (Loss) before income tax		61,614	4	(54,954)	(2)
7950	Less: Income tax expenses (Note 6(16))	61,205	2	133,289	4
Net profit (loss)		409	2	(188,243)	(6)
Other comprehensive income:					
Items that will not be reclassified to profit or loss					
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	-	-	-	-
Total items that will not be reclassified to profit or loss		14,867	1	(13,263)	-
Items that will be reclassified to profit or loss					
8360	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	-
Total items that will be reclassified to profit or loss		(14,962)	(1)	17,868	1
8300	Other comprehensive income	(95)	-	4,605	1

Champion Building Materials Co., Ltd. and Its Subsidiaries
Consolidated Statement of Comprehensive Income (Cont'd)
For the Year Ended December 31 2023 and 2022

		Unit: NT\$ thousand			
		2023		2022	
		(restated)			
		Amount	%	Amount	%
	Total comprehensive income	\$ 314	2	(183,638)	(5)
	Net profit (loss) attributable to:				
8610	Owner of the parent	\$ 409	2	(183,243)	(6)
8620	Non-controlling interests	-	-	-	-
		\$ 409	2	(183,243)	(6)
	Total comprehensive income attributable to:				
8710	Owner of the parent	\$ 314	2	(183,638)	(5)
8720	Non-controlling interests	-	-	-	-
		\$ 314	2	\$(183,638)	(5)
9750	Basic earnings (losses) per share(NT\$) (Note 6(18))	\$ 0.001		\$(0.45)	
9801	Diluted earnings per share(NT\$) (Note 6(18))	\$ 0.001			

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

	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	Total	Total equity
Balance at January 1, 2022	\$ 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)
Capital reduction	(433,782)	-	-	-	-	-	-	-	-	(433,782)
Balance at December 31, 2022	3,904,039	157,999	600,038	121,349	297,712	1,019,099	351,913	13,964	365,877	5,447,014
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
Balance at December 31, 2023	\$ 3,904,039	157,999	600,038	121,349	294,153	1,015,540	336,563	33,187	369,750	5,447,328

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

Champion Building Materials Co., Ltd. and Its Subsidiaries

Consolidated Statement of Cash Flows

For the Year Ended December 31 2023 and 2022

Unit: NT\$ thousand

	2023	2022
	<u>(restated)</u>	<u>2022</u>
Cash flows from operating activities:		
Profit (Loss) before income tax	\$ 61,614	(54,954)
Adjusted for:		
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	<u>513,415</u>	<u>605,034</u>
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	<u>(139,955)</u>	<u>288,243</u>
(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	<u>(23,703)</u>	<u>(258,690)</u>
Total net changes in assets and liabilities related to operating activities	<u>(163,658)</u>	<u>29,553</u>

Champion Building Materials Co., Ltd. and Its Subsidiaries

Consolidated Statement of Cash Flows (Cont'd)

For the Year Ended December 31 2023 and 2022

Unit: NT\$ thousand

	2023	2022
	<u>(restated)</u>	<u>2022</u>
Total adjustments	349,757	634,587
Cash inflow generated from operations	411,371	579,633
Interests paid	(43,238)	(33,707)
Income tax paid	(75,363)	(140,404)
Net cash inflow from operating activities	<u>292,770</u>	<u>405,522</u>
Cash flows from investment activities:		
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
Net cash outflow from investment activities	<u>(80,423)</u>	<u>(500,395)</u>
Cash flows from financing activities:		
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)
Net cash outflows from financing activities	<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><u>\$ 1,705,602</u></u>	<u><u>1,785,126</u></u>

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

Champion Building Materials Co., Ltd. and Its Subsidiaries
Notes to Consolidated Financial Statements
For the Year Ended December 31 2023 (restated) and 2022
(Except for otherwise stated, all amounts are in NT\$ thousand)

(1) General Information

Champion Building Materials Co., Ltd. (the “Company”) was established in November 1972 according to the law, with its registered address at No.200-7, Zhugaocuo, Dapu Vil., Zhunan Township, Miaoli County, Taiwan (R.O.C.). The Company primarily engages in the manufacturing business of ceramics, ceramic products, stone products, fire-resistant materials, and other chemical products, and the development business for particular industry zones, new towns, and new communities.

The Company was initially named “Sinyih Ceramics Industrial Co., Ltd.,” and the Company’s name was changed to “Champion Building Materials Co., Ltd.” upon receiving the approval at the Shareholders’ Meeting on 6 June 2003. The name alteration case was approved by and archived at the Ministry of Economics on 20 June 2003.

The consolidated financial statements of the Company on 31 December 2023 and 2022 comprise the Company and its subsidiaries (the “Consolidated Company”) and the Consolidated Company’s interests in associates and entities with common control.

(2) Date and Procedures for the Approval of Financial Statements

The consolidated financial statements were approved for issuance by the board of directors (the “Board”) on 26 April 2024.

(3) Application of New and Amended Standards and Interpretations

(1) Effects of adopting new and amended standards and interpretations endorsed by the Financial Supervisory Commission (the “FSC”)

The following newly revised International Financial Reporting Standards (the “IFRS”) are applicable to the Consolidated Company starting from 1 January 2023, and they had no significant effect on the consolidated financial statements.

- Amendments to IAS 1 “Disclosure of Accounting Policy Information”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred tax related to assets and liabilities arising from a single transaction”.

Champion Building Materials Co., Ltd. and Its Subsidiaries

Notes to Consolidated Financial Statements (Cont'd)

The following newly revised IFRS are applicable to the Consolidated Company starting from 23 May 2023, and they had no significant effect on the individual financial statements.

·Amendments to IFRS 12 “International Tax Reform—Pillar Two Model Rules”

(2) Effects of IFRSs endorsed by the FSC not yet adopted

Based on the evaluation, the following newly revised IFRSs that became effective from 1 January 2024 are applicable to the Consolidated Company, and they have no significant effect on the consolidated financial statements.

·Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”

·Amendments to IAS 1 “Non-current Liabilities with Covenants”

·Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”

·Amendments to IFRS 16 “Leases to add subsequent measurement requirements for lease liabilities arising from sale and leaseback transactions”.

(3) New and amended standards and interpretations not yet endorsed by the FSC

The Company expects that the following new and amended standards and interpretations not yet endorsed have no significant effect on the individual financial statements.

·Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”

·Amendments to IFRS 17 “Insurance Contract”

·Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9—Comparative Information”

·Amendments to IAS 21 “Lack of Exchangeability”

(4) Summary of Significant Accounting Policies

The summary of significant accounting policies adopted for the consolidated financial statements is described as follows. The following accounting policies are consistently applied to all periods presented in the consolidated financial statements.

(1) Statement of compliance

The consolidated financial statements are prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” (the “Preparation Regulations”) and IFRSs, IASs, interpretations, and interpretative bulletins endorsed by the FSC (the “IFRSs Endorsed by the FSC”).

Champion Building Materials Co., Ltd. and Its Subsidiaries
Notes to Consolidated Financial Statements (Cont'd)

(2) Basis of preparation

i. Basis of measurements

Except for the following material items in the balance sheet, the preparation of the consolidated financial statements is based on historical costs:

- (i) Financial assets at fair value through fair value;
- (ii) Financial assets at fair value through other comprehensive income; and
- (iii) Net liabilities for defined benefits, which are measured at the fair value of pension fund assets less the current value of the defined benefit obligations and the cap effects described in Note 4(16).

ii. Functional currency and presentation currency

The functional currency of entities within the Consolidated Company is the currency used in the respective primary economic environment where it operates. The consolidated financial statements are presented in New Taiwan Dollars (NTD), the functional currency of the Company. All financial information presented in NTD is in thousands (NT\$000').

(3) Basis of consolidation

i. Principles for the preparation of consolidated financial statements

The consolidated financial statements are prepared for the Company and the entities under the Company's control (i.e., subsidiaries). When the Company is exposed to the variant return for its participation in the investee entities or entitled to such variant returns, and it is capable of affecting such returns through its rights in the investee entities, the Company controls such entities.

The financial statements of subsidiaries are initially included in the consolidated financial statements from the date of acquiring the control over subsidiaries, until the date of losing such control. Transactions, balances, and any unrealized gains and expenses within the Consolidated Company are eliminated upon the preparation of the consolidated financial statements. Total comprehensive income of subsidiaries are attributable to the owner of the Company and non-controlling interests, respectively, even when losses may incurred to the non-controlling interests.

Financial statements of subsidiaries are duly adjusted for its accounting policies to align with the accounting policies adopted by the Consolidated Company.

Changes in the Consolidated Company's ownership in the subsidiaries without losing the control over subsidiaries are accounted for as equity transactions between owners. Differences between adjustments to the non-controlling interests and the fair value of

Champion Building Materials Co., Ltd. and Its Subsidiaries
Notes to Consolidated Financial Statements (Cont'd)

considerations paid or received are directly recognized in equity, and attributable to the owner of the Company.

ii. Subsidiaries included in the consolidated financial statements

Subsidiaries included in the consolidated financial statements include:

Name of the investing company	Name of the subsidiary	Business nature	Shareholding held		Description
			2022.12.31	2021.12.31	
The Company	Swanview International Ltd. (the "Swanview")	Investments	100.00%	100.00%	A subsidiary in which the Company directly holds over 50% of its equity.
The Company	Guan Zhong Trading Co., Ltd. (the "Guan Zhong Trading")	International trade, wholesale of building materials, and agency services	100.00%	100.00%	A subsidiary in which the Company directly holds over 50% of its equity. (Note)
The Company	Champion Highwealth Co., Ltd. (the "Champion Highwealth")	Cement, metal structure, and building component manufacturing	100.00%	100.00%	A subsidiary in which the Company directly holds over 50% of its equity. (Note)
Swanview	Sinyih Ceramic (China) Co., Ltd. (the "Sinyih China")	Sales of various floor tiles, wall tiles, external tiles, and other building materials	100.00%	100.00%	A subsidiary in which Swanview directly holds over 50% of its equity.
Swanview	Sinyih Ceramic (Penglai) Co., Ltd. (the "Sinyih Penglai")	Production and sales of high-end sanitary porcelain, R&D for new model architectural ceramics and ceramic products, and R&D for relevant new products	100.00%	100.00%	A subsidiary in which Swanview directly and indirectly holds 100% of its equity.
Swanview	Super Universal Ltd.(the "Super")	Investment businesses	100.00%	100.00%	A subsidiary in which Swanview directly holds over 50% of its equity.
Swanview	Sinyih Ceramic (Anhui) Co., Ltd. (the "Sinyih Anhui")	Production and sales of various floor tiles, wall tiles, external tiles, and other building materials	100.00%	100.00%	A subsidiary in which Swanview directly and indirectly holds 100% of its equity.
Sinyih China	Xiaoxian Huaguan Mineral Products Co., Ltd. (the "Xiaoxian Huaguan")	Sales of kaolinite, Chinastone, feldspar, and silica sand	100.00%	100.00%	A subsidiary in which Sinyih China directly holds over 50% of its equity.

Champion Building Materials Co., Ltd. and Its Subsidiaries
Notes to Consolidated Financial Statements (Cont'd)

iii. Subsidiaries not included in the consolidated financial statements: None.

(4) Foreign currency

i. Foreign currency transaction

Foreign currency transactions are translated into the functional currency at the exchange rate prevailing on the transaction date. Subsequently, monetary items denominated in foreign currencies are translated into the functional currency at the exchange rate prevailing at the end of each reporting period. Non-monetary items denominated in foreign currencies measured at fair value are translated into the functional currency at the exchange rate prevailing on the date of fair value measurement. Non-monetary items denominated in foreign currencies measured at historical costs are translated at the rate prevailing on the transaction date.

Foreign currency exchange differences arising from the translation are generally recognized in profit or loss, except for the following items that are recognized in other comprehensive income:

- (i) Equity instruments designated at fair value through other comprehensive income;
- (ii) Financial liabilities designated as a hedge for net investment in a foreign operating institution that is within the effective scope of the hedge; or
- (iii) A hedge for qualified cash flows that are within the effective scope of the hedge.

ii. Foreign operating institution

Assets and liabilities of a foreign operating institution include goodwill and adjustments to fair value arising from acquisitions, which are translated into NTD at the currency rate prevailing on the reporting date. Items of gains and expenses are translated into NTD at the average currency rate for the period, and the exchange differences arising thereof are recognized in other comprehensive income.

Any loss of control, common control, or significant effect arising from the disposal of a foreign operating institution, the cumulative exchange differences related to the foreign operating institution are fully reclassified to profit or loss. For partial disposal involving a subsidiary of a foreign operating institution, relevant cumulative exchange differences are reclassified to non-controlling interests in proportion. For partial disposal involving an investment in the associate or joint venture of a foreign operating institution, relevant cumulative exchange differences are reclassified to profit or loss in proportion.

For monetary items receivable or payable of a foreign operating institution, where there is no settlement plan, and such items are unlikely to be settled in the foreseeable future, the gains or losses on the foreign currency exchange arising thereof are deemed as a part of the net investment of the foreign operating institution, and are recognized in other

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Notes to Consolidated Financial Statements (Cont'd)

comprehensive income.

(5) Standards for the classification of current and non-current assets and liabilities

Assets fulfilling any of the following conditions are recognized as current assets; all other assets that are not current assets are recognized as non-current assets:

- i. Assets expected to be realized or intended to be sold or consumed during its normal operating cycle;
- ii. Assets held primarily for trading;
- iii. Assets expected to be realized within twelve months after the reporting period; or
- iv. Assets are cash or cash equivalents, but assets that will be exchanged or used for settling liabilities or otherwise restricted are excluded.

Liabilities fulfilling any of the following conditions are recognized as current liabilities; all other liabilities that are not current liabilities are recognized as non-current liabilities:

- i. Liabilities expected to be settled during its normal operating cycle;
- ii. Liabilities held primarily for trading;
- iii. Liabilities expected to fall due and be settled within twelve months after the reporting period; or
- iv. Liabilities with a settlement period that cannot be unconditionally deferred to at least twelve months after the reporting period. Settlement of the liabilities' terms may occur due to the issuance of equity instruments upon selecting the counterparty, which shall have no effect on its classification.

(6) Cash and cash equivalents

Cash includes cash on hand and current deposits. Cash equivalents are short-term investments with high liquidity that can be converted into a fixed amount of cash at any time and has minimal risks.

Current deposits that fulfill the definition above and the purpose of holding is to satisfy short-term cash commitments, instead of investments or other purposes, are presented under cash equivalents.

Bank overdrafts that are immediately repayable and belong to a part of the Company's overall cash management are presented as a component of cash and cash equivalents in the statements of cash flows.

(7) Financial instruments

Account receivables and debt securities issued are initially recognized upon occurrence. All other financial assets and financial liabilities are initially recognized when the Consolidated Company becomes a party to the contractual term of the financial instruments.

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Notes to Consolidated Financial Statements (Cont'd)

Financial assets or financial liabilities not at fair value through profit or loss (excluding account receivables without significant financial components) are initially measured at fair value, plus transaction costs directly attributable to the acquisition or issuance. Account receivables with significant financial components are initially measured at the transaction price.

i. Financial assets

For regular way purchases or sales of financial assets, the Consolidated Company consistently adopts trade day or closing date accounting for all purchases and sales of financial assets that are classified in the same manner.

Upon initial recognition, financial assets are classified as financial assets at amortized costs, equity instruments at fair value through other comprehensive income, or financial assets at fair value through profit or loss. The Consolidated Company reclassifies all financial assets being affected on the first day of the next reporting period when changes occurred to the operating model for managing its financial assets.

(i) Financial assets at amortized costs

Financial assets fulfilling the following conditions and are not designated at fair value through profit or loss are measured at amortized costs:

- Financial assets are held under an operating model for receiving contractual cash flows.
- Contract terms of the financial assets generate cash flows on specific dates, which are fully used for paying principals and outstanding interests of the principals.

Such assets are subsequently measured at the initially recognized amount plus/less accumulated amortization calculated using the effective interest method, with adjustments for amortized costs of any loss allowance. Interest income, gains or losses on foreign currency exchange, and impairment losses are recognized in profit or loss. Upon derecognition, gains or losses are included in profit or loss.

(ii) Financial assets at fair value through other comprehensive income

Investments in debt instruments fulfilling the following conditions that are not designated at fair value through profit or loss are measured at fair value through other comprehensive income:

- Financial assets are held under an operating model for receiving contractual cash flows and sales.
- Contract terms of the financial assets generate cash flows on specific dates, which are fully used for paying principals and outstanding interests of the principals.

Upon initial recognition, the Consolidated Company irrevocably selects to include

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Notes to Consolidated Financial Statements (Cont'd)

changes in investments in equity instruments subsequently measured at fair value not held for trading in other comprehensive income. The above selection is made on a case-by-case basis for instruments.

Investments in equity instruments are subsequently measured at fair value. Interest income, gains or loss on foreign currency exchange, and impairment losses calculated using the effective method are recognized in profit or loss; their remaining net gains or losses are recognized in other comprehensive income. Upon derecognition, the accumulated amounts of other comprehensive income are reclassified to profit or loss.

Investments in equity instruments are subsequently measured at fair value. Dividend income (except for income substantially representing the recovery of partial investments) is recognized in profit or loss. The remaining net gains or losses are recognized in other comprehensive income and will not be reclassified to profit or loss.

Dividend income from equity investments is recognized on the day when the Consolidated Company is entitled to receiving the dividends (ex-dividend date in general).

(iii) Financial assets at fair value through profit or loss

Financial assets not measured at amortized costs or measured at fair value through other comprehensive income are measured at fair value through profit or loss, including derivative financial assets. Upon initial recognition, the Consolidated Company may irrevocably designate financial assets satisfying the conditions for being measured at amortized costs or at fair value through other comprehensive income as financial assets at fair value through profit or loss to eliminate to significantly minimize accounting mismatch.

Such assets are subsequently measured at fair value, and their net gains or losses (including any dividend and interest income) are recognized in profit or loss.

(iv) Impairment of financial assets

The Consolidated Company recognize loss allowance for financial assets at amortized costs (including cash and cash equivalents, financial assets at amortized costs, note receivables and account receivables, other receivables, refundable deposits, and other financial assets), investments in debt instruments measured at fair value through other comprehensive income, and expected credit loss (the "ECL") of contract assets.

The loss allowance for the following financial assets is measured at 12-month ECL, and the remaining are measured at lifetime ECL:

- Debt securities are determined as having low credit risks at the Reporting Date; and
- Credit risks for other debt securities and bank deposits (risk of default regarding the

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Notes to Consolidated Financial Statements (Cont'd)

financial instruments during the expected lifetime) have not significantly increased since initial recognition.

Loss allowance for account receivables and contract assets are measured at lifetime ECL.

Lifetime ECL refers to the ECL that may occur due to any default of financial instruments during the expected lifetime.

12-month ECL refers to the ECL that may occur due to any default of financial instruments within twelve months after the Reporting Date (or a shorter period when the expected lifetime of financial instruments is less than twelve months).

The longest period for measuring ECL shall be the longest contractual period that the Consolidated Company is exposed to credit risks.

To determine whether credit risks have significantly increased since the initial recognition, the Consolidated Company considers reasonable and supportive information (available without undue costs or investments), including qualitative and quantitative information, and analysis based on the Consolidated Company's historical experiences, credit evaluation, and forward-looking information.

ECL is the weighted estimated probability of credit loss of financial instruments during the expected lifetime. Credit loss is measured at the current value of all cash shortfalls; in other words, the differences between cash flows that the Consolidated Company may receive according to the contract and the cash flows that the Consolidated Company expected to receive. ECL is discounted at the effective rates of financial assets.

At each reporting date, the Consolidated Company evaluates whether there is any credit impairment that occurred to financial assets at amortized costs and debt securities measured at fair value through other comprehensive income. When one or multiple events unfavorable to the estimated future cash flows of financial assets occurred, such financial assets are credit impaired. Evidence of financial assets' credit impairment include observable data related to the following events:

- Significant financial difficulties of the borrower or issuer;
- Default, such as default or overdue for over 90 days;
- The Consolidated Company provided concessions that would not have been considered to the borrower due to economic or contractual reasons related to the financial difficulties of the borrower;

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- The borrower is likely to apply for bankruptcy or carry out other financial restructure;
or
- No active market for financial assets due to financial difficulties.

Loss allowance for financial assets at amortized costs is deducted from the carrying amount of the assets. Loss allowance for investments in debt instruments measured at fair value through other comprehensive income is adjusted according to profit or loss and recognized in other comprehensive income (without deducting the carrying amount of assets).

When the Consolidated Company is unable to reasonably expect the entire or partial recovery of financial assets, the Consolidated Company directly reduces the gross carrying amount of its financial assets. For corporate customers, the Consolidated Company separately analyzes the time and amount of write-off based on whether the amount of recovery may be reasonably expected. The Consolidated Company expects that the written-off amount will not be significantly reversed. However, written-off financial assets may still be enforced to comply with the Consolidated Company's procedures in recovering overdue amounts.

(v) Derecognition of financial assets

The Company derecognizes its financial assets upon the termination of contractual rights to the cash flows from the assets, or when the financial assets are transferred, and the substantial risks and compensation regarding the ownership of the assets are transferred to other enterprises, or the substantial risks and compensation regarding the ownership of the assets that are not transferred or retained are transferred to other enterprises, or the substantial risks and compensation regarding the ownership of the assets are not transferred or retained, and the control over the financial assets is not retained.

The Consolidated Company continues to recognize transactions entered into for the transfer of financial assets in the balance sheet when the substantial risks and compensation regarding the ownership of the transferred assets are retained.

ii. Financial liabilities and equity instruments

(i) Classification for liabilities or equity

Liabilities and equity instruments issued by the Consolidated Company are classified into financial liabilities or equity according to the actual terms of the contractual agreement and the definition of financial liabilities and equity instruments.

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(ii) Equity transactions

Equity instruments refer to any contract with remaining interests after all liabilities are deducted from the assets of the Consolidated Company.

The equity instruments issued by the Consolidated Company are recognized at the amount equivalent to proceeds deducting direct issuance costs.

(iii) Other financial liabilities

Other financial liabilities are subsequently measured at amortized costs using the effective interest method. Interest expenses and gains or losses on exchanges are recognized in profit or loss. Upon derecognition, any gains or losses are recognized in profit or loss.

(iv) Derecognition of financial liabilities

The Consolidated Company derecognizes its financial liabilities upon the performance, cancellation, or expiry of contract obligations. When significant differences occur to the cash flows of liabilities upon or after the amendments to terms of financial liabilities, the Company derecognizes the original financial liabilities and recognizes new financial liabilities at fair value based on the amended terms.

Upon the derecognition of financial liabilities, the differences between its carrying amount and the total consideration paid or payable (including any non-cash assets transferred or liabilities assumed) are recognized in profit or loss.

(v) Offsetting of financial assets and liabilities

Financial assets and financial liabilities may be offset with its net amount presented in the balance sheet when the Consolidated Company currently has legal rights to enforce the offset and intends to settle on a net basis or concurrently realize assets and settle liabilities.

(8) Inventory

Initial costs of inventories are necessary expenses incurred in bringing inventories to the condition and venue available for use, in which the fixed manufacturing expenses are allocated to finished goods and work in progress based on the normal production capacity of the production equipment, and the actual production amount is adopted as the bases for the allocation of changes in manufacturing expenses. Subsequently, it is measured at the lower of costs and net realizable value; costs are calculated using the standard cost method; net realizable value is calculated based on the estimated selling price less costs and sales expenses to be incurred until the completion under normal operation on the balance sheet date. Differences between standard costs and actual costs are fully recognized as operating

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costs.

(9) Investments in associates

Associates refer to entities where the Consolidated Company has significant influences on its financial and operating policies but without control or joint control.

The Consolidated Company adopts the equity method for the accounting of interests in associates. Under the equity method, such interests are recognized at costs upon initial acquisition. Investment costs include transaction costs. The carrying amount of interests in associates includes goodwill identified upon initial investments less any cumulative impairment loss.

The consolidated financial statements include the amount of gains or loss and other comprehensive income from investments in associates recognized by the Consolidated Company according to the equity ratio after adjustments to accord with the accounting policies of the Consolidated Company from the date of having the significant influence to the date of losing the significant influence. Any change in the interests in associates that are not gains or loss and other comprehensive income and have no effect on the shareholding of the Consolidated Company in the associates, the Consolidated Company recognizes the changes in interests regarding the share of associates attributable to the Consolidated Company as capital reserve according to its shareholding ratio.

Unrealized gains and losses arising from transactions between the Consolidated Company and associates are only recognized in the corporate financial statements when it is the interests of an investor that is not a related party in the associates.

When the share of losses from associates recognized by the Consolidated Company at proportion equals to or exceeds its interests in the associates, the Consolidated Company stops recognizing its losses, and recognizes additional losses and relevant liabilities only when legal obligation or constructive obligation occurred or when the Consolidated Company had made payments for the investee company.

(10) Investment properties

Investment properties refer to properties held for earning rentals or capital appreciation, or both, instead of held for sales during normal operations, used in production, provision of products or services, or for administrative management purposes. Investment properties are initially measured at costs, and subsequently measured at costs less accumulated depreciation and accumulated impairment. The depreciation methods, useful life, and residual value shall be subject to the requirements for property, plant, and equipment.

Gains or losses on disposals of investment properties (calculated as the differences

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Notes to Consolidated Financial Statements (Cont'd)

between net disposal consideration and the carrying amount of the item) are recognized in profit or loss.

Rental gains of investment properties are recognized in other income on a straight-line basis. The lease incentives provided are recognized as a part of gains on lease during the lease period.

(11) Property, plant and equipment

i. Recognition and measurement

Items of property, plant and equipment are measured at costs (including capitalized borrowing costs) less accumulated depreciation and any accumulated impairment losses.

When significant components of property, plant and equipment have different useful lives, such components shall be accounted for as a single item of property, plant and equipment (major component).

Gains or losses on the disposals of property, plant and equipment are recognized in profit or loss.

ii. Subsequent costs

Subsequent expenses are capitalized when the future economic benefits are likely to flow into the Consolidated Company.

iii. Depreciation

Depreciation is calculated at assets costs less residual value, and are recognized in profit or loss during the estimated useful life of each component on a straight-line basis.

No depreciation is provided for lands.

The estimated useful life at the current and comparison periods is as follows:

Houses and buildings	20~55 Years
Machine and equipment	2~10 Years
Kiln and electrical equipment	3~15 Years
Transportation equipment	5~10 Years
Other equipment	3~10 Years

The Consolidated Company examines its depreciation method, useful life, and residual value at least on the Reporting Date of each year. Where the estimated value differs from the previous estimation, the Consolidated Company makes proper adjustments when necessary, and such changes shall be accounted for according to the requirements for changes in estimates.

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When the usage of self-use properties changed into investment properties, such properties are reclassified as investment properties at its carrying amount upon the changes in usage.

(12) Lease

The Consolidated Company evaluates whether a contract is or includes a lease on the date of establishing the contract. When the contract transfers the control for the use of identified assets for a period in exchange for considerations, the contract is, or includes a lease.

1. Lessee

The Consolidated Company recognizes right-of-use assets and lease liabilities on the commencement date of the lease. Right-of-use assets are initially measured at costs. Such costs include the initial measurements of lease liabilities, adjusted according to any lease payment paid on or before the commencement date of the lease, plus initial direct costs incurred and estimated costs to disassemble or remove the target asset and restore to its location or target assets, less any lease incentives received.

Right-of-use assets are subsequently depreciated during the period from the commencement date of the lease to the expiry of the right-of-use asset's useful life or the expiry of the lease period, whichever is earlier, on a straight-line basis. Furthermore, the Consolidated Company regularly evaluates whether right-of-use assets are impaired and accounts for any impairment loss incurred, and adjusts the right-of-use assets for remeasurements that occurred to lease liabilities.

Lease liabilities are initially measured at the current value of the outstanding lease payment on the commencement date of the lease. Where the interest rate implicit in a lease can be easily determined, the discount rate shall be such interest rate; where the interest rate implicit in a lease cannot be readily determined, the discount rate shall be the incremental borrowing interest rate of the Consolidated Company. In general, the Consolidated Company adopts its incremental borrowing interest rate as the discount rate.

Lease payment included in the measurement of lease liabilities includes:

- (i) Fixed payment, include the substantial fixed payment;
- (ii) Variable lease payment subject to a certain index or rate is initially measured at the index or rate on the commencement date of the lease;
- (iii) The residual value guarantee expected to pay; and

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(iv) Exercise price or fines to be paid when it is reasonably confirmed that the right to call option or the lease termination option will be exercised.

Subsequently, interests for lease liabilities are accrued using the effective interest method, and the amount will be remeasured upon the occurrence of the following circumstances:

- (i) Changes in future lease payment resulted from changes in the index or rate used to determine the lease payment;
- (ii) Changes in the residual value guarantee expected to pay;
- (iii) Changes in the evaluation on the rights to call option regarding the target asset;
- (iv) Changes in the evaluation for the lease period resulted from the changes in the estimate for whether exercising the rights to extension or termination;
- (v) Amendments to the lease target, scope, other terms.

When remeasuring lease liabilities due to changes in the evaluation regarding changes in the index or rate used to determine the lease payment, changes in the residual value guarantee, and changes in the evaluation on the rights to call option, extension, or termination above, the Company adjusts the carrying amount of the right-of-use assets accordingly, and recognize the remaining remeasurements in profit or loss when the carrying amount of the right-of-use assets is reduced to nil.

For lease amendments related to reducing the scope of the lease, the Company reduces the carrying amount of the right-of-use assets to reflect the partial or overall termination of the lease, and recognizes the differences between the carrying amount and the remeasurement of the lease liabilities in profit or loss.

The Consolidated Company presents right-of-use assets and lease liabilities not fulfilling the definition of investment properties as a single line item in the balance sheet.

For short-term lease related to the lease of office equipment and the lease of low-value target assets, the Consolidated Company elects to not recognize the right-of-use assets or lease liabilities.

For sale and leaseback transactions, the transfer of assets to the purchaser and lessor is evaluated for whether it satisfies the requirements for the accounting of sales according to IFRS 15. Where the accounting of sales is confirmed, the Company derecognizes the asset and recognizes profit or loss related to the interest portion transferred to the purchaser and lessor. The accounting model for lessors is applicable to sale and leaseback transactions. Right-of-use assets are measured at the initial carrying amount of the leaseback portion. Where the accounting of sales is not confirmed, the Company adopts the accounting for financing.

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2. Lessor

For transactions where the Consolidated Company is the lessor, the Consolidated Company classifies the lease contract based on whether the substantial risks and compensation for the ownership of the target assets are transferred on the date of establishing the lease; the contracts are classified as either financing lease or operating lease. During the evaluation, the Company considers relevant indicators, including whether the lease period covers the major portion of the target asset's economic life.

As a sub-lessor, the Consolidated Company accounts for primary lease the sub-lease transactions separately, and evaluates the classification of sub-lease transactions according to the right-of-use assets incurred for the primary lease. When the primary lease is a short-term lease, and the recognition exemption is applicable, the Consolidated Company shall classify its sub-lease transactions as operating leases.

Where the agreement includes components of lease and non-lease, the Consolidated Company adopts the requirements under the IFRS 15 to allocate the consideration within the contract.

For assets held under a financing lease, the Company presents the net lease investments as the financing lease receivables. Initial direct costs arising from the negotiation and arrangement of an operating lease are included in the net lease investments. Net lease investments are allocated and recognized as interest income during the lease period under the pattern that reflects the fixed rate of return during each period. For operating leases, the Consolidated Company recognizes the lease payment received as rental income during the lease period on a straight-line basis.

(13) Intangible assets

i. Recognition and measurement

The Consolidated Company measures other intangible assets with limited useful lives acquired at costs less accumulated amortization and accumulated impairment.

ii. Mining rights

Exploration expenditures are presented at the net amount of costs less impairment losses. Exploration expenditures include activity expenses incurred for relevant geological exploration, exploration and drilling, ditch excavation, and sampling that are related to feasible researches for technical and commercial development on the basis of the surrounding, external rim, deeper area of the existing deposits or the acquisition of mining rights. The exploration expenditures incurred after it is reasonably confirmed that the mine

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may be used for commercial production may be capitalized, and are included in intangible assets – mining rights after obtaining the certificate of mining rights, amortized based on the lifetime of the certificate of mining rights on a straight-line basis. For any engineering item abandoned at the development stage or is productive exploration, its total expenses shall be written-off and included in current expenses.

iii. Other intangible assets

Other intangible assets with limited useful lives acquired by the Consolidated Company are measured at costs less accumulated amortization and accumulated impairment.

iv. Amortization

Except for goodwill, amortization is calculated based on asset costs less estimated residual value, and is recognized in profit or loss during its estimated useful life on a straight-line basis when the intangible asset is ready for use.

The estimated useful life for the current and comparison periods is as follows:

Costs for computer software	2~3 Years
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The Consolidated Company shall at least examine the amortization method, useful life, and residual value of intangible assets on each annual reporting date and makes appropriate adjustments when necessary.

(14) Impairment of non-financial assets

The Consolidated Company evaluates whether there is evidence of impairment regarding the carrying amount of non-financial assets (excluding inventories and deferred income tax assets) on each Reporting Date. Where any evidence exists, the Company estimates the recoverable amount of the asset.

For impairment testing, the Company uses a set of assets with its cash inflows substantially separated from cash inflows of other individual assets or asset groups as the minimum identifiable asset group.

Recoverable amount is the higher of the fair value of an individual asset or cash-generating unit (the “CGU”) less disposal costs and its value in use. When evaluating the value in use, the estimated future cash flows are discounted to the current value at the pre-tax discount rate; the discount rate shall reflect current market assessments of the time value of money and the risks specific to the asset or CGU.

The Company recognizes impairment losses when the recoverable amount of the individual asset or CGU is lower than its carrying amount.

Impairment losses are immediately recognized in profit or loss. The Company first

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reduces the carrying amount of goodwill allocated to the CGU and then reduces the carrying amount of each asset according to the ratio related to the carrying amount of each asset within the unit.

For non-financial assets, the impairment losses are reversed when such losses have not exceeded the carrying amount (less depreciation or amortization) determined upon recognizing the impairment losses in prior years.

(15) Income Recognition

1. Income from Contract with Customers

Income is measured at the consideration expected to be entitled to obtain for the transfer of products or services. The Consolidated Company recognizes its income when fulfilling the performance obligation due to the transfer of control over products or services to customers. The primary items of income of the Consolidated Company are described as follows:

(1) Sales of products

The Consolidated Company manufactures ceramic tiles and sells them to distributors. The Consolidated Company recognizes its income upon the transfer of control over products. The transfer of control over products refers to the delivery of products to customers, customers may determine the sales channels and prices of products at their discretion, and there is no outstanding obligation that may affect customers accepting the products. The delivery occurred when delivering products to a particular venue, the risks of obsolete and loss are transferred to customers, and the customers had accepted the products according to the sales contract with acceptance inspection terms invalid, or when the Consolidated Company has objective evidence to consider that all acceptance inspection conditions are satisfied.

The Consolidated Company recognizes account receivables upon the delivery of products, as the Consolidated Company has the right to unconditionally receive the consideration at the time.

(2) Sales of products

The Consolidated Company manufactures ceramic tiles and sells them to distributors. The Consolidated Company recognizes its income upon the transfer of control over products. The transfer of control over products refers to the delivery of products to customers, customers may determine the sales channels and prices of products at their discretion, and there is no outstanding obligation that may affect customers accepting the products. The delivery occurred when delivering products to a particular venue, the risks of obsolete and loss are transferred to customers, and the

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customers had accepted the products according to the sales contract with acceptance inspection terms invalid, or when the Consolidated Company has objective evidence to consider that all acceptance inspection conditions are satisfied.

(3) Construction Contracts

The Consolidated Company engages in interior decoration contracting services, where assets are controlled by customers during construction. Therefore, revenue is recognized over time based on the proportion of income earned to the estimated total contract price as of the reporting date. The contracts include fixed and variable consideration. Customers pay fixed amounts according to the agreed-upon schedule. Certain variable considerations (such as penalties based on the number of days overdue and price adjustment subsidies) are estimated based on past accumulated experience and expected values. If revenue has been recognized but not yet billed, it is recognized as contract assets. When there is an unconditional right to consideration, contract assets are reclassified as accounts receivable.

When the Consolidated Company anticipates that the unavoidable costs of fulfilling obligations under a construction contract will exceed the expected economic benefits to be derived from the contract, a provision for the loss on the onerous contract is recognized.

If circumstances change, estimates of revenue, costs, and the degree of completion are revised. Any adjustments resulting from changes known to management that affect estimates are recognized in the profit or loss during the period in which the changes become known.

The Consolidated Company provides standard warranties that conform to the agreed-upon specifications for interior decoration and has recognized a warranty liability for this obligation.

(4) Financial component

The Consolidated Company estimates that the duration between the time transferring products or services to customers and the time when customers pay for the products and services under all contracts with customers shall not exceed one year. Therefore, the Consolidated Company makes no adjustment to the time value of money for the transaction price.

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Notes to Consolidated Financial Statements (Cont'd)

(16) Employees benefits

i. Defined contribution plans

The contribution obligations for defined contribution plans are recognized as expenses during the period when employees provide their services. The prepaid appropriation is recognized as an asset to the extent that it would result in cash return or a decrease in future payment.

ii. Defined benefit plans

The net obligations of the Consolidated Company under the defined benefit plans are calculated based on the earned future benefit amount discounted to the current value for the services provided by employees during the current or prior periods.

Actuarial for defined benefit obligations are performed by qualified actuary according to the projected unit credit method each year. When the calculation results are likely to be favorable to the Consolidated Company, assets recognition shall be limited to the current value of any economic benefits that may be obtained in the manner of returning the appropriation from the plans or reducing the future appropriation for the plans. When calculating the current value of economic benefits, the Consolidated Company considers all minimum fund appropriation requirements.

The remeasurements of net defined benefit liabilities (including actuarial gain or loss, return on plan assets (excluding interests)) and any changes in the effect of asset cap (excluding interests) are immediately recognized in other comprehensive income and accumulated in retained earnings. For the determination of net interest expenses (income) from net defined benefit liabilities (assets), the Consolidated Company makes use of the net defined benefit liabilities (assets) and discount rate determined at the beginning of the annual reporting period. Net interest expenses and other expenses from the defined benefit plans are recognized in profit or loss.

Upon the amendments to or reduction in the plans, the changes in benefits incurred related to past service costs or reduction gains or losses are immediately recognized in profit or loss. Upon settlement, the Consolidated Company recognizes the gains or losses from the settlement of defined benefit plans.

iii. Other long-term employee benefits

The net obligations of the Consolidated Company for other long-term employee benefits are calculated by discounting the future benefit money earned by employees

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through the provision of services at the current period or in previous periods to its current value. The remeasurements are recognized in profit or loss when incurred

iv. Short-term employee benefits

Short-term employee benefits are measured on the non-discounting bases, and recognized as expenses upon the provision of services. Where the Consolidated Company is liable for the legal or constructive payment obligations due to the services provided by employees in the past, and such obligations may be reliably estimated, the amount shall be recognized as liabilities.

(17) Income Tax

Income tax includes current and deferred income tax. Except for business mergers and items directly recognized in equity or other comprehensive income, current income tax and deferred income tax shall be recognized in profit or loss.

Current income tax includes the estimated income tax payable or tax reimbursement receivable calculated based on the taxable income (loss) of the year, and the adjustments to any income tax payable or tax reimbursement receivable for prior years. The amount shall be the best estimates for the amount expected to pay or receive measured at the statutory tax rate or the tax rate substantially enacted on the Reporting Date.

Deferred income tax is measured and recognized based on the temporary differences between the carrying amount of assets and liabilities for the purpose of financial reporting and their taxable basis. The temporary differences incurred in the following circumstances are not recognized as deferred income tax:

- i. Assets or liabilities initially recognized for a transaction that is not a business merger, and they have no effect on the accounting gains and taxable income (losses) at the time of the transaction;
- ii. Temporary differences arising from the investments in subsidiaries and the interests in associates and joint venture, and the Consolidated Company can control the time of reversal for the temporary differences, and it is likely that they will not be reversed in the foreseeable future; and
- iii. Taxable temporary differences arising from the initial recognition of goodwill.

Unused taxable losses and unused income tax credits carry forward and temporary deductible differences are recognized as deferred income tax assets, to the extent that there may be future taxable income available, and are re-evaluated on each Reporting Date. The amounts are adjusted downward for relevant income tax gains to the extent where it is likely to realize, or reversed the reduced amount to the extent where there is likely to be sufficient

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taxable income.

Deferred income tax is measured at the tax rate at the time expected for the reversal of the temporary differences, and the statutory tax rate or tax rate substantially enacted on the Reporting Date are used as the basis.

The Consolidated Company offsets deferred tax assets and deferred tax liabilities upon the satisfaction of the following conditions:

- i. The Company has the right to enforce the offset of current income tax assets and current income tax liabilities; and
- ii. Deferred income tax assets and deferred income tax liabilities are related to any of the following taxable entity regarding the income tax levied by the same taxation authority:
 - (i) The same taxable entity; or
 - (ii) Different taxable entities, but the entities intend to settle current income tax liabilities and assets on a net basis or concurrently realize assets and settle liabilities in each future period that they expect to recover the deferred income tax assets with significant amounts or expect to settle deferred income tax liabilities.

(18) Earnings per share

The Consolidated Company presents basic and diluted earnings per share attributable to the holders of the ordinary shares of the Consolidated Company. The basic earnings per share of the Consolidated Company are calculated based on the profit or loss attributable to holders of the ordinary shares of the Consolidated Company, divided by the weighted average number of outstanding ordinary shares for the current period. The diluted earnings per share are calculated based on the profit or loss attributable to holders of the ordinary shares of the Consolidated Company and the weighted average number of outstanding ordinary shares after adjustments made for the effects of all potential diluted ordinary shares.

(19) Segment Information

Business segments are components of the Consolidated Company, and they engage in operating activities that may earn income and incur expenses (including income and expenses related to transactions with other components within the Consolidated Company). The operating results of all business segments are regularly reviewed by the primary decision-maker of the Consolidated Company to establish the decisions to allocate resources to such departments and evaluate their performances.

(20) Reasons for the changes in accounting and effects

The Consolidated Company obtained the 2023 financial information of its affiliate, Seagull Champion Limited, on April 24, 2024, and there were adjustments to the financial

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information recognized by adopting the equity method and obtained in March 2024; therefore, the 2023 parent company only consolidated financial statements of the Consolidated Company is restated based on the updated information

1. Balance Sheet

	2023.12.31		
	Amount reported before the restatement	Effects of the error correction	Amount reported after the restatement
Investments accounted for using equity method	\$ 326,602	49,349	375,951
Deferred income tax liabilities	96,480	(150)	96,330
Retained earnings	965,443	50,097	1,015,540
Other equity	370,348	(598)	369,750

2. Statements of Comprehensive Income

	2023		
	Amount reported before the restatement	Effects of the error correction	Amount reported after the restatement
Share of profit or loss from subsidiaries, associates, and joint ventures accounted for using the equity method	(150,910)	50,097	(100,813)
Exchange differences arising from the translation of financial statements of institutions operating overseas	(18,440)	(748)	(19,188)
Less: Income tax related to items that may subsequently be reclassified into profit or loss	(3,688)	(150)	(3,838)

(5) Critical Accounting Judgments and Key Sources of Estimation Uncertainty

When preparing the consolidated financial statements according to the Preparation Regulations, the management is required to make judgments, estimates, and assumptions that have effects on the adoption of accounting policies and the reported amount of assets, liabilities, revenue, and expenses. The actual results may differ from the estimation.

The management continued to examine the estimation and basic assumption; the changes in

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accounting estimated are recognized during the period when the changes occurred and the future periods affected.

Information related to significant risks that would cause significant adjustments in the following year in the uncertainties of estimates and estimation is as follows:

(1) Loss allowance for account receivables

Loss allowance for the account receivables of the Consolidated Company is estimated based on the assumption of default risks and expected loss rate. The Consolidated Company considers historical experiences, current market conditions, and forward-looking estimates at each reporting date to determine the assumptions adopted and inputs elected for calculating impairments. For details of relevant assumptions and inputs, please refer to Note 6(5).

(2) Inventory valuation

As inventories are measured at the lower of costs and net realizable value, the Company evaluates the amount of inventories regarding normal consumption, obsolete, or no market sales value on the Reporting Date, and reduces the inventory costs to its net realizable value. The inventory valuation is primarily based on the product requirements for a specific period in the future; therefore, significant changes may occur due to the changes in the industry. For details of inventory valuation, please refer to Note 6(6).

(3) Impairment evaluation for property, plant and equipment

In the process of evaluating impairments of assets, the Consolidated Company relies on subjective judgments and determines the separate cash flows for particular asset groups, useful lives of assets, and gains and expenses that may occur in the future based on the model of use and industrial features regarding the assets. Any changes in estimates resulting from the changes in economic conditions or corporate strategies may result in significant impairment or reversal of recognized impairment losses in the future. For detailed description on key assumptions used for recoverable amount, please see Note 6(8)

When measuring its assets and liabilities, the Consolidated Company uses observable inputs in the market to the extent that is possible. The level of fair value based on the input used for the valuation techniques are classified as follows:

- (i) Level 1: Quoted prices (unadjusted) in the active market for identical assets or liabilities.
- (ii) Level 2: Except for the quoted prices included in level 1, the inputs of assets or liabilities are directly (i.e., the price) or indirectly (i.e., inferred from the price) observable.
- (iii) Level 3: Inputs for assets or liabilities that are not based on observable market data (not observable parameters).

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For any transfer event or circumstance between the levels of fair value, the Consolidated Company recognizes the transfer on the Reporting Date.

For details for information related to the assumptions adopted for the fair value, please refer to the following notes:

- (1) Note 6(10), Investment properties; and
- (2) Note 6(22), Financial instruments.

(6) Description of Significant Accounting Items

(1) Cash and cash equivalents

	2023.12.31	2022.12.31
Cash and petty cash	\$ 1,235	1,963
Current deposits	1,048,073	1,092,305
Foreign currency deposits	363,101	409,691
Check deposits	70,262	118,930
Time deposits	222,931	162,237
	\$ 1,705,602	1,785,126

Regarding the disclosures on the interest risk and sensitivity analysis for the Consolidated Company's financial assets and liabilities, please refer to Not 6(22) Financial assets at fair value through other comprehensive income for details.

(2) Financial assets at fair value through profit or loss

	2023.12.31	2022.12.31
Gold passbook	\$ 10,490	9,016
Shares of listed foreign companies	51,677	58,730
Total	\$ 62,167	67,746

As at 31 December 2023 and 2022, the Consolidated Company had not pledged the above financial assets for security.

(3) Financial assets at fair value through other comprehensive income

	2023.12.31	2022.12.31
Liability instruments measured at fair value through other comprehensive income-Current:		
Corporate bonds by foreign companies	\$ 15,086	14,729
Equity instruments measured at fair value through other comprehensive income-Current:		
Listed domestic shares	12,472	10,774
Subtotal	27,558	25,503
Equity instruments measured at fair value through other comprehensive income-Non-current:		

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Notes to Consolidated Financial Statements (Cont'd)

	2023.12.31	2022.12.31
Non-listed domestic shares	10,000	10,000
Total	\$ 37,558	35,503

1. Investments in liability instruments measured at fair value through other comprehensive income

The Consolidated Company evaluates and holds bond investments through a business model that aims to collect contractual cash flows and sell financial assets. Therefore, these investments are reported as financial assets at fair value through other comprehensive income.

2. Investments in equity instruments measured at fair value through other comprehensive income

The Consolidated Company holds investments in equity instruments not for trading purposes; such investments are therefore designated as measured at fair value through other comprehensive income.

3. In 2023 and 2022, the Consolidated Company had not disposed of any strategic investment, and there is no transfer within equity regarding the cumulative gains and losses during the period.

4. For details on the amount at fair value through other comprehensive income, please refer to Note 6(17).

5. For details on the information of credit risks and market risks, please refer to Note 6(22).

6. 31 December 2023 and 2022, the Consolidated Company had not pledged the above financial assets for security.

(4) Financial assets measured at amortized cost

	2023.12.31	2022.12.31
Domestic corporate bonds	\$ 20,000	-

1. The Company evaluated these financial assets being hold-to-maturity in order to collect the contractual cash flows, which are solely payments for principal and interest on principal amount outstanding. Therefore, such financial assets were classified as financial assets measured at amortized cost.

2. For details on credit risk information please refer to Note 6(22).

(5) Note receivables及Account receivables

	2023.12.31	2022.12.31
Note receivables	\$ 525,529	376,933
Less: Loss Allowance	-	-
Net Amount	\$ 525,529	376,933

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Notes to Consolidated Financial Statements (Cont'd)

	2023.12.31	2022.12.31
Account receivables (incl. those from related parties)	\$ 469,228	469,095
Less: Loss Allowance	(115,799)	(161,511)
Allowance for sales return and discounts	(14,684)	(7,940)
Total	\$ 338,745	299,644

The Consolidated Company adopts the simplified method to estimate the ECL of its note receivables and account receivables; in other words, the Company uses lifetime ECL for measurements. For measuring purposes, note receivables and account receivables are groups based on the shared credit risk characteristics regarding customers paying all amounts falling due according to the contract terms, with forward-looking information included.

The ECL for note receivables and account receivables of the Consolidated Company is analyzed as follows:

	2023.12.31		
	Amount of note receivables and account receivables	ECL rate	Allowance for lifetime ECL
Not overdue	\$ 836,727	0%	-
Overdue below 30 days	11,489	0%~10%	-
Overdue for 31~120 days	28,284	0%~15%	3,579
Overdue over 121 days	118,257	70%~100%	112,220
	\$ 994,757		115,799
	2022.12.31		
	Amount of note receivables and account receivables	ECL rate	Allowance for lifetime ECL
Not overdue	\$ 626,546	0%	-
Overdue below 30 days	20,765	0%~10%	-
Overdue for 31~120 days	33,892	0%~15%	967
Overdue over 121 days	164,825	70%~100%	160,544
	\$ 846,028		161,511

For details on the exposure to credit risks and foreign currency risks regarding the Consolidated Company's note receivables and account receivables, please refer to Note 6(22).

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Notes to Consolidated Financial Statements (Cont'd)

Movements in the loss allowance for note receivables and account receivables of the Consolidated Company are as follows:

	2023	2022
Opening balance	\$ 161,511	143,542
Impairment loss recognized	(34,816)	22,356
Unrecoverable amount written-off during the year	(8,697)	(6,382)
Gains or loss on foreign currency translation	(2,199)	1,995
Closing balance	\$ 115,799	161,511

As at 31 December 2023 and 2022, the Company had not pledged its note receivables and account receivables for security.

(6) Inventory – Manufacturing industry

	2023.12.31		
	Allowances for price drops and obsolete		
	Book Value	losses	Book Value
Products	\$ 120,096	(14,724)	105,372
Finished goods	947,006	(265,343)	681,663
Work in process	39,844	-	39,844
Raw materials	196,476	(32,232)	164,244
Supplies	25,943	-	25,943
Total	\$ 1,329,365	(312,299)	1,017,066

	2022.12.31		
	Allowances for price drops and obsolete		
	Book Value	losses	Book Value
Products	\$ 108,984	(14,969)	94,015
Finished goods	1,100,203	(417,406)	682,797
Work in process	49,377	-	49,377
Raw materials	153,384	(30,642)	122,742
Supplies	39,284	(7,639)	31,645
Total	\$ 1,451,232	(470,656)	980,576

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Details on expenses and losses related to the Consolidated Company's inventories recognized as cost of sales during 2023 and 2022 are as follows:

	2023	2022
Transfer of sold inventories	\$ 2,196,187	2,074,866
Breakdown losses	83,891	92,780
Unallocated manufacturing expenses	(8,422)	(34,372)
Scrapping losses	18,339	14,786
Inventory gains (losses)	13,563	6,830
Inventory price drops and obsolete losses (gains from price recovery)	(106,295)	(25,889)
	\$ 2,197,263	2,129,001

In 2023 and 2022, a profit of NT\$106,295 and NT\$25,899 thousand from the recovery of inventory write-down was recognized and has been reported as sales costs.

As at 31 December 2023 and 2022, the Consolidated Company had not pledged its inventories for security.

(7) Investments accounted for using the equity method

1. Investments accounted for using the equity method as at the reporting date are set out as below:

	2023.12.31	2022.12.31
	(restated)	
Associates	\$ 375,951	465,321

2. Information related to associates of significance to the Consolidated Company is as follows:

Name of the associate	Nature of relationship with the Consolidated Company	Country of primary operation/registration of the company	Ratios of ownership and voting rights	
			2023.12.31	2022.12.31
Seagull Champion Limited (Seagull Champion)	The primary scope of business is the sales of ceramics for daily use, art ceramics, electrical porcelain, refractories and heat insulators, acid and alkali resistance ceramic tiles, mosaic tiles, and other building materials.	Mainland China	43.46%	43.46%

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The aggregate information of associates of significance to the Consolidated Company is set out as follows. Adjustments to amounts included in the consolidated financial statements of the associates prepared according to IFRSs are made for such financial information to reflect the adjustments made to the fair value of associates' equity upon the acquisition by the Consolidated Company and the adjustments made due to the differences in accounting policies:

The aggregate information of Seagull Champion Limited:

	2023.12.31	2022.12.31
	(restated)	
Current Assets	\$ 999,601	1,241,775
Non-current assets	354,861	360,392
Current liabilities	(616,284)	(649,259)
Non-Current liabilities	(80,117)	(57,605)
Net assets	<u><u>\$ 658,061</u></u>	<u><u>895,303</u></u>

	2023	2022
	(restated)	
Operating income	<u><u>\$ 1,905,683</u></u>	<u><u>1,671,451</u></u>
Net profit (loss) for the period	\$ (224,142)	(158,605)
Other comprehensive income	-	-
Total comprehensive income	<u><u>\$ (224,142)</u></u>	<u><u>(158,605)</u></u>

	2023	2022
	(restated)	
Share of net assets from the associate by the Consolidated Company at the beginning of the period	\$ 389,099	393,811
Investments during the period	-	59,177
Total comprehensive income attributable to the Consolidated Company for the period	(97,413)	(68,933)
Share of net assets from the associate by the Consolidated Company at the end of the period	291,686	384,055
Gains or loss on foreign currency translation	(5,693)	5,044
Carrying amount of the Consolidated Company's interests in the associate at the end of the period	<u><u>\$ 285,993</u></u>	<u><u>389,099</u></u>

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3. The aggregate financial information of the Consolidated Company's associates accounted for using the equity method that are not individually significant is as follows. Such financial information is the amounts included in the consolidated financial statements of the Consolidated Company:

	2023.12.31	2022.12.31
Total aggregate carrying amount of the interests in associates that are not individually significant at the end of the period	\$ 89,958	76,222
	2023	2022
Share attributable to the Consolidated Company:		
Net profit (loss) of continuing operations for the period	\$ (3,400)	6,868
Other comprehensive income	17,136	(26,999)
Total comprehensive income	\$ 13,736	(20,131)

4. As at 31 December 2023 and 2022, the Consolidated Company had not pledged investment accounted for using equity method for security.

5. The ability of associates of the Consolidated Company in transferring capital to the Consolidated Company is not significantly restricted.

(8) Property, plant and equipment

Costs, depreciation, and impairment loss of the Consolidated Company's property, plant and equipment are detailed as follows:

	Land	Houses and building	Machines and equipment	Transportation equipment	Other equipment	Construction in progress	Total
Cost or deemed cost:							
Balance on 1 January 2023	\$ 1,016,670	2,505,387	4,865,526	62,605	328,456	95	8,778,739
Addition	16,859	7,473	65,819	1,087	12,727	-	103,965
Inward prepayment for equipment	-	-	24,276	3,703	884	-	28,863
Disposal and scrapping	(584)	(5,936)	(2,400,929)	(13,505)	(123,318)	-	(2,544,272)
Effects of exchange rate	-	(33,769)	(34,851)	(602)	(2,230)	(2)	(71,454)
Balance on 31 December 2023	\$ 1,032,945	2,473,155	2,519,841	53,288	216,519	93	6,295,841
Balance on 1 January 2022	\$ 806,005	2,470,091	4,714,478	52,970	317,064	94	8,360,702
Addition	210,485	8,213	76,804	7,847	8,911	-	312,260
Inward prepayment for equipment	180	-	27,010	1,233	-	-	28,423
Disposal and scrapping	-	(13)	(9,482)	(61)	(785)	-	(10,341)
Effects of exchange rate	-	27,096	56,716	616	3,266	1	87,695
Balance on 31 December 2022	\$ 1,016,670	2,505,387	4,865,526	62,605	328,456	95	8,778,739

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	<u>Land</u>	<u>Houses and building</u>	<u>Machines and equipment</u>	<u>Transportat ion equipment</u>	<u>Other equipment</u>	<u>Constructi on in progress</u>	<u>Total</u>
Depreciation and impairment loss:							
Balance on 1 January 2023	\$ -	1,312,555	4,148,187	49,703	261,614	-	5,772,059
Depreciation	-	100,685	209,711	4,608	23,363	-	338,367
Disposal and scrapping	-	(3,243)	(2,261,477)	(12,384)	(104,326)	-	(2,381,430)
Effects of exchange rate	-	(19,716)	(31,723)	(608)	(2,252)	-	(54,299)
Balance on 31 December 2023	\$ -	1,390,281	2,064,698	41,319	178,399	-	3,674,697
Balance on 1 January 2022	\$ -	1,200,981	3,818,615	44,866	234,917	-	5,299,379
Depreciation	-	98,077	222,771	4,196	24,485	-	349,529
Disposal and scrapping	-	(7)	(6,645)	(45)	(668)	-	(7,365)
Impairment loss (reversal)	-	-	65,104	94	(35)	-	65,163
Effects of exchange rate	-	13,504	48,342	592	2,915	-	65,353
Balance on 31 December 2022	\$ -	1,312,555	4,148,187	49,703	261,614	-	5,772,059
Carrying value:							
31 December 2023	\$ 1,032,945	1,082,874	455,143	11,969	38,120	93	2,621,144
1 January 2022	\$ 806,005	1,269,110	895,863	8,104	82,147	94	3,061,323
31 December 2022	\$ 1,016,670	1,192,832	717,339	12,902	66,842	95	3,006,680

- In 1990, 2000, and 2015, the Consolidated Company acquired the lands located at Dapu section of Zhunan Township and Niulan Section of Zaoqiao Township for sales and display center and construction of warehouse and roads for the plant with amounts of NT\$34,670 thousand, NT\$22,618 thousand, and NT\$130,286 thousand, respectively. As of 31 December 2023, transfer in the name of the Consolidated Company is unable to process as the land category of such lands is farm and forest. The Consolidated Company has obtained waivers from the sellers to unconditionally agreeing to the transfer and has created a pledge. Regarding the pieces of lands under 8 land numbers (with a total area of 26,091m²) at Niulan Section of Zaoqiao Township acquired by the Consolidated Company in 2015, the Company has entered into an engagement contract, which was notarized, to make a registration under the name of the Company's chairman due to the restriction of the laws and regulations, and has created a pledge as the collateral for the Company's bank borrowings. For the 3 land numbers (with a total area of 4,384 m²) located at Dapu section of Zhunan Township acquired by the Consolidated Company in the preceding years, a trust agreement has been established and notarized due to legal restrictions. The said lands are registered under a director of the Consolidated Company with a mortgage right set in favor of the Company.

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2. The Consolidated Company obtained one entry of land No. at Niulan Section, Zaoqiao Township (the area is 577 m² in total) in 2023, the name of a relative within the second degree of kinship of a Director of the Consolidated Company is borrowed for the registration of the land under his/her name, and the promissory note of the full amount is obtained as a guarantee.
3. Regarding the subsidiary Singyih Ceramic (Penglai) of the consolidated company, due to the overall operating considerations of the Group, the board of directors of the subsidiary resolved to sell relevant facilities and equipment for the production of tiles and inventories accounted for to a non-related party, Penglai City Financing and Trade Co., Ltd., with a selling price at RMB43,600 thousand (tax included) on September 27, 2023. Disposal losses of RMB6,020 thousand (approximately NT\$26,448 thousand) were recognized and accounted for under other gains and losses, and relevant payments were fully collected.
4. The Consolidated Company performed an impairment evaluation on the impairment of property, plant and equipment on 31 December 2023 and 2022, including evaluating the reasonableness of assumptions and parameters adopted for recoverable amounts, reviewing whether the recoverable amount was determined at the higher of the net fair value and value in use, comparing the recoverable and carrying amount of property, plant and equipment to confirm whether property, plant and equipment is impaired. In 2022, the Consolidated Company recognized impairment losses at NT\$65,153 thousand, respectively, based on the assessment that there will be decrease in the future value in use for the property, plant and equipment.
5. For details on the Company's property, plant and equipment provided as the guarantee for long-term borrowings and facility credits as at 31 December 2023 and 2022, please refer to Note 8.
6. As at 31 December 2023 and 2022, the capitalized amount related to the acquisition of equipment and construction of plants was NT\$1,370 thousand and NT\$1,985 thousand, which was calculated based on the capitalization rate of 2.90% and 2.19%, respectively.

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Notes to Consolidated Financial Statements (Cont'd)

(9) Right-of-use assets

Costs, depreciation, and impairment loss of lands, houses and buildings, machine and equipment, and transportation equipment leased by the Consolidated Company are detailed as follows:

	<u>Land</u>	<u>Houses and buildings</u>	<u>Machinery and equipment</u>	<u>Transportation equipment</u>	<u>Other equipment</u>
Cost of right-of-use assets:					
Balance on 1 January 2023	\$ 263,382	30,179	25,807	-	319,368
Addition	2,198	44,704	1,321	-	48,223
Decrease	(218)	(12,241)	(143)	-	(12,602)
Effects of exchange rate	(3,658)	(66)	-	-	(3,724)
Balance on 31 December 2023	\$ 261,704	62,576	26,985	-	351,265
Balance on 1 January 2022	\$ 231,837	26,425	19,309	-	277,571
Addition	2,204	4,117	21,371	-	27,692
Decrease	(30)	(416)	(14,873)	-	(15,319)
Others	26,913	-	-	-	26,913
Effects of exchange rate	2,458	53	-	-	2,511
Balance on 31 December 2022	\$ 263,382	30,179	25,807	-	319,368
Cumulative right-of-use assets					
Depreciation and impairment loss:					
Balance on 1 January 2023	\$ 43,963	19,328	5,784	-	69,075
Depreciation for the period	7,567	14,119	11,418	-	33,104
Decrease	(218)	(10,077)	(143)	-	(10,438)
Impairment loss	(761)	(53)	-	-	(814)
Effects of exchange rate	\$ 50,551	23,317	17,059	-	90,927
Balance on 31 December 2023	\$ (9,926)	11,741	10,239	-	12,054
Balance on 1 January 2022	7,942	7,859	9,869	-	25,670
Depreciation for the period	-	(279)	(14,324)	-	(14,603)
Decrease	26,913	-	-	-	26,913
Others	19,378	-	-	-	19,378
Effects of exchange rate	(344)	7	-	-	(337)
Balance on 31 December 2022	\$ 43,963	19,328	5,784	-	69,075
Carrying value:					
31 December 2023	\$ 211,153	39,259	9,926	-	260,338
1 January 2022	\$ 241,763	14,684	9,070	-	265,517
31 December 2022	\$ 219,419	10,851	20,023	-	250,293

1. In 2017, the subsidiary Xiaoxian Huaguan Mineral Products Co., Ltd., acquired the land

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Notes to Consolidated Financial Statements (Cont'd)

use rights for state-owned construction land in Wangdazhuang Village, Longcheng Township. However, as the land remained undeveloped for more than two years, it was deemed idle by the Bureau of Natural Resources and Planning of Xiao County, Anhui Province, and a proposal was made by the Bureau for unconditional recovery of the said land in December 2022. In accordance with the prudent and conservative principles, the Consolidated Company recognized a full impairment loss of NT\$4,382 thousand, which was recorded under other profit and loss. The Consolidated Company has taken relevant remedial measures by filing a complaint with the government authority of jurisdiction.

2. For details on the guarantee for long-term borrowings and facility credits as at 31 December 2023 and 2022, please refer to Note 8.

(10) Investment properties

	Land and improvements
Cost or deemed cost:	
Balance on 31 December 2023 (i.e. Opening Balance)	<u><u>\$ 172,014</u></u>
Balance on 31 December 2022(i.e. Opening Balance)	<u><u>\$ 172,014</u></u>
Depreciation and impairment loss:	
Balance on 31 December 2023 (i.e. Opening Balance)	<u><u>\$ 90,551</u></u>
Balance on 31 December 2022(i.e. Opening Balance)	<u><u>\$ 90,551</u></u>
Carrying amount:	
31 December 2023	<u><u>\$ 81,463</u></u>
1 January 2022	<u><u>\$ 81,463</u></u>
31 December 2022	<u><u>\$ 81,463</u></u>
Fair value:	
31 December 2023	<u><u>\$ 159,334</u></u>
1 January 2022	<u><u>\$ 154,544</u></u>
31 December 2022	<u><u>\$ 155,235</u></u>

1. Investment properties are self-owned assets held by the Consolidated Company. The leased investment has a term of three years that is not cancellable. Leased investment properties have rental gains at fixed amounts.
2. In 2023 and 2022, there hasn't been significant addition or recognized impairment to investment properties of the Consolidated Company. For amounts of depreciation for the period,
3. Fair value of investment properties are based on the valuation by an independent appraiser

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(with recognized relevant professional qualification, and has recent experiences related to the location and category of investment properties under valuation). The valuation is evaluated based on reasonable and normal pricing.

4. For details on the pledged of the Consolidated Company's investment properties as at 31 December 2023 and 2022, please refer to Note 8.

(11) Intangible assets

Details on costs, amortization, and impairment losses of intangible assets of the Consolidated Company for 2023 and 2022 are as follows:

	Computer software	Mining rights	Others	Total
Cost or deemed cost:				
Balance on 1 January 2023	\$ 70,517	193,681	11,029	275,227
Addition	12,298	-	-	12,298
Disposal and scrapping	(390)	-	-	(390)
Effects of exchange rate	(153)	(3,558)	(203)	(3,914)
Balance on 31 December 2023	\$ 82,272	190,123	10,826	283,221
Balance on 1 January 2022	\$ 76,834	190,829	11,029	278,692
Addition	3,000	-	-	3,000
Disposal and scrapping	(9,440)	-	(161)	(9,601)
Effects of exchange rate	123	2,852	161	3,136
Balance on 31 December 2022	\$ 70,517	193,681	11,029	275,227
Amortization and impairment losses:				
Balance on 1 January 2023	\$ 67,706	58,104	11,029	136,839
Amortization during the year	3,311	9,650	-	12,961
Disposal and scrapping	(390)	-	-	(390)
Effects of exchange rate	(153)	(1,211)	(203)	(1,567)
Balance on 31 December 2023	\$ 70,474	66,543	10,826	147,843
Balance on 1 January 2022	\$ 76,134	47,708	11,029	134,871
Amortization during the year	890	9,714	-	10,604
Disposal and scrapping	(9,440)	-	(161)	(9,601)
Effects of exchange rate	122	682	161	965
Balance on 31 December 2022	\$ 67,706	58,104	11,029	136,839
Carrying value:				
Balance on 31 December 2023	\$ 11,798	123,580	-	135,378
Balance on 1 January 2022	\$ 700	143,121	-	143,821
Balance on 31 December 2022	\$ 2,811	135,577	-	138,388

Champion Building Materials Co., Ltd. and Its Subsidiaries
Notes to Consolidated Financial Statements (Cont'd)

1. Amortization expenses

In 2023 and 2022, amortization expenses of intangible assets are presented as the following items in the consolidated statements of comprehensive income:

	2023	2022
Operating expenses	\$ 12,961	10,604

2. As of 31 December 2023 and 2022, the Consolidated has not pledged its intangible assets for security.

(12) Short-term borrowings

	2023.12.31	2022.12.31
Letter of credit borrowings	\$ 2,334	43,630
Unsecured bank borrowings	190,000	340,000
Secured bank borrowings	273,391	341,553
Total	465,725	725,183
Unused credits	\$ 1,013,587	962,899
Range of interest rate	1.90%~3.20%	1.42%-3.30%

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

(13) Long-term borrowings

Details on the Consolidated Company's long-term borrowings, conditions, and terms are as follows:

	2023.12.31			
	Currency	Range of interest rate	Expiry date	Amount
Secured borrowings - Syndicated loan	NTD	2.89%	2024.07.15	\$ 899,900
Less: Organizing expenses for the syndicated loan				(134)
Portion due within one year				(899,766)
Total				\$ -
Unused credits				\$ -

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Notes to Consolidated Financial Statements (Cont'd)

	2022.12.31			
	Currency	Range of interest rate	Expiry date	Amount
Secured borrowings - Syndicated loan	NTD	2.70%	2024.07.15	\$ 899,900
Less: Organizing expenses for the syndicated loan				(669)
Portion due within one year				-
Total				\$ 899,231
Unused credits				\$ -

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

2. In April 2019, the Consolidated Company signed a syndicated loan contract with 16 financial institutions, including Taipei Fubon Bank, with a total credit amounted to NT\$1.8 billion. The contract sets out special commitments for the syndicated loan above, where the Consolidated Company shall maintain particular financial ratios (including a current ratio no less than 100%, gearing ratio no more than 125%, interest coverage no less than 1.5 times, and net tangible value no less than NT\$5 billion, with a calculation based on the consolidated financial statements certified by CPA each year), starting from the consolidated financial statements of the Company for 2019.

The Consolidated Company signed addendums to the aforementioned syndicated loan contracts on 25 March 2022 as an agreement to extend the maturity and amend partial clauses. The main amendment encompasses the extension of maturity date to 15 July 2024.

(14) Employee Benefits

1. Defined benefit plans

Reconciliation between the current value of defined benefit obligations and the fair value of plan assets of the Consolidated Company is as follows:

	2023.12.31	2022.12.31
Current value of defined benefit obligations	\$ 154,247	160,037
Fair value of plan assets	(148,182)	(152,342)
Net liabilities of defined benefit obligations	\$ 6,065	7,695

The Consolidated Company's defined benefit plans contribute to the account for labor retirement reserve fund at the Bank of Taiwan. Retirement payments for employees

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Notes to Consolidated Financial Statements (Cont'd)

subject to the Labor Standard Act are calculated based on years of services and the average salaries for the six months before their retirement.

(1) Composition of plan assets

The retirement fund appropriated by the Consolidated Company according to the Labor Standard Act is managed by the Bureau of Labor Funds under the Ministry of Labor (the “BLF”). According to the “Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund,” with regard to utilization of the fund, the minimum earnings in the distributions of each period shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks.

As of the reporting date, the balance in the Consolidated Company’s account for labor retirement reserve fund at Bank of Taiwan was NT\$148,182 thousand. Data regarding the utilization of labor retirement reserve fund assets include fund yield and fund asset allocation. For details, please refer to the information announced on the website of BLF.

(2) Changes in the current value of defined benefit obligations

In 2023 and 2022, changes in the current value of defined benefits obligations of the Consolidated Company are as follows:

	<u>2023</u>	<u>2022</u>
Defined benefit obligations on 1 January	\$ 160,037	176,613
Current service costs and interests	3,108	2,686
Remeasurements for net defined benefit liabilities (assets)		
– Actuarial gains or losses adjusted based on experiences	5,139	1,050
– Actuarial gains or losses arising from changes in financial assumptions	133	(4,672)
Benefits paid under the plans	(14,170)	(15,640)
Defined benefit obligations on 31 December	<u>\$ 154,247</u>	<u>160,037</u>

(3) Changes in the current fair value of plan assets

In 2023 and 2022, changes in the current fair value of plan assets of the Consolidated Company are as follows:

	<u>2023</u>	<u>2022</u>
Current fair value of plan assets on 1 January	\$ 152,342	144,806
Interest income	1,955	1,007
Remeasurements for net defined benefit liabilities		

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Notes to Consolidated Financial Statements (Cont'd)

	<u>2023</u>	<u>2022</u>
(assets)		
— Return of plan assets (excluding current interests)	1,304	11,440
Amount appropriated to the plans	6,751	10,729
Benefits paid under the plans	<u>(14,170)</u>	<u>(15,640)</u>
Current fair value of plan assets on 31 December	<u>\$ 148,182</u>	<u>152,342</u>

(4) Expenses recognized in profit or loss

In 2023 and 2022, expenses recognized in profit or loss of the Consolidated Company are as follows:

	<u>2023</u>	<u>2022</u>
Current service costs	\$ 1,098	1,488
Net interest cost (income)	<u>54</u>	<u>191</u>
	<u>\$ 1,152</u>	<u>1,679</u>
Operating costs	\$ 932	1,330
Marketing expenses	20	25
Management fees	171	257
R&D expenses	<u>29</u>	<u>67</u>
	<u>\$ 1,152</u>	<u>1,679</u>
Actual return of plan assets	<u>\$ 3,260</u>	<u>12,447</u>

(5) Actuarial gains or loss recognized in other comprehensive income

In 2023 and 2022, actuarial gains or loss recognized in other comprehensive income of the Consolidated Company are as follows:

	<u>2023</u>	<u>2022</u>
Cumulative balance on 1 January	\$ 37,890	22,827
Recognized during the period	<u>(3,968)</u>	<u>15,063</u>
Cumulative balance on 31 December	<u>\$ 33,922</u>	<u>37,890</u>

(6) Actuarial assumption

Major actuarial assumptions used by the Consolidated Company at the end of the financial reporting period are as follows:

	<u>2023</u>	<u>2022</u>
Discount rate	1.28%	1.30%
Increase in future salaries	2.00%	2.00%

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The Consolidated Company expected to make payment for the appropriation of defined benefit plans within one year from the reporting date of 2023 in the amount of NT\$6,668 thousand.

The weighted average lifetime for defined benefit plans is 9 years.

(7) Sensitivity analysis

On 31 December 2023 and 2022, the effects arising from changes in the major actuarial assumptions adopted on the current value of defined benefit obligations are as follows:

	Effects on the current value of defined benefit obligations	
	Increase	Decrease
31 December 2023		
Discount rate (changes of 0.25%)	(1,642)	1,676
Increase in future salaries (changes of 0.25%)	1,322	(1,302)
31 December 2022		
Discount rate (changes of 0.25%)	(1,640)	1,670
Increase in future salaries (changes of 0.25%)	1,297	(1,282)

The sensitivity analysis above analyzes the effects of changes in a single assumption based on the circumstances when other assumptions remain stable. In practice, changes in multiple assumptions may be linked. The method adopted for the sensitivity analysis is consistent with the calculation for net retirement fund liabilities in the balance sheet.

The method and assumptions used in preparing the sensitivity analysis for the period are the same as that of the previous period.

2. Defined contribution plans

Subject to the Labor Pension Act, the Consolidated Company's defined contribution plan make contributions to the labor pension personal account at the Bureau of Labor Insurance with a contribution rate equivalent to 6.00% of the monthly wages of laborers. Under the plans, the Consolidated Company has no legal or constructive obligations to pay an additional amount after contributing a fixed amount to the Bureau of Labor Insurance.

Pension expenses under the Consolidated Company's Regulations for Defined Contribution Pension, which were contributed to the Bureau of Labor Insurance, are as follows:

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Notes to Consolidated Financial Statements (Cont'd)

	<u>2023</u>	<u>2022</u>
Operating costs	\$ 11,407	11,542
Marketing expenses	2,472	2,239
Management fees	2,579	2,489
R&D expenses	647	638
	<u>\$ 17,105</u>	<u>16,908</u>

3. In 2023 and 2022, details on pension expenses recognized by overseas subsidiaries according to relevant local laws and regulations are as follows:

	<u>2023</u>	<u>2022</u>
Operating costs	\$ -	7
Marketing expenses	91	147
Management fees	220	228
	<u>\$ 311</u>	<u>382</u>

4. Details on short-term employee benefit liabilities are as follows:

	<u>2023.12.31</u>	<u>2022.12.31</u>
Compensated absence liabilities	<u>\$ 17,798</u>	<u>16,749</u>

(15) Long-term deferred income

	<u>Deferred government subsidy income</u>
Balances on 1 January 2023	\$ 81,489
Recognized deferred income	(6,632)
Gains or loss on foreign currency translation	(1,399)
Balances on 31 December 2023	<u>\$ 73,458</u>
Balances on 1 January 2022	\$ 86,845
Recognized deferred income	(6,676)
Gains or loss on foreign currency translation	1,320
Balances on 31 December 2022	<u>\$ 81,489</u>

1. Subsidiary Champion Anhui entered into an agreement with the Economic Development Committee under the People's Government of Suzhou City in Anhui (the "Suzhou Government") relating to Champion Anhui establishing a tile production enterprise in Suzhou Special Economic Zone. The Suzhou Government appropriated capital from the financial budget funding to Champion Anhui for the construction of infrastructure at no cost. As of 31 December 2023, Champion Anhui has received the abovementioned

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cumulative appropriated capital amounted to RMB28,352 thousand, which is accounted for under long-term deferred income. After Champion Anhui transferred the plant into fixed assets, the plant is recognized as deferred income according to its estimated useful life on a straight-line basis, accounted for under other income. The Consolidated Company has recognized RMB14,176 thousand and NT\$12,759 thousand in aggregate as of 31 December 2023 and 2022, respectively.

2. Subsidiary Sinyih Penglai entered into an agreement with the Economic Development Committee under the People's Government of Penglai City in Shandong (the "Penglai Government") relating to Sinyih Penglai establishing a tile production enterprise in Sinyih Penglai Special Economic Zone. The Penglai Government transferred lands to Sinyih Penglai at amount of US\$50,000 thousand and will return partial income taxes arising from the corporate profits in the subsequent years as incentives to the corporation and offsetting the land-transferring fees. On 5 December 2016, both parties have signed an account settlement agreement to settle the above agreement. The Penglai Government returned the unused remaining land-transferring fees amounted to RMB4,598 thousand, which is accounted for under long-term deferred income. It is recognized as deferred income according to its estimated useful life on a straight-line basis, accounted for under other income. The Consolidated Company has recognized RMB1,801 thousand and NT\$1,709 thousand in aggregate as of 31 December 2023 and 2022, respectively.

(16) Income Tax

1. In 2023 and 2022, the Consolidated Company's income tax expenses are detailed as follows:

	2023	2022
Current income tax expenses		
Incurred during the period	\$ 66,218	128,619
Adjustments to current income tax for the previous period	(6,271)	(1)
Deferred income tax expenses		
Occurrence and reversal of temporary differences	1,258	4,671
Income tax expenses	\$ 61,205	133,289

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Notes to Consolidated Financial Statements (Cont'd)

2. In 2023 and 2022, the reconciliation between income tax expenses and net profit (loss) before tax of the Consolidated Company is as follows:

	2023	2022
	(restated)	
Net income (loss) before tax	\$ 61,614	(54,954)
Income tax calculated at local tax rate at the place where the Company locates	(48,243)	(111,493)
Effects of differences in tax rates in foreign jurisdictions	(14,674)	(22,867)
Investment losses (profits) recognized using the equity method	52,035	98,314
Non-deductible expenses	7,682	(998)
Exempted (income) loss	(186)	(186)
Current taxation losses of unrecognized deferred income assets	73,881	149,927
Under (over) estimation from the previous period	(6,271)	(1)
Levy on undistributed earnings	-	18,041
Others	(3,019)	2,552
Income tax expenses	<u>\$ 61,205</u>	<u>133,289</u>

3. In 2023 and 2022, details on income tax expense (gains) recognized under other comprehensive income of the Consolidated Company are as follows:

	2023	2022
	(restated)	
Items that may subsequently be reclassified into profit or loss:		
Exchange differences arising from the translation of financial statements of institutions operating overseas	<u>\$ (3,838)</u>	<u>4,644</u>

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Notes to Consolidated Financial Statements (Cont'd)

4. Deferred income tax assets and liabilities

(1) Unrecognized deferred income tax assets

Items not recognized as deferred income tax assets of the Consolidated Company are as follows:

	2023.12.31	2022.12.31
Deductible temporary differences	\$ -	444
Taxation losses	376,042	391,530
	\$ 376,042	391,974

(2) Recognized deferred income tax assets and liabilities

In 2023 and 2022, changes in deferred income tax assets and liabilities are as follows:

	Losses from inventory price drop	Others	Total
Deferred income tax assets:			
Balance on 1 January 2023	\$ 31,055	10,114	41,169
(Debited)/credited to statements of profit or loss	(3,185)	1,534	(1,651)
Balance on 31 December 2023	\$ 27,870	11,648	39,518
Balance on 1 January 2022	\$ 31,887	14,399	46,286
(Debited)/credited to statements of profit or loss	(832)	(4,285)	(5,117)
Balance on 31 December 2022	\$ 31,055	10,114	41,169
Deferred income tax liabilities:			
Balance on 1 January 2023	\$ 78,103	22,562	100,665
(Debited)/credited to statements of profit or loss	-	(393)	(393)
(Debited)/credited to other comprehensive income	(3,838)	-	(3,838)
Effects of exchange rate	-	(104)	(104)
Balance on 31 December 2023	\$ 74,265	22,065	96,330
Balance on 1 January 2022	\$ 73,459	22,862	96,321
(Debited)/credited to statements of profit or loss	-	(446)	(446)

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(Debited)/credited to other comprehensive income	4,644	-	4,644
Effects of exchange rate	-	146	146
Balance on 31 December 2022	<u>\$ 78,103</u>	<u>22,562</u>	<u>100,665</u>

5. The Company's Profit-seeking Enterprise Annual Income Tax Return was submitted to the tax authority and was approved up to 2021.

(17) Capital and other equity

1. Issuance ordinary shares

As at 31 December 2023 and 2022, the total registered share capital of the Company is NT\$5,000,000 thousand, divided into 500,000 thousand shares with a par value of NT\$10. The numbers of issued ordinary shares is 390,404 thousand. All payments for the issued shares have been received.

In 2023 and 2022, the table of reconciliations for outstanding shares of the Company is as follows:

	(in thousand shares)	
	Ordinary Shares	
	<u>2023</u>	<u>2022</u>
Opening Balance on 1 January	390,404	433,782
Capital Reduction	-	(43,378)
Closing Balance on 31 December	<u>390,404</u>	<u>390,404</u>

To adjust the capital structure and enhance shareholders' return on equity, the Consolidated Company resolved to carry out a Cash Capital Reduction on 28 March 2022 through a decision made by the board of directors. The reduction amount is NT\$433,782 thousand, with a reduction of 100 shares per thousand shares, totaling the elimination of NT\$43,378 thousand shares of issued capital. The reduction plan was approved at the shareholders' general meeting held on 22 June 2022. After being declared effective by the regulatory authority, 29 September 2022 was set as the reduction reference date, and 25 November 2022 was designated as the date for the refund of the reduced capital in the Cash Capital Reduction.

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2. Capital reserve

The balance of the Company's capital reserve comprises the following:

	2023.12.31	2022.12.31
Premium for the issuance of shares	\$ 142,300	142,300
Treasury share transaction	15,639	15,639
Others	60	60
	\$ 157,999	157,999

According to the requirements of the Company Act, as amended in January 2012, distribution of new shares or cash may be made from the realized capital reserve according to the original shareholding of the shareholders after the capital reserve had been used for compensating losses first. The realized capital reserve mentioned above includes the premium received from the issuance of shares at a price exceeding its par value and proceeds received from donations. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, for capital reserves to be appropriated to capital, the aggregate appropriation amount each year shall not exceed 10% of the paid-up capital.

3. Retained earnings

According to the Company's Articles of Association, any surplus from the final annual account shall be used for tax payment and compensation for losses in prior years. Appropriate 10% of the remaining surplus as the statutory surplus reserve; however, this shall not apply when the statutory surplus reserve has reached the amount of the Company's paid-up capital. A special surplus reserve shall be provided or reversed according to the laws and regulations or the requirements of the competent authority. Except for the distribution of dividends, the remaining surplus shall be combined with the undistributed earnings at the beginning of the period, and the Board shall propose the surplus distribution to the Shareholders' Meeting for the resolution on distribution.

To pursue sustainable operations and long-term development, and based on the Company's future funding requirements and long-term operational plans, the Board of Directors may propose a distribution plan, taking into account the then-current operating conditions, shareholder equity, balancing dividend policies, and funding needs and submit it for approval at the shareholders' meeting.

The earnings distribution may be made in the form of cash or stock dividends. However, the proportion of stock dividends distributed shall not be more than 50 percent of the total dividend amount.

(1) Statutory surplus reserve

When the Company has no loss, the Shareholders' Meeting may pass the resolution

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to distribute new shares or cash from the statutory surplus reserve to the extent that the reserve exceeds 25 percent of its paid-up capital.

(2) Special surplus reserve

According to the original requirements of the Securities and Futures Commission, the Company shall provide the special surplus reserve from the surplus after tax for the year with an amount equal to the deduction to Shareholders' interest presented that occurred during the year. Where the special surplus reserve provided is the amount of the deduction to Shareholders' interest for the previous period, such special surplus reserve provided from the undistributed earnings for the previous period may not be distributed. Subsequently, when the deduction to Shareholders' interest decreases, transfer the amount deducted to undistributed earnings. As at 31 December 2023 and 2022, the special surplus reserve was NT\$121,349 thousand.

Upon the initial adoption of IFRSs endorsed by the FSC, the retained earnings increased by the unrealized revaluation appreciation under Shareholders' interests was NT\$42,581 thousand as the Company elected to apply the exemptions under the IFRS 1 "First-time Adoption of International Financial Reporting Standards." Furthermore, the retained earning recognized for the initial adoption of IFRSs on the conversion date was a net decrease of NT\$103,419 thousand. Therefore, According to the requirements under the Order Jin-guan-zheng-fa-zi No. 1010012865 issued by the FSC on 6 April 2012, the Company is not required to provide for the special surplus reserve.

(3) Earnings Distribution

On 19 June 2023, the Annual Shareholders' Meeting approved the resolutions related to the Loss Appropriation for the year 2022, hence no dividends will be distributed. On June 22, 2022, the Annual Shareholders' Meeting approved the resolutions related to the distribution of earnings for the year 2021. Please visit the MOPS for relevant information. The dividends distributed to owners are as follows:

	2021	
	Dividend Distribution Rate (NT\$)	Amount
Dividends Distributed to Owners of Ordinary Shares		
Cash	\$ 1.00	\$ <u><u>433,782</u></u>

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Notes to Consolidated Financial Statements (Cont'd)

4. Other equity (restated)

	Exchange differences arising from the translation of financial statements of institutions operating overseas	Unrealized losses (gains) on financial assets at fair value through other comprehensive income	Total
Balance on 1 January 2023	\$ 351,913	13,964	365,877
The Consolidated Company	(15,350)	2,087	(13,263)
Associates	-	17,136	17,136
Balance on 31 December 2023	<u>\$ 336,563</u>	<u>33,187</u>	<u>369,750</u>
Balance on 1 January 2022	\$ 333,336	42,999	376,335
The Consolidated Company	18,577	(2,036)	16,541
Associates	-	(26,999)	(26,999)
Balance on 31 December 2022	<u>\$ 351,913</u>	<u>13,964</u>	<u>365,877</u>

(18) Earnings (Losses) per share (restated)

The calculation for the Consolidated Company's basic earnings (losses) per share and the diluted earnings per share is as follows:

	2023 (restated)	2022
Basic earnings(losses) per share		
Net profit (loss) attributable to the Company for the period	\$ 409	(188,243)
Weighted average number of issued ordinary shares	390,404	422,730
Basic earnings (loss) per share	<u>\$ 0.001</u>	<u>(0.45)</u>
		2023 (restated)
Net profit attributable to equity owners of the Company's ordinary shares		\$ 409
Weighted average number of issued ordinary shares (Basic)		390,404
Effects on Bonuses of Employee Stock		155
Weighted average number of issued ordinary shares (after adjustment to effects by diluted potential ordinary shares)		<u>390,559</u>
Diluted earnings per share (NT\$)		<u>\$ 0.001</u>

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As the dilution in 2022 had no effects, no diluted earnings per share needs to be disclosed.

(19) Income from contracts with customers

1. Income breakdown

		2023			
		Tile business segment	Chinese business segment	Wooden floor business segment	Total
Major regional market:					
Asia	\$	3,046,337	18,254	61,754	3,126,345
America		342	-	-	342
Australia		10,539	431	-	10,970
		\$ 3,057,218	18,685	61,754	3,137,657
Primary product/service lines:					
Tiles	\$	3,057,218	18,685	-	3,075,903
Wooden floor		-	-	61,754	61,754
		\$ 3,057,218	18,685	61,754	3,137,657
Timing for income recognition:					
Products transferred at specific point of time	\$	3,057,218	18,685	6,851	3,082,754
Works transferred through progression of time		-	-	54,903	54,903
		\$ 3,057,218	18,685	61,754	3,137,657
		2022			
		Tile business segment	Chinese business segment	Wooden floor business segment	Total
Major regional market:					
Asia	\$	2,880,980	69,316	39,069	2,989,365
Australia		16,660	383	-	17,043
		\$ 2,897,640	69,699	39,069	3,006,408
Primary product/service lines:					
Tiles	\$	2,897,640	69,699	-	2,967,339
Wooden floor		-	-	39,069	39,069

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	2023			Total
	Tile business segment	Chinese business segment	Wooden floor business segment	
Timing for income recognition:				
Products transferred at specific point of time	\$ 2,897,640	69,699	16,485	2,983,824
Works transferred through progression of time	-	-	22,584	22,584
	\$ 2,897,640	69,699	39,069	3,006,408

2. Contract balances (included those from related parties)

	2023.12.31	2022.12.31	2022.1.1
Note receivables	\$ 525,529	376,933	453,650
Account receivables	469,228	469,095	797,452
Less: Loss Allowance	(115,799)	(161,511)	(143,542)
Allowance for sales return and discounts	(14,684)	(7,940)	(14,238)
Total	\$ 864,274	676,577	1,093,322
Contract assets — Products sold	\$ 2,443	602	6
Contract liabilities — Advances for goods	\$ 8,511	46,114	38,740

For detailed disclosures on note and account receivables and their impairments, please see Note 6(5).

(20) Remuneration for employees, Directors, and Supervisors (restated)

According to the Articles of Association of the Company, where the Company recorded any profits for the year, it shall allocate 3%~5% and no more than 1.5% as the remuneration for employees and the remuneration for Directors, respectively. However, when the Company has accumulated losses, it shall reserve the amount for compensation. The share or cash distribution targets for the above remuneration for employees include employees of subsidiaries fulfilling certain conditions.

The assessed amount of remuneration for employees during 2023 and 2022 were NT\$1,865 and NT\$0, respectively, and the assessed amount of remuneration for Directors during 2023 and 2022 were NT\$622 and NT\$0, respectively. The amount was assessed by the net profit before tax for the respective period less remuneration for employees and

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Notes to Consolidated Financial Statements (Cont'd)

remuneration for Directors multiplied by the ratio for the distribution of remuneration for employees and remuneration for directors stated in the Articles of Association of the Company, and was included in operating costs or operating expenses in the period.

The actual distribution regarding the remuneration for employees and Directors during 2023 and 2022 equaled the amount recognized in the financial statements; please visit MOPS for relevant information.

(21) Non-operating income and expenses

1. Other income

Other incomes of the Consolidated Company are detailed as follows:

	<u>2023</u>	<u>2022</u>
Interest income	\$ 18,778	8,669
Rental income	3,076	3,020
Dividend income	931	931
	<u>\$ 22,785</u>	<u>12,620</u>

2. Other gains and losses

Other gains and losses of the Consolidated Company are detailed as follows:

	<u>2023</u>	<u>2022</u>
Foreign currency exchange (losses) gains	\$ (20,799)	(5,497)
(Losses) gains on the disposals of property, plant and equipment	(23,838)	(2,949)
Profit (loss) on financial assets measured at fair value through profit or loss.	(4,400)	3,581
Impairment loss from property, plant and equipment	-	(65,163)
Impairment loss from other non-financial assets	-	(32,993)
Other gains and losses	(22,549)	(121,471)
Amortization of deferred income	6,632	6,676
Gains from changes to lease contract	265	-
Other gains and losses Net Amount	<u>\$ (64,689)</u>	<u>(217,816)</u>

(1) In the fiscal year 2023 and 2022, the Consolidated Company recorded depreciation expenses of NT\$128,367 thousand and NT\$125,320 thousand, respectively, for the rental of factory buildings and equipment to related parties. These expenses were accounted for as other gains and losses.

Champion Building Materials Co., Ltd. and Its Subsidiaries
Notes to Consolidated Financial Statements (Cont'd)

3. Financial costs

Financial costs of the Consolidated Company are detailed as follows:

	2023	2022
Interest expenses	\$ 43,525	36,549
Less: Interest capitalization	(1,370)	(1,985)
Net financial costs	\$ 42,155	34,564

(22) Financial instruments

1. Credit risk

(1) Exposure to credit risk

The carrying amount of financial assets is the maximum exposure to credit risks.

On 31 December 2023 and 2022, the maximum exposure was NT\$3,058,170 thousand and NT\$2,939,100 thousand, respectively.

(2) Concentrations of credit risk

As the Consolidated Company has a broad customer base, there is no significant concentrated transaction with any single customer, and the sales region is dispersed; therefore, there is no significant risk regarding the concentration of credit risk for account receivables. The Consolidated Company also continues to evaluate customers' financial positions regularly and require customers to provide collaterals to reduce credit risks.

(3) Credit risks for receivables and debt securities

For the information related to credit risks for note receivables and account receivables, please see Note 6(5). Other financial assets measured at amortized costs include other receivables.

Financial assets above have low credit risks; therefore, the loss allowance for the period was provided for was measures at the loss amount based on 12-month ECL. Time deposits held by the Consolidated Company have transaction and performance counterparties that are financial institutions above the investment level; the risk is therefore deemed low. For 2023 and 2022, the changes in loss allowances are as follows:

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Notes to Consolidated Financial Statements (Cont'd)

	Other receivables
Balance on 1 January 2023	\$ 41,092
Impairment loss recognized	2,624
Unrecoverable amount written-off during the year	(3,294)
Gains or loss on foreign currency translation	(597)
Balance on 31 December 2023	<u>\$ 39,825</u>
Balance on 1 January 2022	\$ 39,354
Impairment loss recognized	1,274
Gains or loss on foreign currency translation	464
Balance on 31 December 2022	<u>\$ 41,092</u>

2. Liquidity risks

The following table sets out the contractual maturity date for financial assets, including estimated interests but excluding the effects of netting agreements.

	Carrying amount	Contractu al cash flows	Within 6 months	6-12 months	1-2 years	3-5 years	Over 5 years
31 December 2023							
Non-derivative financial liabilities							
Short-term borrowings	\$ 465,725	466,065	466,065	-	-	-	-
Note payables	134,700	134,700	134,700	-	-	-	-
Account payables (including those to related parties)	192,235	192,235	192,235	-	-	-	-
Lease liabilities	103,815	108,677	20,021	11,711	17,838	13,563	45,544
Other payables (including those to related parties)	329,979	329,979	329,979	-	-	-	-
Long-term borrowings	899,766	913,785	12,889	900,896	-	-	-
Guarantee deposit received	21,593	21,593	-	-	-	-	21,593
	<u>\$ 2,147,813</u>	<u>2,167,034</u>	<u>1,155,889</u>	<u>912,607</u>	<u>17,838</u>	<u>13,563</u>	<u>67,137</u>
31 December 2022							
Non-derivative financial liabilities							
Short-term borrowings	\$ 725,183	728,118	657,440	70,678	-	-	-
Note payables	108,033	108,033	108,033	-	-	-	-
Account payables (including those to related parties)	239,104	239,104	239,104	-	-	-	-
Lease liabilities	88,212	97,959	13,367	8,863	14,661	12,492	48,576

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Notes to Consolidated Financial Statements (Cont'd)

	Carrying amount	Contractu al cash flows	Within 6 months	6-12 months	1-2 years	3-5 years	Over 5 years
Other payables (including those to related parties)	287,834	287,834	287,834	-	-	-	-
Long-term liabilities due within one year or one business cycle	899,231	936,503	11,734	11,934	912,835	-	-
Guarantee deposit received	23,999	23,999	-	-	-	-	23,999
	\$ 2,371,596	2,421,550	1,317,512	91,475	927,496	12,492	72,575

The Consolidated Company does not expect the time of occurrence for cash flows within the maturity date analysis to be materially ahead of time or the actual amount to be significantly different.

3. Currency risks

(1) Exposure to currency risks

Financial assets and liabilities of the Consolidated Company exposed to significant foreign currency risk are as follows:

	2023.12.31			2022.12.31		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	\$ 1,895	30.7100	58,153	1,959	30.7150	60,157
EUR:NTD	93	33.9930	3,146	486	32.7180	15,895
RMB:NTD	127,871	4.3280	553,428	126,986	4.4090	559,881
USD:RMB	-	7.0957	-	152	6.9664	4,661
AUD:NTD	177	20.9900	3,717	234	20.8310	4,867
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	1,488	30.7100	45,709	1,369	30.7150	42,060
EUR:NTD	7	33.9930	253	843	32.7180	27,596
USD:RMB	-	7.3092	-	405	6.9664	12,443

(2) Sensitivity analysis

The Consolidated Company's currency risk primarily arises from the foreign currency exchange gains or loss upon translation regarding the cash and cash equivalents, account receivables and other receivables, borrowings, account payables, and other payables denominated in foreign currencies. For 2023 and 2022, when the

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Notes to Consolidated Financial Statements (Cont'd)

functional currency depreciates or appreciates by 3% against USD and Euro, and all other variants remain unchanged, the net profits after tax for 2023 and 2022 will decrease or increase by NT\$13,749 thousand and NT\$13,521 thousand, respectively. The analysis for both periods adopted the same basis.

(3) Exchange profit or loss of monetary items

As the Consolidated Company possess multiple functional currencies, it discloses the exchange profit or loss of its monetary items on an aggregate basis. For 2023 and 2022, the net foreign currency exchange profit or loss (including those realized and unrealized) was NT\$20,799 thousand and NT\$5,497 thousand, respectively.

4. Interest rate analysis

The interest rate exposure for financial assets and financial liabilities of the Consolidated Company is described in the “Liquidity risk management” in this Note.

The following sensitivity analysis is based on the interest rate exposure for derivatives and non-derivatives on the Reporting Date. For floating-rate liabilities, the analyzing method assumed that the outstanding liabilities amounts on the Reporting Date are outstanding throughout the year.

When the interest rate increases or decreases by 0.5%, and all other variants remain unchanged, the net profits of the Consolidated Company for 2023 and 2022 will decrease or increase by NT\$1,997 thousand and NT\$5,997 thousand, respectively, primarily due to the variable-rate borrowings of the Company.

5. Other price risks

Changes in equity securities and bonds prices (the analysis for both periods adopts the same basis, and it is assumed that other variant factors remain unchanged) on the Reporting Date have the following effects on items of comprehensive income:

	2023		2022	
	Other comprehensive income after tax	Profit or loss after tax	Other comprehensive income after tax	Profit or loss after tax
Securities prices on the reporting date				
Increase by 5%	<u>\$ 1,878</u>	<u>3,108</u>	<u>1,775</u>	<u>3,387</u>
Decrease by 5%	<u>\$ (1,878)</u>	<u>(3,108)</u>	<u>(1,775)</u>	<u>(3,387)</u>

6. Information on fair value

(1) Category and fair value of financial instruments

Financial assets at fair value through other comprehensive income of the Consolidated Company are measured at fair value on a repetitive basis. The carrying

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Notes to Consolidated Financial Statements (Cont'd)

amount and fair value of the Consolidated Company's financial assets (including information on the level of fair value, but the carrying amount of financial assets not measured at fair value shall be the reasonable equivalent to its fair value, and no information on the fair value of lease liabilities is required to be disclosed according to the rules) are set out as follows:

	2023.12.31				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Gold passbook	\$ 10,490	10,490	-	-	10,490
Foreign listed shares	51,677	51,677	-	-	51,677
Subtotal	62,167	62,167	-	-	62,167
Financial assets at fair value through other comprehensive income					
Domestic listed corporate bonds	15,086	15,086	-	-	15,086
Domestic listed shares	12,472	12,472	-	-	12,472
Domestic non-listed shares	10,000	-	-	10,000	10,000
Subtotal	37,558	27,558	-	10,000	37,558
Financial assets at amortized costs					
Cash and cash equivalents	1,705,602	-	-	-	-
Domestic corporate bonds	20,000	-	-	-	-
Net note and account receivables (including those to related parties)	864,274	-	-	-	-
Other financial assets-Current (including restricted assets)	330,140	-	-	-	-
Other financial assets-Non-current	38,429	-	-	-	-
Subtotal	2,958,445	-	-	-	-
Total	\$ 3,058,170	89,725	-	10,000	99,725
Financial liabilities at amortized costs					
Long-term and short-term borrowings (including borrowings due within one year)	\$ 1,365,491	-	-	-	-
Note and account payables (including those to related parties)	326,935	-	-	-	-
Other payables (including those to related parties)	329,979	-	-	-	-
Guarantee deposit received	21,593	-	-	-	-

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	2023.12.31				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Lease liabilities	104,606	-	-	-	-
Total	\$ 2,148,604	-	-	-	-
	2022.12.31				
	Carrying amount	Fair value		Carrying amount	Carrying amount
		Level 1	Level 1		
Financial assets at fair value through profit or loss					
Gold passbook	\$ 9,016	9,016	-	-	9,016
Foreign listed shares	58,730	58,730	-	-	58,730
Subtotal	67,746	67,746	-	-	67,746
Financial assets at fair value through other comprehensive income					
Domestic listed corporate bonds	14,729	14,729	-	-	14,729
Domestic listed shares	10,774	10,774	-	-	10,774
Domestic non-listed shares	10,000	-	-	10,000	10,000
Subtotal	35,503	25,503	-	10,000	35,503
Financial assets at amortized costs					
Cash and cash equivalents	1,785,126	-	-	-	-
Net note and account receivables (including those to related parties)	676,577	-	-	-	-
Other financial assets-Current(including restricted assets)	339,426	-	-	-	-
Other financial assets-Non-current	34,722	-	-	-	-
Subtotal	2,835,851	-	-	-	-
Total	\$ 2,939,100	93,249	-	10,000	103,249
Financial liabilities at amortized costs					
Long-term and short-term borrowings (including borrowings due within one year)	\$ 1,624,414	-	-	-	-
Note and account payables (including those to related parties)	347,137	-	-	-	-
Other payables (including those to related parties)	274,055	-	-	-	-
Guarantee deposit received	23,999	-	-	-	-

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	2022.12.31				
	Carrying amount	Fair value		Carrying amount	Carrying amount
		Level 1	Level 1		
Lease liabilities	88,212	-	-	-	-
Total	\$ 2,357,817	-	-	-	-

(2) Valuation techniques for the fair value of financial instruments at fair value

When the financial instrument has an active market quotation, its fair value shall be the active market quotation. Market prices announced by primary securities exchanges and Central Government Gre Tai Securities Market for securities determined as popular are the bases for the fair value of listed equity instruments and debt instruments with active market quotations.

Where the quotation of the financial instrument may be acquired timely and regularly from securities exchanges, agents, underwriters, industry associations, pricing service institutions, or competent authorities, and the price represents the actual and regular fair market transaction, the financial instrument has an active market quotation. When the conditions above are not fulfilled, the market is not active. In general, any significant increase in the differences between sales and purchase prices or minor transaction volume are indicators for an inactive market.

Except for financial instruments with active market above, the fair value of other financial instruments is obtained via valuation techniques or referring to the quotation from transaction counterparties. The fair value obtained via valuation techniques may refer to the current fair value of financial instruments with substantially similar conditions and characteristics, discounted cash flow method, or other valuation techniques, including the calculation based on market information model available on the Consolidated Reporting Date (such as TPEX's reference yield curve and average quotation for interest rates of commercial notes by Reuters).

For financial instruments with no active market held by the Consolidated Company, their fair value by category and nature is set out as follows:

- Equity instruments with no open quotation: The estimation of the fair value adopts the discounted cash flow model, in which the primary assumption is discounting the expected future cash flows of the investee at the return rate that reflects the monetary time value and investment risks.

(3) There is no changes in the Consolidated Company's Level 3 financial assets.

(4) Quantitative information on the fair value measurement of significant unobservable

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inputs (Level 3)

The fair value measurement of the Consolidated Company categorized into Level 3 primarily comprises of financial assets at fair value through profit or loss – investments in equity securities, derivative financial instruments, and financial assets available for sale - investments in equity securities.

The majority of the fair value of the Consolidated Company categorized into Level 3 merely has a single significant unobservable input, while equity instruments with no open quotation have multiple significant unobservable inputs. Significant unobservable inputs of equity instruments with no active market have no connectivity as they are independent.

Quantitative information on significant unobservable inputs is set out in the following table:

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Relationship between significant unobservable input and fair value</u>
Financial assets at fair value through other comprehensive income (financial assets available for sale) – Investments in equity instruments with no active market	Discounted cash flow method	<ul style="list-style-type: none"> · Long-term growth rate for operating income (1.5% on 31 December 2023 and 2022) · Weighted average capital costs (3.8% on 31 December 2023 and 2022) · Long-term operating net profit before tax (1.5% on 31 December 2023 and 2022) · Discount for lack of marketability (27.2% on 31 December 2023 and 2022) · Discount for minority equity (24.4% on 31 December 2023 and 2022) 	<ul style="list-style-type: none"> · The higher the multiplier and control premium, the higher the fair value · The higher the discount for lack of marketability, the lower the fair value · The higher the weighted marketability, the lower the fair value · The higher the long-term growth rate for operating income and long-term operating net profit before tax, the higher the fair value

(5) The sensitivity analysis of fair value based on reasonable substituting assumptions regarding the measurement of Level 3 fair value

The fair value measurement for the Consolidated Company's financial instruments

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is reasonable; however, valuation results may differ when using different valuation models or valuation parameters. For financial instruments categorized into Level 3, the effects on profit or loss or other comprehensive income for the period arising from the changes in valuation parameters are as follows:

	Inputs	Upward or downward changes	Changes in fair value reflected in other comprehensive income	
			Favorable changes	Unfavorable changes
31 December 2023				
Financial assets at fair value through other comprehensive income				
Investments in equity instruments with no active market	Long-term growth rate for operating income	5%	500	(500)
Investments in equity instruments with no active market	Discount for lack of marketability	5%	818	(818)
Investments in equity instruments with no active market	Discount for minority equity	5%	788	(788)
31 December 2022				
Financial assets at fair value through other comprehensive income				
Investments in equity instruments with no active market	Long-term growth rate for operating income	5%	500	(500)
Investments in equity instruments with no active market	Discount for lack of marketability	5%	818	(818)
Investments in equity instruments with no active market	Discount for minority equity	5%	788	(788)

Favorable and unfavorable changes for the Consolidated Company refer to the fluctuation in fair value, and the fair value is calculated using valuation techniques based on different levels of unobservable inputs. When the fair value of the financial instruments is affected by more than one input, the above table merely reflects the effects generated from the changes in a single input, without considering the relevance and variability between inputs.

(6) There is no fair value measurement transfer during 2023 and 2022.

(23) Financial risk management

1. Summary

The Consolidated Company is exposed to the following risks due to the use of financial instruments:

- (i) Credit risk
- (ii) Liquidity risk

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(iii) Market risk

This note presents the exposure information, the Consolidated Company's objectives for measuring and managing risks, policies, and procedures regarding the above risks. For details on further qualitative disclosures, please refer to the respective notes in the consolidated financial statements.

2. Risk management structure

The Board is fully responsible for establishing and supervising the risk management structure of the Consolidated Company. The finance department of the Consolidated Company shall provide services for each business, coordinate the operations in domestic and international financial markets, supervise and manage financial risks related to combined operations in accordance with the internal risk report related to risk exposures based on the level and width of risks, and regularly report its operations to the Board.

The Consolidated Company's risk management policies are established to identify and analyze the financial risks faced by the Consolidated Company, evaluate the effects of financial risks, and execute relevant hedging policies for financial risks. The risk management policies are regularly reviewed to reflect the changes in market conditions and the Consolidated Company's operations. The Consolidated Company develops a disciplinary and constructive control environment through training, management standards, and operating procedures to allow all employees to understand their roles and obligations.

The Board of the Consolidated Company supervises how the management monitors the compliance with the Consolidated Company's financial risk management policies and procedures and reviews the appropriateness of the financial risk management structure related to risks faced by the Consolidated Company. Internal auditors assist the Board of the Consolidated Company in supervision. The auditors conduct reviews on financial risk management control and procedures regularly and from time to time and report to the Board regarding the review results.

3. Credit Risk

Credit risks refer to risks of financial losses incurred to the Consolidated Company when customers or the transaction counterparties failed to perform their contractual obligations for financial instruments, primarily arising from the Consolidated Company's account receivables from customers and investments in securities.

(1) Account receivables and other receivables

The Consolidated Company's exposure to credit risks is primarily affected by the individual conditions of each customer. However, the management also considered the

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basic statistics of the Consolidated Company's customers, including the default risk in the industries and countries where the customers operate, as such factors may affect credit risks.

The Consolidated Company has established its credit loan policies, according to the policies, before offering the standard payment and delivery conditions and terms, the Consolidated Company has to individually analyze the credit rating for any new customer. The review conducted by the Consolidated Company includes, when available, the external rating, and under certain circumstances, notes from banks. The procurement limits are established for individual customers, representing the maximum outstanding amount that is exempted from the approval of the Risk Management Committee. Such limitations are regularly reviewed. Customers not qualified for the Consolidated Company's standard credit ratings may only carry out transactions with the Company on a prepayment basis.

When monitoring the credit risks of customers, the Consolidated Company divides customers into groups based on their credit characteristics, including whether they are individuals or corporates, whether they are distributors, retailers, or end customers, the regions, industries, account ages, expiry dates, and financial difficulties existed in the past. The Consolidated Company's account receivables and other receivables primarily arising from customers who are distributors of the Company.

The Consolidated Company has a loss allowance account to reflect the estimation for losses incurred on account receivables, other receivables, and investments. The allowance account mainly comprises particular loss components related to exposures that are individually significant and portfolio loss components established for losses incurred but not yet identified regarding the similar asset groups. The portfolio loss allowance account is determined based on the historical payment statistics of similar financial assets. However, as the sales targets for transactions are not centralized with one customer, there is no significant concentration of credit risks for account receivables.

(2) Investments

Credit financing for bank deposits and other financial instruments is measured and monitored by the finance department of the Consolidated Company. As the transaction counterparties and other performing parties of the Consolidated Company are banks and financial institutions and company organizations at the investment level and above with healthy credit, there is no significant risk related to performance, and therefore there is

Champion Building Materials Co., Ltd. and Its Subsidiaries
Notes to Consolidated Financial Statements (Cont'd)

no significant credit risk.

4. Liquidity Risks

Liquidity risks are risks of being unable to perform relevant obligations when the Consolidated Company is not capable of settling financial liabilities by the delivery of cash or other financial assets. The method adopted by the Consolidated Company to manage its liquidity is to ensure the Consolidated Company maintains sufficient working capital to pay for the liabilities falling due under general and pressured circumstances as possible without causing risks of unacceptable losses or compromising the Consolidated Company's reputation.

As of 31 December 2023 and 2022, the unutilized borrowing limit of the Consolidated Company in aggregate was NT\$1,013,587 thousand and NT\$962,899 thousand.

5. Market risks

Market risks refer to risks related to effects on the revenue of or value of financial instruments held by the Consolidated Company due to changes in market prices, such as changes in exchange rates, interest rates, and prices of equity instruments.

To manage its market risks, the Company engages in derivative transactions, and thus incurring financial liabilities. The execution of all transactions is in compliance with the Board's instruction.

(1) Currency risks

The Consolidated Company is exposed to currency risks arising from sales, procurements, and borrowing transactions not denominated in group entities' functional currencies. The group entities' functional currency is primarily NTD; USD and RMB are also included. Such transactions are primarily denominated in currencies such as NTD; RMB and USD are also included.

Borrowing interests are calculated based on the currency of the borrowing's principals. In general, the currency of borrowings is the same as the currency of cash flows arising from the Consolidated Company's operations, primarily NTD, RMB, and USD. Under such circumstances, the Company provides economic hedging without entering into derivatives, and no hedging account is therefore adopted.

For monetary assets and liabilities denominated in other foreign currencies, when temporary unbalance occurred, the Consolidated Company ensures the net exposure is maintained at an acceptable standard through instant purchases of currencies or sales of foreign currencies.

Champion Building Materials Co., Ltd. and Its Subsidiaries
Notes to Consolidated Financial Statements (Cont'd)

(2) Interest rate risks

The entities within the Consolidated Company have borrowings at fixed and floating rates, and therefore give rise to risks related to changes in fair value and cash flows. The Consolidated Company manages its interest rate risks by maintaining an appropriate portfolio of fixed and floating rates.

(3) Other market price risks

Responding to the expected consumption and sales demand, the Consolidated Company has not entered into any product contract; such product contracts are delivered at net value.

(24) Capital Management

The capital management objective of the Consolidated Company is to ensure its ability for ongoing operations, so as to continuously provide returns for Shareholders and other stakeholders and maintain the optimal capital structure for reducing its capital costs.

To maintain or adjust its capital structure, the Consolidated Company may adjust dividends paid to Shareholders, carry out capital reduction and return capitals contributed by Shareholders, issue new shares, or sell assets to settle liabilities. Identical with the companies within the industry, the Consolidated Company controls its capital based on its gearing ratio. The ratio is calculated based on net liabilities divided by total capital. Net liabilities shall be the total liabilities presented in the balance sheet less cash and cash equivalents.

Total capital is all components of equity (i.e., share capital, capital reserve, retained earnings, other equity, and non-controlling interests) plus net liabilities.

The capital management policy of the Consolidated Company for 2023 is consistent with that of 2022 to ensure acquiring financing at reasonable costs. As at 31 December 2023 and 2022, the gearing ratio is as follows:

	<u>2023.12.31</u>	<u>2022.12.31</u>
Total liabilities	\$ 2,596,417	2,886,206
Less: Cash and cash equivalents	<u>(1,705,602)</u>	<u>(1,785,126)</u>
Net liabilities	890,815	1,101,080
Total equity	<u>5,447,328</u>	<u>5,447,014</u>
Total assets	<u>\$ 6,338,143</u>	<u>6,548,094</u>
Gearing Ratio	<u>14.05%</u>	<u>16.82%</u>

No alteration is made to the methods for capital management of the Consolidated Company has not as of 31 December 2023.

Champion Building Materials Co., Ltd. and Its Subsidiaries
Notes to Consolidated Financial Statements (Cont'd)

(7) Transactions with Related Parties

(1) Name and relationship of related parties

The related parties having transactions with the Consolidated Company during the period covered by the consolidated financial statements are as follows:

<u>Name of related parties</u>	<u>Relationship with the Consolidated Company</u>
LIN, JUNG-TE	Chairman of the Company
LIN, YOU-YU	A Director at the Company
Seagull Champion Limited	An associate

(2) Significant transactions with related parties

1. Operating income

Significant sales of the Consolidated Company made to related parties are as follows:

	<u>2023</u>	<u>2022</u>
Seagull Champion	<u>\$ 1,797</u>	<u>2,443</u>

Transaction conditions for sales made to its associates are no different from the general transactions. The repetitive sales and purchase amounts with the same manufacturing batch number in income from sales to associates are presented with net purchases.

2. Purchases

The purchases from the related parties by the Consolidated Company are as follows:

	<u>2023</u>	<u>2022</u>
Seagull Champion	<u>\$ 5,231</u>	<u>53,028</u>

Transaction conditions for purchases from its associates are no different from the general transactions. The repetitive sales and purchase amounts with the same manufacturing batch number in purchase amounts from associates are presented with net income.

3. Amount due from related parties

Amount due from related parties of the Consolidated Company is detailed as below:

<u>Accounting item</u>	<u>Category of related parties</u>	<u>2023.12.31</u>	<u>2022.12.31</u>
Account receivables	Associates	\$ 11,579	30,139
Other receivables (accounted for as other financial assets-Current)	Associates	13,691	35,710
		<u>\$ 25,270</u>	<u>65,849</u>

Champion Building Materials Co., Ltd. and Its Subsidiaries
Notes to Consolidated Financial Statements (Cont'd)

4. Amount due to related parties

Details on the amount due to related parties of the Consolidated Company are as follows:

<u>Accounting item</u>	<u>Category of related parties</u>	<u>2023.12.31</u>	<u>2022.12.31</u>
Account payables	Associate	\$ 18,678	44,643
Other payables	Associate	17,193	13,779
		<u>\$ 35,871</u>	<u>58,422</u>

5. Others (accounted for as other gains and losses)

(1) Rental charged by the Consolidated Company for leasing plants and equipment to related parties is as follows:

<u>Name of related parties</u>	<u>2023</u>	<u>2022</u>
Seagull Champion	\$ 40,575	27,948

The above rental has been accounted for as other gains and losses.

(2) Service fees for accounting affairs executed by related parties upon being engaged by the Consolidated Company is as follows:

<u>Name of related parties</u>	<u>2023</u>	<u>2022</u>
Seagull Champion	\$ 1,592	1,602

6. Others

For status of the real estate registered under other related parties of the Consolidated Company, please refer to Note 6(8).

(3) Transactions with executives

	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$ 11,707	11,729
Post-employment benefits	168	168
Other long-term benefits	1,759	3,346
	<u>\$ 13,634</u>	<u>15,243</u>

Champion Building Materials Co., Ltd. and Its Subsidiaries
Notes to Consolidated Financial Statements (Cont'd)

(8) Pledged Assets

The carrying amount of the Consolidated Company's assets pledged for security is detailed as follows:

<u>Title of assets</u>	<u>Target of pledge</u>	<u>2023.12.31</u>	<u>2022.12.31</u>
Other financial assets-Current	Guarantee for borrowings	\$ 126,663	138,189
Investment properties	"	81,463	81,463
Property, plant and equipment	"	1,112,840	1,161,518
Right-of-use assets (land use right)	"	11,409	12,028
Other financial assets-Current	Guarantee for industrial innovation projects	24,237	-
		<u>\$ 1,356,612</u>	<u>1,393,198</u>

(9) Significant Contingent Liabilities and Unrecognized Contractual Commitments

(1) Significant unrecognized contractual commitments:

1. The balances of unused letter of credits issued by the Consolidated Company for the purchase of raw materials and equipment are detailed as follows:

	<u>2023.12.31</u>	<u>2022.12.31</u>
Unused letter of credits issued		
USD	<u>\$ 691</u>	<u>201</u>
EUR	<u>\$ 89</u>	<u>122</u>
NTD	<u>\$ 3,424</u>	<u>-</u>

2. Guarantee notes issued by the Consolidated Company for bank borrowings, purchase of machinery, and sales performance guarantees are detailed as follows:

	<u>2023.12.31</u>	<u>2022.12.31</u>
Guaranteed notes submitted	<u>\$ 246,910</u>	<u>204,446</u>

3. Guarantee notes received incurred to the Consolidated Company for sales to distributors, purchase of machinery and equipment, and construction warranty are detailed as follows:

	<u>2023.12.31</u>	<u>2022.12.31</u>
Guarantee notes received	<u>\$ 495,966</u>	<u>457,120</u>

Champion Building Materials Co., Ltd. and Its Subsidiaries
Notes to Consolidated Financial Statements (Cont'd)

4. The total contracted amount of material constructions undertaken by the Campion Group and the payments collected according to the contracts are as follows:

	2023.12.31	2022.12.31
Consideration of contracts entered into	\$ 421,380	201,901
Amount collected according to the contract	\$ 5,333	7,219

5. The total consideration for contracts entered into by the Consolidated Company and unpriced amount for purchases of equipment, construction of office building, and plant renovation are as follows:

	2023.12.31		2022.12.31	
	Total contract consideration	Unpriced amount	Total contract consideration	Unpriced amount
EUR	\$ 7,243	6,282	314	215
USD	-	-	7	-
NTD	119,340	52,905	57,728	23,795
RMB	6,928	6,235	4,550	4,095

(2) Significant or contingent liabilities:

1. Heng Shiang Co., Ltd (the “Heng Shiang Company”) initiated civil litigation at Taiwan Miaoli District Court on 4 December 2014 for requesting the confirmation regarding the existence of the distribution relationships between both parties, and a damage compensation of NT\$32,851 thousand and inventory consideration of NT\$14,033 thousand. After the first trial on 25 August 2016, the Court reached the verdict that the Consolidated Company won the litigation for requesting the confirmation regarding the existence of the distribution relationships between both parties and the damage compensation. In addition, the Consolidated Company lost the litigation for requesting the inventory consideration; the compensation amount sentenced included the lease expenses for preserving the inventories of NT\$1,690 thousand and the inventory consideration of NT\$11,987 thousand. The Consolidated Company and Heng Shiang Company both lodged an appeal. On 3 July 2018, for the appeals from both parties, Taiwan High Court maintained the judgment regarding the compensation for the lease expenses for preserving the inventories of NT\$1,690 thousand and the inventory consideration of NT\$11,987 thousand by the Consolidated Company. Furthermore, the Consolidated Company was also sentenced to compensate for the distribution subsidy differences of NT\$3,965 thousand in the request items within the appeal proposed by Heng Shiang Company. Both

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Notes to Consolidated Financial Statements (Cont'd)

the Consolidated Company and Heng Shiang Company appealed against the appellate court's judgment and further appealed to the High Court for a second trial. On 20 July 2022, the High Court ruled that the Consolidated Company shall pay NT\$11,987 thousand for the inventory, and the remaining claims from both parties were dismissed. However, Heng Shiang Company, dissatisfied with the civil judgment of the High Court, filed additional appeal (third trial) with the High Court on 15 September 2022. As of 31 December 2023, the Consolidated Company has an estimated loss of NT\$12,014 thousand for the recovery of the said inventory in accordance with the judgment, which is recognized under other payables.

(10) Significant Disaster Loss: None.

(11) Significant Events After the Period: None.

(12) Others

(1) The functions of employee benefits, depreciation, and amortized expenses are summarized as follows:

Function Nature	2023			2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit expenses						
Salary expenses	\$ 340,690	125,372	466,062	330,374	119,376	449,750
Labor and health insurance expenses	40,563	12,421	52,984	38,742	11,689	50,431
Pension expenses	12,339	6,229	18,568	12,879	6,090	18,969
Other employee benefit expenses	32,827	6,808	39,635	28,897	7,118	36,015
Depreciation expenses	179,476	63,628	243,104	190,476	59,403	249,879
Amortization expenses	16,045	12,961	29,006	17,724	10,604	28,328

1. For 2023 and 2022, the depreciation under operating costs is breakdown losses of NT\$83,891 thousand and NT\$92,780 thousand, respectively.

2. In the fiscal year 2023 and 2022, the Consolidated Company recorded depreciation expenses of NT\$128,367 thousand and NT\$125,320 thousand, respectively, for the rental of factory buildings and equipment to related parties. These expenses were accounted for as other gains and losses.

(13) Supplementary Disclosures

(1) Information on Significant Transactions

Champion Building Materials Co., Ltd. and Its Subsidiaries

Notes to Consolidated Financial Statements (Cont'd)

For 2023, information related to significant transactions of the Consolidated Company to be disclosed according to the requirements under the Regulations Governing the Preparation of Financial Reports by Securities Issuers is as follows:

1. Loan to others:

No	Lender	Borrower	Current item	Whether the borrower is a related party	Maximum amount for the period	Closing balances	Actual amount utilized	Interest rate range	Loan nature	Amount for business contact	Reason for the requirement of short-term financing	Amount provided for loss allowances	Collateral		Loan limit to the respective borrower	Total limit for loans
													Name	Value		
0	The Company	Sinyih China	Other receivables	Yes	562,640	432,800	346,240	4.8%	Note 1	-	Working capital	-	-	-	1,089,466	2,178,931
1	The Company	Champion Highwealth	Other receivables	Yes	100,000	100,000	40,000	3.1%	Note 1	-	Working capital	-	-	-	1,089,466	2,178,931
1	The Company	Guan Zhong Trading	Other receivables	Yes	60,000	60,000	10,000	3.1%	Note 1	-	Working capital	-	-	-	1,089,466	2,178,931
	The Company	Wei Xun	Other receivables	No	7,000	7,000	6,627	2.0%	Note 1	-	Working capital	-	-	-	1,089,466	2,178,931
	The Company	Fan Yang	Other receivables	No	2,000	2,000	1,929	2.0%	Note 1	-	Working capital	-	-	-	1,089,466	2,178,931
1	SWANVIEW	Sinyih China	Other receivables	Yes	147,408	147,408	147,408	2.5%-3%	Note 1	-	Working capital	-	-	-	508,376	508,376
1	SWANVIEW	Sinyih Penglai	Other receivables	Yes	74,625	13,205	-	-	Note 1	-	Working capital	-	-	-	508,376	508,376
2	Sinyih China	Xiaoxian Huaguan	Other receivables	Yes	43,280	43,280	15,767	-	Note 1	-	Working capital	-	-	-	459,227	459,228
2	Sinyih China	Champion Anhui	Other receivables	Yes	216,400	173,120	111,027	-	Note 1	-	Working capital	-	-	-	459,227	459,228
3	Sinyih Penglai	Sinyih China	Other receivables	Yes	1,038,720	1,038,720	855,406	-	Note 1	-	Working capital	-	-	-	1,527,588	1,527,588

Note 1: Companies with requirements of short-term financing.

Note 2: The total loans provided by the Company shall not exceed 40% of the Company's net value. Loan limits to individual borrowers shall not exceed 20% of the Company's net value.

Note 3: Except for Sinyih Penglai, the total loans provided by subsidiaries and loan limits to individual borrowers shall not exceed 40% of the subsidiaries' net value.

Note 4: The total loans provided by Sinyih Penglai and loan limits to individual borrowers shall not exceed 120% of the subsidiaries' net value.

2. Endorsement and guarantee for others:

No.	Name of the company providing the endorsement and guarantee	Counterparty for the endorsement and guarantee		Limits for the endorsement and guarantee provided to a single enterprise	Maximum balances of the endorsement and guarantee for the period	Closing balances of the endorsement and guarantee for the period	Actual amount utilized	Amount of endorsement and guarantee secured by properties	Ratio of accumulated endorsement and guarantee on the net value of the latest financial statements	Cap for endorsement and guarantee	Endorsement and guarantee provided by the parent company to its subsidiaries	Endorsement and guarantee provided by subsidiaries to its parent company	Endorsement and guarantee provided in the Mainland region
		Name of the company	Relationship										
0	The Company	Guan Zhong Trading	1	1,634,198	110,633	90,633	3,011	-	1.67%	2,723,664	Y	N	N
0	The Company	Champion Highwealth	1	1,634,198	30,710	15,355	13,391	-	0.28%	2,723,664	Y	N	N
0	The Company	Guang Duo Li Co., Ltd.	3	1,634,198	25,966	25,966	559	-	0.48%	2,723,664	N	N	N
0	The Company	Gao Yu Wang Co., Ltd.	3	1,634,198	5,900	5,900	-	-	0.11%	2,723,664	N	N	N

Note 1: The cap for endorsement and guarantee provided by the Company shall be 50% of the Company's net value; limits for the endorsement and guarantee provided to a single enterprise shall be 30% of the Company's net value.

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Notes to Consolidated Financial Statements (Cont'd)

Note 2: The relationship between the company providing the endorsement and guarantee and the counterparty of the endorsement and guarantee is as follows:

1. The Company, directly and indirectly, holds 50% of the shares with voting rights of the company.
2. Companies, directly and indirectly, hold 50% of the shares with voting rights of the Company.
3. Companies with business contacts.

3. Securities held at the end of the period (excluding investments in the equity of subsidiaries, associates, and joint ventures):

Unit: thousand shares/NT\$ thousand

Holding company	Category and name of securities	Relationship with the securities issuer	Accounting item	At the end of the Period				Maximum shareholding or capital contribution during the period	Remarks
				Number of shares	Carrying amount	Shareholding	Fair value		
The Company	Shares - Kwong Fong Industries Corporation	-	Financial assets at fair value through other comprehensive income-Current	1,061	12,472	0.57 %	12,472	0.57 %	
"	Shares - KHH Arena Corporation	-	Financial assets at fair value through other comprehensive income-Non-current	1,000	10,000	0.40 %	10,000	0.40 %	
"	Bond-TSMC Corporation Arizona	-	Financial assets at fair value through other comprehensive income-Current	-	15,086	- %	15,086	- %	
"	unsecured subordinated financial bonds of Shin Kong Life Insurance Co., Ltd.	-	Financial assets measured at amortized cost- Non-current	-	20,000	- %	20,000	- %	
Sinyih China	Shares - Seagull Kitchen and Bath Products Co., Ltd.	-	Financial assets measured at fair value through profit or loss-Current	3,000	51,677	0.46 %	51,677	0.46 %	
"	Gold Passbook	-	"	-	10,490	- %	10,490	- %	

Note: The carrying amount is the balance after deducting the accumulated impairments.

4. Amount of cumulative purchases or sales of the identical securities reaching NT\$3 million or 20% of the paid-up capital and above: None.
5. Amount of properties acquired reaching NT\$3 million or 20% of the paid-up capital and above: None.
6. Amount of disposals of properties reaching NT\$3 million or 20% of the paid-up capital and above: None.
7. Amount of purchases or sales with related parties reaching NT\$1 million or 20% of the paid-up capital and above: None.
8. Amount due from related parties reaching NT\$1 million or 20% of the paid-up capital and above:

Unit: NT\$ thousand

Company with amount receivables accounted for	Name of the transaction counterparty	Relationship	Balances of amounts due from related parties	Turnover rate	Overdue amount due from related parties		Amount due from related parties recovered after the period	Amount of loss allowances provided
					Amount	Handling method		
The Company	Sinyih China	Subsidiary	360,292	Note	-	-	-	-
SWANVIEW	Sinyih China	Subsidiary	151,762	Note	-	-	-	-
Sinyih Penglai	Sinyih Penglai	Subsidiary	868,461	Note	-	-	-	-
Sinyih Penglai	Sinyih China	Parent	103,056	Note	-	-	-	-

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Notes to Consolidated Financial Statements (Cont'd)

Note: No turnover rate is available as the amount receivables were not incurred due to purchases or sales.

9. Derivative transactions: None.

10. Business relationships and significant transactions between the parent company and its subsidiaries:

No.	Name of the counterparty of transactions	Counterparty of transactions	Relation ship with the counterparty of transactions	Transactions			
				Item	Amount	Transaction conditions	Ratio to the consolidated total operating income or total assets
0	The Company	Sinyih China	1	Other receivables-Related parties	360,292	Equivalent to that of general transactions	4.51%
	The Company	Guan Zhong Trading	1	Other receivables-Related parties	10,000	"	0.13%
	The Company	Champion Highwealth	1	Other receivables-Related parties	40,579	"	0.51%
1	SWANVIEW	Sinyih China	3	Other receivables-Related parties	151,762	"	1.90%
2	Sinyih China	Sinyih Penglai	3	Other payables-Related parties	868,461	"	10.86%
2	Sinyih China	Champion Anhui	3	Other receivables-Related parties	103,056	"	1.29%
2	Sinyih China	Xiaoxian Huaguan	3	Other receivables-Related parties	15,767	"	0.20%

Note 1: The "No." is filled in according to the following manner:

- (i) 0 represents the parent company.
- (ii) Numbering of subsidiaries starts from 1 under the Arabic numeral system.

Note 2: the categories with the counterparty of transactions is set out as follows:

- (i) Parent company to subsidiaries.
- (ii) Subsidiaries to parent company.
- (iii) Subsidiaries to subsidiaries.

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Notes to Consolidated Financial Statements (Cont'd)

(2) Information on Investee Companies:

Information related to the Consolidated Company's investment businesses for 2023 is as follows (excluding investee companies in Mainland):

Unit: thousand shares/NT\$ thousands

Name of the investing company	Name of the investee company	Location	Primary scope of business	Initial investment amount		Held at the end of the period			Profit or loss for the investee company during the period	Profit or loss for the investee company during the period	Investment gains or losses recognized for the period	Note
				At the end of the period	At the end of the previous year	Number of shares	Percentage	Carrying amount				
The Company	SWANVIEW	British Virgin Islands	Holding company	3,033,281	3,033,281	93,906	100.00%	1,270,941	100.00%	(247,044)	(247,044)	
The Company	Tai Yu Investment	Taiwan	General investments	41,986	41,986	4,198	39.98%	89,958	39.98%	(8,504)	(3,400)	
The Company	Guan Zhong Trading	Taiwan	International trade	96,000	96,000	9,600	100.00%	85,987	100.00%	(1,599)	(1,599)	
The Company	Champion Highwealth	Taiwan	Cement, metal structure, and building component manufacturing	48,000	48,000	4,800	100.00%	16,933	100.00%	(8,131)	(8,131)	
SWANVIEW	SUPER	British Virgin Islands	Holding company	894,743	894,189	-	100.00%	164,605	100.00%	8	Exempted from filling according to the requirements	

Note: The transactions above were written-off upon the preparation of the consolidated financial statements.

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Notes to Consolidated Financial Statements (Cont'd)

(3) Information on Investments in Mainland China:

1. Information related to investments in businesses in the Mainland region:

Name of the investee company in Mainland	Primary scope of business	Paid-up capital	Investment method	Accumulated investment amount remitted from Taiwan at the beginning of the period	Investment amount remitted or recovered during the period		Accumulated investment amount remitted from Taiwan at the end of the period	Profit or loss for the investee company during the period	Shareholding of the direct or indirect investments from the Company	Maximum shareholding or capital contribution during the period	Investment gains or losses recognized for the period	Carrying amount of investments at the end of the period	Investment gains remitter to Taiwan for the period
					Remitted	Recovered							
Sinyih China	Production and sales of ceramics for daily use, art ceramics, electrical porcelain, refractories and heat insulators, acid and alkali resistance ceramic tiles, mosaic tiles, and other building materials	1,689,050 (USD55,000)	Note 1	1,463,393 (USD47,652)	-	-	1,463,393 (USD47,652)	(108,309)	100.00%	100.00%	(108,309)	1,148,067	-
Sinyih Penglai	Production and sales of high-end sanitary porcelain, new model architectural ceramics, high-end sanitary porcelain, and ceramic products, and R&D for relevant new products	1,372,737 (USD44,700)	Note 2	222,955 (USD7,260)	-	-	222,955 (USD7,260)	(25,202)	100.00%	100.00%	(25,202)	1,272,990	-
Champion Anhui	Production of new decoration and fitting materials, high-end sanitary porcelain, premium plastic composite doors and windows, fine blanking die, precision cavity mold, ceramic products, and alumina ball, and sales of self-produced products, and sales of self-produced products	1,938,016 (USD63,107)	Note 1	378,931 (USD12,339)	-	-	378,931 (USD12,339)	(95,015)	100.00%	100.00%	(95,015)	540,550	-
Xiaoxian Huaguan	Sales of kaolinite, magnet, feldspar, and silica sand	226,354 (CNY52,300)	Note 4	-	-	-	-	(13,296)	100.00%	100.00%	(13,296)	99,143	-
Seagull Champion Limited	Daily-use ceramics, artistic ceramics, refractories, acid-resisting and alkali-resisting tiles, mosaics, and other building materials.	865,600 (CNY200,000)	Note 7	-	-	-	-	(224,142)	43.46%	43.46%	(97,413)	285,993	-

Unit: NT\$ thousand

2. Limits on investments in the Mainland region:

Accumulated investment amount remitted from Taiwan to the Mainland region at the end of the period	Investment amount approved by the Investment Commission, MOEA	Limits for investment in the Mainland region according to the requirements of the Investment Commission, MOEA
2,120,863 (USD69,061)	3,314,653 (USD107,934)	3,268,397

USD exchange rate: US\$1:NT\$30.710; RMB exchange rate: RMB1:NT\$4.328

Champion Building Materials Co., Ltd. and Its Subsidiaries

Notes to Consolidated Financial Statements (Cont'd)

Note 1: Investments in Mainland companies made through investing in the establishment of a company in a third region.

Note 2: Refer to the return on investments regarding investments made through investing in the establishment of a company in a third region of NT\$257,784 thousand (US\$8,150 thousand), cash investments of NT\$229,633 thousand (US\$7,260 thousand), and investments in Sinyih China of NT\$926,443 thousand (US\$24,290 thousand).

Note 3: The portion of investment gains or losses recognized for the period related to Sinyih China includes 70% of the investment return of Sinyih Penglai; the portion related to Sinyih Penglai is the 30% of investments regarding investments made through investing in the establishment of a company in a third region, and was recognized using equity method based on the financial statements of the above investee companies for the same period certified based on CPAs.

Note 4: Refer to the 100% investments in Sinyih China.

Note 5: According to the relevant requirements under the “Review Principles for Investments or Technical Cooperation in the Mainland Region” amended by the Investment Commission on 29 August 2008, the investment limits in the Mainland region shall be the higher of the Company’s net value and 60% of the Consolidated Company’s net value.

Note 6: Jinyuan Ceramics was derecognized on 31 December 2017; however, the Company has not made alteration registration with the Investment Commission; therefore, the accumulated investment amount remitted from Taiwan to the Mainland region at the end of the period still includes its initial investment amount of US\$1,810 thousand.

Note 7: Refer to 43.46% of the investments held through Sinyih China.

3. Significant transactions:

For significant direct or indirect transactions between the Consolidated Company and the investee companies in the Mainland region (written-off upon the preparation of the consolidated statements.) during 2023, please see the detailed descriptions in “Information related to significant transactions.”

(4) Information on Major Shareholders:

Name of Major Shareholders	Unit: Shares	
	Shares	Shareholding
De Qian Investment Co., Ltd.	29,032,763	7.43%
Gui Cheng Investment Co., Ltd.	28,740,880	7.36%
Feng De Industrial Co., Ltd.	25,982,811	6.65%
LIN, JUNG-TE	22,865,200	5.85%
Zhong Yang Industrial Co., Ltd.	22,687,161	5.81%
Feng Deng Enterprise Co., Ltd.	21,369,331	5.47%

Champion Building Materials Co., Ltd. and Its Subsidiaries
Notes to Consolidated Financial Statements (Cont'd)

(14) Segment Information

(1) General

The Consolidated Company has three reportable segments: tiles business segment, Chinese business segment, Wooden floor business segment, and other segment. The tiles business segment engages in manufacturing, sales and purchase of various floor tiles, wall tiles, polished tiles, and functional tiles in the Taiwan region. The Chinese business segment engages in manufacturing, sales and purchase of high-end stone materials substitutes, slate tiles, functional tiles and other products in the China region. The Wooden floor business segment engages in sales and installation of various domestic and overseas wooden floors. The other segment engages in investment businesses.

The reportable segments of the Consolidated Company are strategic business units that provide different products and services. Strategic business units shall be managed individually as they requires different technologies and marketing strategies. Most of the business units are acquired separately, and the management teams at the time of acquisition were retained.

No income tax expenses (gains) or non-regular profit or loss of the Consolidated Company is allocated to any reportable segments. Furthermore, only profit or loss of certain reportable segments include significant non-cash items other than depreciation and amortization. The amount reported are consistent with the statements used by the operating decision-maker.

Information and reconciliation between the operating segments of the Consolidated Company are as follows:

2023(restated)	Tiles business segment	Chinese business segment	Wooden floor business segment	Others	Adjustment s and written-off	Total
External income	\$ 3,057,218	18,685	61,754	-	-	3,137,657
Intra-departmental income	-	-	-	-	-	-
Total income	\$ 3,057,218	18,685	61,754	-	-	3,137,657
Interest expenses	\$ 41,937	21,860	-	-	(21,642)	42,155
Depreciation and amortization	199,574	210,563	5,586	-	-	415,723
Profit or loss before tax of the department	\$ 320,422	(243,380)	(7,982)	(7,446)	-	61,614

Champion Building Materials Co., Ltd. and Its Subsidiaries
Notes to Consolidated Financial Statements (Cont'd)

<u>2022</u>	Tiles business segment	Chinese business segment	Wooden floor business segment	Others	Adjustment s and written-off	Total
External income	\$ 2,897,640	69,699	39,069	-	-	3,006,408
Intra-departmental income	-	-	-	-	-	-
Total income	<u>\$ 2,897,640</u>	<u>69,699</u>	<u>39,069</u>	<u>-</u>	<u>-</u>	<u>3,006,408</u>
Interest expenses	\$ 31,331	27,160	716	-	(24,643)	34,564
Depreciation and amortization	196,646	205,208	1,673	-	-	403,527
Profit or loss before tax of the department	<u>\$ 395,331</u>	<u>(448,386)</u>	<u>(12,841)</u>	<u>10,942</u>	<u>-</u>	<u>(54,954)</u>

(2) Overall corporate information

1. Information on products and services

Information on income from external customers of the Consolidated Company is as follows:

<u>Name of products</u>	<u>2023</u>	<u>2022</u>
Quartz bricks	\$ 865,277	1,011,970
External tiles	526,717	502,323
Slate tiles	1,505,569	1,208,630
Floor tiles	45,821	33,819
Wall tiles	11,039	110,858
Others	183,234	138,808
Total	<u>\$ 3,137,657</u>	<u>3,006,408</u>

2. Geographical information

The geographical information of the Consolidated Company is set out as below. Income is categorized based on the geographical location of customers, and non-current assets are categorized based on the geographical location of assets.

Income from external customers:

<u>Region</u>	<u>2023</u>	<u>2022</u>
Asia	\$ 3,126,345	2,989,365
America	342	-
Australia	10,970	17,043
Total	<u>\$ 3,137,657</u>	<u>3,006,408</u>

Champion Building Materials Co., Ltd. and Its Subsidiaries
Notes to Consolidated Financial Statements (Cont'd)

Non-current assets:

<u>Region</u>	<u>2023</u>	<u>2022</u>
Taiwan region	\$ 2,071,446	2,010,156
Mainland region	1,131,499	1,507,223
Total	<u>\$ 3,202,945</u>	<u>3,517,379</u>

Non-current assets include property, plant and equipment, right-of-use assets, investment properties, intangible assets, prepayment for equipment, and long-term rental prepaid.

3. Information on significant customers

No income received from any single customer of the Consolidated Company accounted for 10% of the consolidated income or above.

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 of 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\$ thousand

Asset	2023.12.31 (restated)		2022.12.31			Liabilities and Equity	2023.12.31 (restated)		2022.12.31	
	Amount	%	Amount	%			Amount	%	Amount	%
Current asset:						Current liabilities:				
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>
Non-current asset:						Non-Current liabilities:				
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			160,433	2	1,065,247	14
1780 Intangible assets	11,517	-	2,502	-		Total liabilities	<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	3100	Equity (Note 6(14)):				
1915 Prepayment for equipment (Note 9)	94,589	1	40,554	1	3200	Share capital	3,904,039	52	3,904,039	50
1920 Refundable deposits	5,967	-	4,189	-	3300	Capital reserve	157,999	2	157,999	2
1990 Other non-current assets - Others	22,468	-	25,807	-	3400	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>		Other equity	<u>369,750</u>	<u>5</u>	<u>365,877</u>	<u>5</u>
Total asset	<u>\$ 7,516,718</u>	<u>100</u>	<u>\$ 7,733,295</u>	<u>100</u>		Total equity	<u>5,447,328</u>	<u>73</u>	<u>5,447,014</u>	<u>70</u>
						Total liabilities and equity	<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.
Statement of Comprehensive Income
For the Year Ended December 31 2023 and 2022

Unit: NT\$ thousand

		2023		2022	
		(restated)			
		Amount	%	Amount	%
	Operating revenues (Notes 6(16) and 7):				
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
	Net revenues	<u>2,992,558</u>	<u>100</u>	<u>2,844,942</u>	<u>100</u>
5110	Operating cost (Notes 6(5), (12), 7, and 12)	<u>2,102,433</u>	<u>70</u>	<u>1,980,150</u>	<u>70</u>
5900	Gross profit	<u>890,125</u>	<u>30</u>	<u>864,792</u>	<u>30</u>
6000	Operating expenses (Notes 6(4), (12), (17), and 12):				
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)	-
	Total operating expenses	<u>557,698</u>	<u>19</u>	<u>484,471</u>	<u>17</u>
6900	Operating income	<u>332,427</u>	<u>11</u>	<u>380,321</u>	<u>13</u>
	Non-operating income and expenses:				
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)
	Total non-operating income and expenses	<u>(270,241)</u>	<u>(9)</u>	<u>(469,888)</u>	<u>(16)</u>
	Profit (Losses) before income tax	<u>62,186</u>	<u>2</u>	<u>(89,567)</u>	<u>(3)</u>
7950	Less: Income tax expenses (Note 6(13))	<u>61,777</u>	<u>2</u>	<u>98,676</u>	<u>3</u>
	Net profit (losses)	<u>409</u>	<u>-</u>	<u>(188,243)</u>	<u>(6)</u>
8300	Other comprehensive income:				
8310	Items that will not be reclassified to profit or loss				
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	-	-	-	-
	Total items that will not be reclassified to profit or loss	<u>14,867</u>	<u>1</u>	<u>(13,263)</u>	<u>-</u>
8360	Items that will be reclassified to profit or loss				
8361	Exchange differences arising from the translation of financial statements of institutions operating overseas	(19,188)	(1)	23,221	1

Champion Building Materials Co., Ltd.
Statements of Comprehensive Income(Cont'd)
For the Year Ended December 31 2023 and 2022

Unit: NTS000'

	2023		2022	
	(restated)			
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
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	-
Total items that will be reclassified to profit or loss	<u>(14,962)</u>	<u>(1)</u>	<u>17,868</u>	<u>1</u>
8300 Other comprehensive income	<u>(95)</u>	<u>-</u>	<u>4,605</u>	<u>1</u>
Total comprehensive income(NT\$) (Note 6(15))	<u>\$ 314</u>	<u>-</u>	<u>(183,638)</u>	<u>(5)</u>
9750 Basic Earnings (loss) per share	<u>\$ 0.001</u>		<u>(0.45)</u>	
9801 Diluted Earnings Per Share	<u>\$ 0.001</u>			

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: NTS000'

	Retained earnings					Other equity				Total equity
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriate d Earnings	Total	Exchange differences on translating	Unrealized gains or Loss on instruments at fair value through other comprehensive income	Total	
Balance at January 1, 2022	\$ 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)
Capital reduction	(433,782)	-	-	-	-	-	-	-	-	(433,782)
Balance at December 31, 2022	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
Balance at December 31, 2023	\$ 3,904,039	157,999	600,038	121,349	294,153	1,015,540	336,563	33,187	369,750	5,447,328

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

Champion Building Materials Co., Ltd.

Statement of Cash Flows

For the Year Ended December 31 2023 and 2022

	Unit: NT\$ thousand	
	2023	
	(restated)	2022
Cash flows from operating activities:		
Profit (Loss) before income tax	\$ 62,186	(89,567)
Adjustments for:		
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	<u>470,336</u>	<u>696,062</u>
Changes in asset/liabilities related to operating activities:		
Net changes of asset related to operating activities:		
(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	<u>(187,764)</u>	<u>47,876</u>
Net changes of liabilities related to operating activities:		
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	<u>26,481</u>	<u>(46,667)</u>
Total net changes in assets and liabilities related to operating activities	<u>(161,283)</u>	<u>1,209</u>
Total adjustments	<u>309,053</u>	<u>697,271</u>
Cash inflow generated from operations	371,239	607,704
Interests paid	(40,895)	(30,086)
Income tax paid	(75,341)	(110,422)
Net cash inflow from operating activities	<u>255,003</u>	<u>467,196</u>

Champion Building Materials Co., Ltd.
Statement of Cash Flows(Cont'd)
For the Year Ended December 31 2023 and 2022

	Unit: NT\$ thousand	
	2023	2022
	(restated)	2022
Cash flows from investment activities:		
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
Net cash outflow from investment activities	(267,680)	(429,886)
Cash flows from financing activities:		
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)
Net cash outflows from financing activities	(258,974)	(735,172)
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	\$ 1,282,607	1,554,258

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

Champion Building Materials Co., Ltd.
Notes to Individual Financial Statements (Cont'd)

Champion Building Materials Co., Ltd.
Notes to Individual Financial Statements
For the Year Ended December 31 2023 and 2022
(Except for otherwise stated, all amounts are in NT\$ thousand)

(1) General Information

Champion Building Materials Co., Ltd. (the “Company”) was established in November 1972 according to the law, with its registered address at No.200-7, Zhugaocuo, Dapu Vil., Zhunan Township, Miaoli County, Taiwan (R.O.C.). The Company primarily engages in the manufacturing business of ceramics, ceramic products, stone products, fire-resistant materials, and other chemical products, and the development business for particular industry zones, new towns, and new communities.

The Company was initially named “Sinyih Ceramics Industrial Co., Ltd.,” and the Company’s name was changed to “Champion Building Materials Co., Ltd.” upon receiving the approval at the Shareholders’ Meeting on 6 June 2003. The name alteration case was approved by and archived at the Ministry of Economic Affairs on 20 June 2003.

(2) Date and Procedures for the Approval of Financial Statements

The individual financial statements were approved for issuance by the board of directors (the “Board”) on 26 April 2024.

(3) Application of New and Amended Standards and Interpretations

(1) Effects of adopting new and amended standards and interpretations endorsed by the Financial Supervisory Commission (the “FSC”)

The following newly revised International Financial Reporting Standards (the “IFRS”) are applicable to the Company starting from 1 January 2023, and they had no significant effect on the individual financial statements.

- Amendments to IAS 1 “Disclosure of Accounting Policy Information”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred tax related to assets and liabilities arising from a single transaction”.

The following newly revised International Financial Reporting Standards (the “IFRS”) are applicable to the Company starting from 23 May 2023, and they had no significant effect on the individual financial statements.

- Amendments to IFRS 12 “International Tax Reform—Pillar Two Model Rules”

Champion Building Materials Co., Ltd.
Notes to Individual Financial Statements (Cont'd)

(2) Effects of IFRSs endorsed by the FSC not yet adopted

Based on the evaluation, the following newly revised IFRSs that became effective from 1 January 2024 are applicable to the Company, and they have no significant effect on the individual financial statements.

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Leases to add subsequent measurement requirements for lease liabilities arising from sale and leaseback transactions”.

(3) New and amended standards and interpretations not yet endorsed by the FSC

The Company expects that the following new and amended standards and interpretations not yet endorsed have no significant effect on the individual financial statements.

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”
- Amendments to IFRS 17 “Insurance Contract”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9—Comparative Information”
- Amendments to IAS 21 “Lack of Exchangeability”

(4) Summary of Significant Accounting Policies

The summary of significant accounting policies adopted for the individual financial statements is described as follows. The following accounting policies are consistently applied to all periods presented in the individual financial statements.

(1) Statement of compliance

The individual financial statements are prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers.”

(2) Basis of preparation

1. Basis of measurements

Except for the following material items in the balance sheet, the preparation of the individual financial statements is based on historical costs:

- (1) Financial assets at fair value through other comprehensive income; and
- (2) Net liabilities for defined benefits, which are measured at the fair value of pension fund assets less the current value of the defined benefit obligations and the cap effects

Champion Building Materials Co., Ltd.
Notes to Individual Financial Statements (Cont'd)

described in Note 4(16).

2. Functional currency and presentation currency

The Company's functional currency is the currency used in the primary economic environment where it operates. The individual financial statements are presented in New Taiwan Dollars (NTD), the functional currency of the Company. All financial information presented in NTD is in thousands.

(3) Foreign currency

i. Foreign currency transaction

Foreign currency transactions are translated into the functional currency at the exchange rate prevailing on the transaction date. Subsequently, monetary items denominated in foreign currencies are translated into the functional currency at the exchange rate prevailing at the end of each reporting period (the "Reporting Date"). Non-monetary items denominated in foreign currencies measured at fair value are translated into the functional currency at the exchange rate prevailing on the date of fair value measurement. Non-monetary items denominated in foreign currencies measured at historical costs are translated at the rate prevailing on the transaction date.

Foreign currency exchange differences arising from the translation are generally recognized in profit or loss, except for the following items that are recognized in other comprehensive income:

- (i) Equity instruments designated at fair value through other comprehensive income;
- (ii) Financial liabilities designated as a hedge for net investment in a foreign operating institution that is within the effective scope of the hedge; or
- (iii) A hedge for qualified cash flows that are within the effective scope of the hedge.

ii. Foreign operating institution

Assets and liabilities of a foreign operating institution include goodwill and adjustments to fair value arising from acquisitions, which are translated into NTD at the currency rate prevailing on the Reporting Date. Items of gains and expenses are translated into NTD at the average currency rate for the period, and the exchange differences arising thereof are recognized in other comprehensive income.

Any loss of control, common control, or significant effect arising from the disposal of a foreign operating institution, the cumulative exchange differences related to the foreign operating institution are fully reclassified to profit or loss. For partial disposal involving a subsidiary of a foreign operating institution, relevant cumulative exchange differences are reclassified to non-controlling interests in proportion. For partial disposal involving an

Champion Building Materials Co., Ltd.
Notes to Individual Financial Statements (Cont'd)

investment in the associate or joint venture of a foreign operating institution, relevant cumulative exchange differences are reclassified to profit or loss in proportion.

For monetary items receivable or payable of a foreign operating institution, where there is no settlement plan, and such items are unlikely to be settled in the foreseeable future, the gains or losses on the foreign currency exchange arising thereof are deemed as a part of the net investment of the foreign operating institution, and are recognized in other comprehensive income.

(4) Standards for the classification of current and non-current assets and liabilities

Assets fulfilling any of the following conditions are recognized as current assets; all other assets that are not current assets are recognized as non-current assets:

- i. Assets expected to be realized or intended to be sold or consumed during its normal operating cycle;
- ii. Assets held primarily for trading;
- iii. Assets expected to be realized within twelve months after the reporting period; or
- iv. Assets are cash or cash equivalents, but assets that will be exchanged or used for settling liabilities or otherwise restricted are excluded.

Liabilities fulfilling any of the following conditions are recognized as current liabilities; all other liabilities that are not current liabilities are recognized as non-current liabilities:

- i. Liabilities expected to be settled during its normal operating cycle;
- ii. Liabilities held primarily for trading;
- iii. Liabilities expected to fall due and be settled within twelve months after the reporting period; or
- iv. Liabilities with a settlement period that cannot be unconditionally deferred to at least twelve months after the reporting period. Settlement of the liabilities' terms may occur due to the issuance of equity instruments upon selecting the counterparty, which shall have no effect on its classification.

(5) Cash and cash equivalents

Cash includes cash on hand and current deposits. Cash equivalents are short-term investments with high liquidity that can be converted into a fixed amount of cash at any time and has minimal risks. Current deposits that fulfill the definition above and the purpose of holding is to satisfy short-term cash commitments, instead of investments or other purposes, are presented under cash equivalents.

Bank overdrafts that are immediately repayable and belong to a part of the Company's overall cash management are presented as a component of cash and cash equivalents in the

Champion Building Materials Co., Ltd.
Notes to Individual Financial Statements (Cont'd)

statements of cash flows.

(6) Financial instruments

Account receivables and debt securities issued are initially recognized upon occurrence. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual term of the financial instruments. Financial assets or financial liabilities not at fair value through profit or loss (excluding account receivables without significant financial components) are initially measured at fair value, plus transaction costs directly attributable to the acquisition or issuance. Account receivables with significant financial components are initially measured at the transaction price.

i. Financial assets

For regular way purchases or sales of financial assets, the Company consistently adopts trade day or closing date accounting for all purchases and sales of financial assets that are classified in the same manner.

Upon initial recognition, financial assets are classified as financial assets at amortized costs, equity instruments at fair value through other comprehensive income, or financial assets at fair value through profit or loss. The Company reclassifies all financial assets being affected on the first day of the next reporting period when changes occurred to the operating model for managing its financial assets.

(i) Financial assets at amortized costs

Financial assets fulfilling the following conditions and are not designated at fair value through profit or loss are measured at amortized costs:

- Financial assets are held under an operating model for receiving contractual cash flows.
- Contract terms of the financial assets generate cash flows on specific dates, which are fully used for paying principals and outstanding interests of the principals.

Such assets are subsequently measured at the initially recognized amount plus/less accumulated amortization calculated using the effective interest method, with adjustments for amortized costs of any loss allowance. Interest income, gains or losses on foreign currency exchange, and impairment losses are recognized in profit or loss. Upon derecognition, gains or losses are included in profit or loss.

(ii) Financial assets at fair value through other comprehensive income

Investments in debt instruments fulfilling the following conditions that are not designated at fair value through profit or loss are measured at fair value through other comprehensive income:

Champion Building Materials Co., Ltd.
Notes to Individual Financial Statements (Cont'd)

- Financial assets are held under an operating model for receiving contractual cash flows and sales.
- Contract terms of the financial assets generate cash flows on specific dates, which are fully used for paying principals and outstanding interests of the principals.

Upon initial recognition, the Company irrevocably selects to include changes in investments in equity instruments subsequently measured at fair value not held for trading in other comprehensive income. The above selection is made on a case-by-case basis for instruments.

Investments in equity instruments are subsequently measured at fair value. Interest income, gains or loss on foreign currency exchange, and impairment losses calculated using the effective method are recognized in profit or loss; their remaining net gains or losses are recognized in other comprehensive income. Upon derecognition, the accumulated amounts of other comprehensive income are reclassified to profit or loss.

Investments in equity instruments are subsequently measured at fair value. Dividend income (except for income substantially representing the recovery of partial investments) is recognized in profit or loss. The remaining net gains or losses are recognized in other comprehensive income and will not be reclassified to profit or loss.

Dividend income from equity investments is recognized on the day when the Company is entitled to receiving the dividends (ex-dividend date in general).

(iii) Impairment of financial assets

The Company recognize loss allowance for financial assets at amortized costs (including cash and cash equivalents, financial assets at amortized costs, note receivables and account receivables, other receivables, refundable deposits, and other financial assets), investments in debt instruments measured at fair value through other comprehensive income, and expected credit loss (the “ECL”) of contract assets.

The loss allowance for the following financial assets is measured at 12-month ECL, and the remaining are measured at lifetime ECL:

- Debt securities are determined as having low credit risks at the Reporting Date; and
- Credit risks for other debt securities and bank deposits (risk of default regarding the financial instruments during the expected lifetime) have not significantly increased since initial recognition.

Loss allowance for account receivables and contract assets are measured at lifetime ECL.

Champion Building Materials Co., Ltd.
Notes to Individual Financial Statements (Cont'd)

Lifetime ECL refers to the ECL that may occur due to any default of financial instruments during the expected lifetime.

12-month ECL refers to the ECL that may occur due to any default of financial instruments within twelve months after the Reporting Date (or a shorter period when the expected lifetime of financial instruments is less than twelve months).

The longest period for measuring ECL shall be the longest contractual period that the Company is exposed to credit risks.

To determine whether credit risks have significantly increased since the initial recognition, the Company considers reasonable and supportive information (available without undue costs or investments), including qualitative and quantitative information, and analysis based on the Company's historical experiences, credit evaluation, and forward-looking information.

ECL is the weighted estimated probability of credit loss of financial instruments during the expected lifetime. Credit loss is measured at the current value of all cash shortfalls; in other words, the differences between cash flows that the Company may receive according to the contract and the cash flows that the Company expected to receive. ECL is discounted at the effective rates of financial assets.

At each Reporting Date, the Company evaluates whether there is any credit impairment that occurred to financial assets at amortized costs and debt securities measured at fair value through other comprehensive income. When one or multiple events unfavorable to the estimated future cash flows of financial assets occurred, such financial assets are credit impaired. Evidence of financial assets' credit impairment include observable data related to the following events:

- Significant financial difficulties of the borrower or issuer;
 - Default, such as default or overdue for over 90 days;
 - The Company provided concessions that would not have been considered to the borrower due to economic or contractual reasons related to the financial difficulties of the borrower;
 - The borrower is likely to apply for bankruptcy or carry out other financial restructure;
- or
- No active market for financial assets due to financial difficulties.

Loss allowance for financial assets at amortized costs is deducted from the carrying amount of the assets. Loss allowance for investments in debt instruments measured at

Champion Building Materials Co., Ltd.
Notes to Individual Financial Statements (Cont'd)

fair value through other comprehensive income is adjusted according to profit or loss and recognized in other comprehensive income (without deducting the carrying amount of assets).

When the Company is unable to reasonably expect the entire or partial recovery of financial assets, the Company directly reduces the gross carrying amount of its financial assets. For corporate customers, the Company separately analyzes the time and amount of write-off based on whether the amount of recovery may be reasonably expected. The Company expects that the written-off amount will not be significantly reversed. However, written-off financial assets may still be enforced to comply with the Company's procedures in recovering overdue amounts.

(iv) Derecognition of financial assets

The Company derecognizes its financial assets upon the termination of contractual rights to the cash flows from the assets, or when the financial assets are transferred, and the substantial risks and compensation regarding the ownership of the assets are transferred to other enterprises, or the substantial risks and compensation regarding the ownership of the assets are not transferred or retained, and the control over the financial assets is not retained.

The Company continues to recognize transactions entered into for the transfer of financial assets in the balance sheet when the substantial risks and compensation regarding the ownership of the transferred assets are retained.

ii. Financial liabilities and equity instruments

(i) Classification for liabilities or equity

Liabilities and equity instruments issued by the Company are classified into financial liabilities or equity according to the actual terms of the contractual agreement and the definition of financial liabilities and equity instruments.

(ii) Equity transactions

Equity instruments refer to any contract with remaining interests after all liabilities are deducted from the assets of the Consolidated Company.

The equity instruments issued by the Company are recognized at the amount equivalent to proceeds deducting direct issuance costs.

(iii) Other financial liabilities

Other financial liabilities are subsequently measured at amortized costs using the effective interest method. Interest expenses and gains or losses on exchanges are

Champion Building Materials Co., Ltd.
Notes to Individual Financial Statements (Cont'd)

recognized in profit or loss. Upon derecognition, any gains or losses are recognized in profit or loss.

(iv) Derecognition of financial liabilities

The Company derecognizes its financial liabilities upon the performance, cancellation, or expiry of contract obligations. When significant differences occur to the cash flows of liabilities upon or after the amendments to terms of financial liabilities, the Company derecognizes the original financial liabilities and recognizes new financial liabilities at fair value based on the amended terms.

Upon the derecognition of financial liabilities, the differences between its carrying amount and the total consideration paid or payable (including any non-cash assets transferred or liabilities assumed) are recognized in profit or loss.

(v) Offsetting of financial assets and liabilities

Financial assets and financial liabilities may be offset with its net amount presented in the balance sheet when the Company currently has legal rights to enforce the offset and intends to settle on a net basis or concurrently realize assets and settle liabilities.

(7) Inventory

Initial costs of inventories are necessary expenses incurred in bringing inventories to the condition and venue available for use, in which the fixed manufacturing expenses are allocated to finished goods and work in progress based on the normal production capacity of the production equipment, and the actual production amount is adopted as the bases for the allocation of changes in manufacturing expenses. Subsequently, it is measured at the lower of costs and net realizable value; costs are calculated using the standard cost method; net realizable value is calculated based on the estimated selling price less costs and sales expenses to be incurred until the completion under normal operation on the balance sheet date. Differences between standard costs and actual costs are fully recognized as operating costs.

(8) Investments in associates

Associates refer to entities where the Company has significant influences on its financial and operating policies but without control or joint control.

The Company adopts the equity method for the accounting of interests in associates. Under the equity method, such interests are recognized at costs upon initial acquisition. Investment costs include transaction costs. The carrying amount of interests in associates include goodwill identified upon initial investments less any cumulative impairment loss.

Champion Building Materials Co., Ltd.
Notes to Individual Financial Statements (Cont'd)

The individual financial statements include the amount of gains or loss and other comprehensive income from investments in associates recognized by the Company according to the equity ratio after adjustments to accord with the accounting policies of the Company from the date of having the significant influence to the date of losing the significant influence. Any change in the interests in associates that are not gains or loss and other comprehensive income and have no effect on the shareholding of the Company in the associates, the Company recognizes the changes in interests regarding the share of associates attributable to the Company as capital reserve according to its shareholding ratio.

Unrealized gains and losses arising from transactions between the Company and associates are only recognized in the corporate financial statements when it is the interests of an investor that is not a related party in the associates.

When the share of losses from associates recognized by the Company at proportion equals to or exceeds its interests in the associates, the Company stops recognizing its losses, and recognizes additional losses and relevant liabilities only when legal obligation or constructive obligation occurred or when the Company had made payments for the investee company.

(9) Investments in subsidiaries

When preparing the individual financial statements, the Company assesses the investee companies it has control over using the equity method. Under the equity method, the allocation of the current profit or loss and other comprehensive income in the individual financial statements and the current profit or loss and other comprehensive income attributable to the owner of the parent company in the financial statements prepared on the consolidated basis are the same. Also, equity attributable to the owner in the individual financial statements and equity attributable to the owner of the parent company in the financial statements prepared on the consolidated basis is the same.

Changes in the ownership of the Company in subsidiaries without losing control are accounted for as equity transactions between owners.

(10) Investment properties

Investment properties refer to properties held for earning rentals or capital appreciation, or both, instead of held for sales during normal operations, used in production, provision of products or services, or for administrative management purposes. Investment properties are initially measured at costs, and subsequently measured at costs less accumulated depreciation and accumulated impairment. The depreciation methods, useful life, and residual value shall

Champion Building Materials Co., Ltd.
Notes to Individual Financial Statements (Cont'd)

be subject to the requirements for property, plant, and equipment.

Gains or losses on disposals of investment properties (calculated as the differences between net disposal consideration and the carrying amount of the item) are recognized in profit or loss.

Rental gains of investment properties are recognized in other income on a straight-line basis. The lease incentives provided are recognized as a part of gains on lease during the lease period.

(11) Property, plant and equipment

i. Recognition and measurement

Items of property, plant and equipment are measured at costs (including capitalized borrowing costs) less accumulated depreciation and any accumulated impairment losses.

When significant components of property, plant and equipment have different useful lives, such components shall be accounted for as a single item of property, plant and equipment (major component).

Gains or losses on the disposals of property, plant and equipment are recognized in profit or loss.

ii. Subsequent costs

Subsequent expenses are capitalized when the future economic benefits are likely to flow into the Company.

iii. Depreciation

Depreciation is calculated at assets costs less residual value, and are recognized in profit or loss during the estimated useful life of each component on a straight-line basis.

No depreciation is provided for lands.

The estimated useful life at the current and comparison periods is as follows:

Houses and buildings	20~55 Years
Machine and equipment	2~10 Years
Kiln and electrical equipment	3~15 Years
Transportation equipment	5 Years
Other equipment	3~10 Years

The Company examines its depreciation method, useful life, and residual value at least on the Reporting Date of each year. Where the estimated value differs from the previous estimation, the Company makes proper adjustments when necessary, and such changes shall be accounted for according to the requirements for changes in estimates.

Champion Building Materials Co., Ltd.
Notes to Individual Financial Statements (Cont'd)

(12) Lease

The Company evaluates whether a contract is or includes a lease on the date of establishing the contract. When the contract transfers the control for the use of identified assets for a period in exchange for considerations, the contract is, or includes a lease.

1. Lessee

The Company recognizes right-of-use assets and lease liabilities on the commencement date of the lease. Right-of-use assets are initially measured at costs. Such costs include the initial measurements of lease liabilities, adjusted according to any lease payment paid on or before the commencement date of the lease, plus initial direct costs incurred and estimated costs to disassemble or remove the target asset and restore to its location or target assets, less any lease incentives received.

Right-of-use assets are subsequently depreciated during the period from the commencement date of the lease to the expiry of the right-of-use asset's useful life or the expiry of the lease period, whichever is earlier, on a straight-line basis. Furthermore, the Company regularly evaluates whether right-of-use assets are impaired and accounts for any impairment loss incurred, and adjusts the right-of-use assets for remeasurements that occurred to lease liabilities.

Lease liabilities are initially measured at the current value of the outstanding lease payment on the commencement date of the lease. Where the interest rate implicit in a lease can be easily determined, the discount rate shall be such interest rate; where the interest rate implicit in a lease cannot be readily determined, the discount rate shall be the incremental borrowing interest rate of the Company. In general, the Company adopts its incremental borrowing interest rate as the discount rate.

Lease payment included in the measurement of lease liabilities includes:

- (i) Fixed payment, include the substantial fixed payment;
- (ii) Variable lease payment subject to a certain index or rate is initially measured at the index or rate on the commencement date of the lease;
- (iii) The residual value guarantee expected to pay; and
- (iv) Exercise price or fines to be paid when it is reasonably confirmed that the right to call option or the lease termination option will be exercised.

Subsequently, interests for lease liabilities are accrued using the effective interest method, and the amount will be remeasured upon the occurrence of the following circumstances:

- (i) Changes in future lease payment resulted from changes in the index or rate used to

Champion Building Materials Co., Ltd.
Notes to Individual Financial Statements (Cont'd)

- determine the lease payment;
- (ii) Changes in the residual value guarantee expected to pay;
- (iii) Changes in the evaluation on the rights to call option regarding the target asset;
- (iv) Changes in the evaluation for the lease period resulted from the changes in the estimate for whether exercising the rights to extension or termination;
- (v) Amendments to the lease target, scope, other terms.

When remeasuring lease liabilities due to changes in the evaluation regarding changes in the index or rate used to determine the lease payment, changes in the residual value guarantee, and changes in the evaluation on the rights to call option, extension, or termination above, the Company adjusts the carrying amount of the right-of-use assets accordingly, and recognize the remaining remeasurements in profit or loss when the carrying amount of the right-of-use assets is reduced to nil.

For lease amendments related to reducing the scope of the lease, the Company reduces the carrying amount of the right-of-use assets to reflect the partial or overall termination of the lease, and recognizes the differences between the carrying amount and the remeasurement of the lease liabilities in profit or loss.

The Company presents right-of-use assets and lease liabilities not fulfilling the definition of investment properties as a single line item in the balance sheet.

For short-term lease related to the lease of office equipment and the lease of low-value target assets, the Company elects to not recognize the right-of-use assets or lease liabilities.

For sale and leaseback transactions, the transfer of assets to the purchaser and lessor is evaluated for whether it satisfies the requirements for the accounting of sales according to IFRS 15. Where the accounting of sales is confirmed, the Company derecognizes the asset and recognizes profit or loss related to the interest portion transferred to the purchaser and lessor. The accounting model for lessors is applicable to sale and leaseback transactions. Right-of-use assets are measured at the initial carrying amount of the leaseback portion. Where the accounting of sales is not confirmed, the Company adopts the accounting for financing.

2. Lessor

For transactions where the Company is the lessor, the Company classifies the lease contract based on whether the substantial risks and compensation for the ownership of the target assets are transferred on the date of establishing the lease; the contracts are classified as either financing lease or operating lease. During the evaluation, the Company

Champion Building Materials Co., Ltd.
Notes to Individual Financial Statements (Cont'd)

considers relevant indicators, including whether the lease period covers the major portion of the target asset's economic life.

As a sub-lessor, the Company accounts for primary lease the sub-lease transactions separately, and evaluates the classification of sub-lease transactions according to the right-of-use assets incurred for the primary lease. When the primary lease is a short-term lease, and the recognition exemption is applicable, the Company shall classify its sub-lease transactions as operating leases.

(13) Intangible assets

i. Recognition and measurement

The Company measures other intangible assets with limited useful lives acquired at costs less accumulated amortization and accumulated impairment.

ii. Subsequent expenses

Subsequent expenses are capitalized when the future economic benefits of the particular assets may be increased. All other expenses are recognized in profit or loss upon occurrence, including goodwill and brand for internal development.

iii. Amortization

Except for goodwill, amortization is calculated based on asset costs less estimated residual value, and is recognized in profit or loss during its estimated useful life on a straight-line basis when the intangible asset is ready for use.

The estimated useful life for the current and comparison periods is as follows:

Costs of Computer Software	2~3 Years
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The Company examines the amortization method, useful life, and residual value of intangible assets on each Reporting Date and makes appropriate adjustments when necessary.

(14) Impairment of non-financial assets

The Company evaluates whether there is evidence of impairment regarding the carrying amount of non-financial assets (excluding inventories and deferred income tax assets) on each Reporting Date. Where any evidence exists, the Company estimates the recoverable amount of the asset.

For impairment testing, the Company uses a set of assets with its cash inflows substantially separated from cash inflows of other individual assets or asset groups as the minimum identifiable asset group.

Recoverable amount is the higher of the fair value of an individual asset or cash-generating unit (the "CGU") less disposal costs and its value in use. When

Champion Building Materials Co., Ltd.
Notes to Individual Financial Statements (Cont'd)

evaluating the value in use, the estimated future cash flows are discounted to the current value at the pre-tax discount rate; the discount rate shall reflect current market assessments of the time value of money and the risks specific to the asset or CGU.

The Company recognizes impairment losses when the recoverable amount of the individual asset or CGU is lower than its carrying amount.

Impairment losses are immediately recognized in profit or loss. The Company first reduces the carrying amount of goodwill allocated to the CGU and then reduces the carrying amount of each asset according to the ratio related to the carrying amount of each asset within the unit.

(15) Income recognition

i. Income from

Income from Contract with Customers

Income is measured at the consideration expected to be entitled to obtain for the transfer of products or services. The Company recognizes its income when fulfilling the performance obligation due to the transfer of control over products or services to customers. The primary items of income of the Company are described as follows:

(i) Sales of products

The Company manufactures ceramic tiles and sells them to distributors. The Company recognizes its income upon the transfer of control over products. The transfer of control over products refers to the delivery of products to customers, customers may determine the sales channels and prices of products at their discretion, and there is no outstanding obligation that may affect customers accepting the products. The delivery occurred when delivering products to a particular venue, the risks of obsolete and loss are transferred to customers, and the customers had accepted the products according to the sales contract with acceptance inspection terms invalid, or when the Company has objective evidence to consider that all acceptance inspection conditions are satisfied.

The Company recognizes account receivables upon the delivery of products, as the Company has the right to unconditionally receive the consideration at the time.

(ii) Financial component

The Company estimates that the duration between the time transferring products or services to customers and the time when customers pay for the products and services under all contracts with customers shall not exceed one year. Therefore, the Company makes no adjustment to the time value of money for the transaction price.

Champion Building Materials Co., Ltd.
Notes to Individual Financial Statements (Cont'd)

(16) Employees benefits

i. Defined contribution plans

The contribution obligations for defined contribution plans are recognized as expenses during the period when employees provide their services. The prepaid appropriation is recognized as an asset to the extent that it would result in cash return or a decrease in future payment.

ii. Defined benefit plans

The net obligations of the Company under the defined benefit plans are calculated based on the earned future benefit amount discounted to the current value for the services provided by employees during the current or prior periods.

Actuarial for defined benefit obligations are performed by qualified actuary according to the projected unit credit method each year. When the calculation results are likely to be favorable to the Company, assets recognition shall be limited to the current value of any economic benefits that may be obtained in the manner of returning the appropriation from the plans or reducing the future appropriation for the plans. When calculating the current value of economic benefits, the Company considers all minimum fund appropriation requirements.

The remeasurements of net defined benefit liabilities (including actuarial gain or loss, return on plan assets (excluding interests)) and any changes in the effect of asset cap (excluding interests) are immediately recognized in other comprehensive income and accumulated in retained earnings. For the determination of net interest expenses (income) from net defined benefit liabilities (assets), the Company makes use of the net defined benefit liabilities (assets) and discount rate determined at the beginning of the annual reporting period. Net interest expenses and other expenses from the defined benefit plans are recognized in profit or loss.

Upon the amendments to or reduction in the plans, the changes in benefits incurred related to past service costs or reduction gains or losses are immediately recognized in profit or loss. Upon settlement, the Company recognizes the gains or losses from the settlement of defined benefit plans.

iii. Termination benefits

Termination benefits are recognized as expenses when the Company may not cancel the offering of such benefits or upon the recognition of relevant restructure costs, whichever is earlier. When the termination benefits are not expected to be fully settled

Champion Building Materials Co., Ltd.
Notes to Individual Financial Statements (Cont'd)

within 12 months after the Reporting Date, such benefits shall be discounted.

iv. Short-term employee benefits

Short-term employee benefits are recognized as expenses upon the provision of services. Where the Company is liable for the legal or constructive payment obligations due to the services provided by employees in the past, and such obligations may be reliably estimated, the amount shall be recognized as liabilities.

(17) Income tax

Income tax includes current and deferred income tax. Except for business mergers and items directly recognized in equity or other comprehensive income, current income tax and deferred income tax shall be recognized in profit or loss.

Current income tax includes the estimated income tax payable or tax reimbursement receivable calculated based on the taxable income (loss) of the year, and the adjustments to any income tax payable or tax reimbursement receivable for prior years. The amount shall be the best estimates for the amount expected to pay or receive measured at the statutory tax rate or the tax rate substantially enacted on the Reporting Date.

Deferred income tax is measured and recognized based on the temporary differences between the carrying amount of assets and liabilities for the purpose of financial reporting and their taxable basis. The temporary differences incurred in the following circumstances are not recognized as deferred income tax:

- i. Assets or liabilities initially recognized for a transaction that is not a business merger, and they have no effect on the accounting gains and taxable income (losses) at the time of the transaction;
- ii. Temporary differences arising from the investments in subsidiaries and the interests in associates and joint venture, and the Company can control the time of reversal for the temporary differences, and it is likely that they will not be reversed in the foreseeable future; and
- iii. Taxable temporary differences arising from the initial recognition of goodwill.

For unused tax losses and unused income tax deductions that can be carried forward to future periods, as well as deductible temporary differences, within the scope of probable future taxable income available for utilization, they are recognized as deferred income tax assets. They are reassessed at each reporting date, and any related income tax benefits that are not likely to be realized are reduced; or the amount previously reduced is reversed within the range where it becomes probable to have sufficient taxable income.

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Notes to Individual Financial Statements (Cont'd)

Deferred income tax is measured at the tax rate at the time expected for the reversal of the temporary differences, and the statutory tax rate or tax rate substantially enacted on the Reporting Date are used as the basis.

The Company offsets deferred tax assets and deferred tax liabilities upon the satisfaction of the following conditions:

- i. The Company has the right to enforce the offset of current income tax assets and current income tax liabilities; and
- ii. Deferred income tax assets and deferred income tax liabilities are related to any of the following taxable entity regarding the income tax levied by the same taxation authority:
 - (i) The same taxable entity; or
 - (ii) Different taxable entities, but the entities intend to settle current income tax liabilities and assets on a net basis or concurrently realize assets and settle liabilities in each future period that they expect to recover the deferred income tax assets with significant amounts or expect to settle deferred income tax liabilities.

(18) Earnings per share

The Company presents basic and diluted earnings per share attributable to the holders of the ordinary shares of the Company. The basic earnings per share of the Company are calculated based on the profit or loss attributable to holders of the ordinary shares of the Company, divided by the weighted average number of outstanding ordinary shares for the current period. The diluted earnings per share are calculated based on the profit or loss attributable to holders of the ordinary shares of the Company and the weighted average number of outstanding ordinary shares after adjustments made for the effects of all potential diluted ordinary shares.

(19) Segment information

The Company disclosed its segment information in the consolidated financial statements; therefore, no disclosure on segment information is included in the individual financial report.

(20) Reasons for the changes in accounting and effects

The Company obtained the 2023 financial information of its affiliate, Seagull Champion Limited, on April 24, 2024, and there were adjustments to the financial information recognized by adopting the equity method and obtained in March 2024; therefore, the 2023 parent company only financial statements of the Company is restated based on the updated information.

Champion Building Materials Co., Ltd.
Notes to Individual Financial Statements (Cont'd)

1. Balance Sheet

	2023.12.31		
	Amount reported		
	before the restatement	Effects of the error correction	Amount reported after the restatement
Investments accounted for using equity method	\$ 1,414,470	49,349	1,463,819
Deferred income tax liabilities	90,983	(150)	90,833
Retained earnings	965,443	50,097	1,015,540
Other equity	370,348	(598)	369,750

2. Statements of Comprehensive Income

	2023		
	Amount reported		
	before the restatement	Effects of the error correction	Amount reported after the restatement
Share of profit or loss from subsidiaries, associates, and joint ventures accounted for using the equity method	(310,272)	50,097	(260,175)
Exchange differences arising from the translation of financial statements of institutions operating overseas	(18,440)	(748)	(19,188)
Less: Income tax related to items that may subsequently be reclassified into profit or loss	(3,688)	(150)	(3,838)

(5) Critical Accounting Judgments and Key Sources of Estimation Uncertainty

When preparing the individual financial statements according to the “Regulations Governing the Preparation of Financial Reports by Securities Issuers,” the management is required to make judgments, estimates, and assumptions that have effects on the adoption of accounting policies and the reported amount of assets, liabilities, revenue, and expenses. The actual results may differ from the estimation.

The management continued to examine the estimation and basic assumption; the changes in

Champion Building Materials Co., Ltd.
Notes to Individual Financial Statements (Cont'd)

accounting estimated are recognized during the period when the changes occurred and the future periods affected.

The following uncertainties for the assumption and estimations have significant risks in resulting in a substantial adjustment in the carrying amount of assets and liabilities in the following fiscal year. The relevant information is as follows:

(1) Loss allowance for account receivables

Loss allowance for the account receivables of the Company is estimated based on the assumption of default risks and expected loss rate. The Company considers historical experiences, current market conditions, and forward-looking estimates at each Reporting Date to determine the assumptions adopted and inputs elected for calculating impairments. For details of relevant assumptions and inputs, please refer to Note 6(4).

(2) Inventory valuation

As inventories are measured at the lower of costs and net realizable value, the Company evaluates the amount of inventories regarding normal consumption, obsolete, or no market sales value on the Reporting Date, and reduces the inventory costs to its net realizable value. The inventory valuation is primarily based on the product requirements for a specific period in the future; therefore, significant changes may occur due to the changes in the industry. For details of inventory valuation, please refer to Note 6(5).

When measuring its assets and liabilities, the Company uses observable inputs in the market to the extent that is possible. The level of fair value based on the input used for the valuation techniques are classified as follows:

- (i) Level 1: Quoted prices (unadjusted) in the active market for identical assets or liabilities.
- (ii) Level 2: Except for the quoted prices included in level 1, the inputs of assets or liabilities are directly (i.e., the price) or indirectly (i.e., inferred from the price) observable.
- (iii) Level 3: Inputs for assets or liabilities that are not based on observable market data (not observable parameters).

For any transfer event or circumstance between the levels of fair value, the Company recognizes the transfer on the Reporting Date.

For details for information related to the assumptions adopted for the fair value, please refer to the following notes:

- (i) Note 6(9) Investment properties;
- (ii) Note 6(19) Financial Instruments.

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Notes to Individual Financial Statements (Cont'd)

(6) Description of Significant Accounting Items

(1) Cash and cash equivalents

	<u>2023.12.31</u>	<u>2022.12.31</u>
Cash and petty cash	\$ 999	1,550
Current deposits	751,484	929,541
Foreign currency deposits	361,599	404,646
Check deposits	68,434	117,714
Time deposits	100,091	100,807
	<u>\$ 1,282,607</u>	<u>1,554,258</u>

Regarding the disclosures on the interest risk and sensitivity analysis for the Company's financial assets and liabilities, please refer to Note 6(19) for details.

(2) Financial assets at fair value through other comprehensive income

	<u>2023.12.31</u>	<u>2022.12.31</u>
Liability instruments measured at fair value through other comprehensive income -Current:		
Corporate bonds issued by foreign companies	\$ 15,086	14,729
Equity instruments measured at fair value through other comprehensive income – Current:		
Listed domestic shares	12,472	10,774
Equity instruments measured at fair value through other comprehensive income – Non-current:		
Non-listed domestic shares	10,000	10,000
Total	<u>\$ 37,558</u>	<u>35,503</u>

1. Liability instrument investments measured at fair value through other comprehensive income

The Company evaluates and holds equity debt investments through a business model that aims to achieve the objectives by collecting contractual cash flows and selling financial assets. Therefore, these investments are reported as financial assets measured at fair value through other comprehensive income.

2. Equity instrument investments measured at fair value through other comprehensive income

The Company holds investments in equity instruments not for trading purposes; such investments are therefore designated as measured at fair value through other comprehensive income.

Champion Building Materials Co., Ltd.
Notes to Individual Financial Statements (Cont'd)

3. In 2023 and 2022, the Company had not disposed of any strategic investment, and there is no transfer within equity regarding the cumulative gains and losses during the period.
4. For details on the amount at fair value through other comprehensive income, please refer to Note 6(14).
5. For details on the information of credit risks and market risks, please refer to Note 6(19).
6. As at 31 December 2023 and 2022, the Company had not pledged its financial assets for security.

(3) Financial assets measured at amortized cost

	2023.12.31	2022.12.31
Domestic corporate bonds	\$ 20,000	-

1. The Company evaluated these financial assets being hold-to-maturity in order to collect the contractual cash flows, which are solely payments for principal and interest on principal amount outstanding. Therefore, such financial assets were classified as financial assets measured at amortized cost.

2. For details on credit risk information please refer to Note 6(19).

(4) Note receivables and account receivables

	2023.12.31	2022.12.31
Note receivables	\$ 514,527	365,040
Less: Loss allowance	-	-
Net amount	\$ 514,527	365,040
Account receivables	\$ 321,362	258,704
Less: Loss allowance	(6,374)	(6,855)
Allowance for sales return and discounts	(14,684)	(7,845)
Total	\$ 300,304	244,004

The Company adopts the simplified method to estimate the ECL of its note receivables and account receivables; in other words, the Company uses lifetime ECL for measurements. For measuring purposes, note receivables and account receivables are groups based on the shared credit risk characteristics regarding customers paying all amounts falling due according to the contract terms, with forward-looking information included.

The ECL for note receivables and account receivables of the Company is analyzed as follows:

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Notes to Individual Financial Statements (Cont'd)

	2023.12.31		
	Amount of note receivables and account receivables	ECL rate	Allowance for lifetime ECL
Not overdue	\$ 809,781	0%	-
Overdue below 30 days	8,018	0%	-
Overdue for 31~120 days	15,295	0%~15%	3,579
Overdue over 121 days	2,795	70%~100%	2,795
Total	\$ 835,889		6,374

	2022.12.31		
	Amount of note receivables and account receivables	ECL rate	Allowance for lifetime ECL
Not overdue	\$ 575,448	0%	-
Overdue below 30 days	19,517	0%	-
Overdue for 31~120 days	20,368	0%~15%	967
Overdue over 121 days	8,411	70%~100%	5,888
Total	\$ 623,744		6,855

For details on the exposure to credit risks and foreign currency risks regarding the Company's note receivables and account receivables, please refer to Note 6(19).

Movements in the loss allowance for note receivables and account receivables of the Company are as follows:

	2023	2022
Opening Balance	\$ 6,855	6,929
Impairment loss (gains reversal) recognized	(481)	(74)
Closing Balance	\$ 6,374	6,855

As at 31 December 2023 and 2022, the Company had not pledged its note receivables and account receivables for security.

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Notes to Individual Financial Statements (Cont'd)

(5) Inventory – Manufacturing industry

	2023.12.31		
	Allowances for price drops and obsolete		
	Book Value	losses	Book Value
Products	\$ 1,465	-	1,465
Finished goods	794,476	(112,814)	681,662
Work in process	39,844	-	39,844
Raw materials	164,244	-	164,244
Supplies	25,943	-	25,943
Total	\$ 1,025,972	(112,814)	913,158

	2022.12.31		
	Allowances for price drops and obsolete		
	Book Value	losses	Book Value
Products	\$ 1,628	-	1,628
Finished goods	811,536	(128,739)	682,797
Work in process	49,377	-	49,377
Raw materials	122,741	-	122,741
Supplies	31,645	-	31,645
Total	\$ 1,016,927	(128,739)	888,188

For 2023 and 2022, details on expenses related to inventories recognized as cost of sales are as follows:

	2023	2022
Transfer of sold inventories	\$ 2,060,893	1,956,573
Losses from machine suspension	44,008	42,374
Scrapping losses	8,165	12,452
Inventory losses	13,714	7,285
Loss allowances for price drop and (gain from price recovery) doubtful debts	(15,925)	(34,372)
Unamortized manufacturing expenses	(8,422)	(4,162)
	\$ 2,102,433	1,980,150

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Notes to Individual Financial Statements (Cont'd)

In 2023 and 2022, gain from price recovery of inventory of NT\$15,925 thousand and NT\$4,162 thousand were recognized due to the disposition of inventory, and these allowances have been recognized as sales costs.

As at 31 December 2023 and 2022, the Company had not pledged inventories above for security.

(6) Investments accounted for using equity method

The Company's investments accounted for using equity method on the Reporting Date are set out as follows:

	2023.12.31	2022.12.31
	(restated)	
Subsidiaries	\$ 1,373,861	1,649,824
Associates	89,958	76,222
	\$ 1,463,819	1,726,046

1.Subsidiaries

Please refer to consolidated financial statements for 2023.

2.Associates

For associates accounted for using equity methods that are not individually significant, the aggregate financial information is as follows; such financial information is the amount included in the financial statements of the Company:

	2023.12.31	2022.12.31
Aggregate carrying amount for interests in associates that are not individually significant at the end of the period	\$ 89,958	76,222

	2023	2022
Share attributable to the Company:		
Net profit (loss) of continuing operations for the period	\$ (3,400)	6,868
Other comprehensive income	17,136	(26,999)
Total comprehensive income	\$ 13,736	(20,131)

As at 31 December 2023 and 2022, the Company had not pledged investment accounted for using equity method for security.

(7) Property, plant and equipment

Costs, depreciation, and impairment loss of the Company's property, plant and equipment are detailed as follows:

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Notes to Individual Financial Statements (Cont'd)

	<u>Land</u>	<u>Houses and building</u>	<u>Machines and equipment</u>	<u>Kiln and equipment</u>	<u>Electrical equipment</u>	<u>Transportation equipment</u>	<u>Other equipment</u>	<u>Total</u>
Cost or deemed cost:								
Balance on 1 January 2023	\$ 1,016,670	667,290	700,684	161,272	156,467	20,829	134,121	2,857,333
Purchases	16,859	7,473	58,475	3,186	3,289	1,087	9,387	99,756
Disposal and scrapping	(584)	(5,936)	(225)	-	(2,260)	(2,582)	(1,184)	(12,771)
Inward transfer of prepayments for equipment	-	-	25,146	-	-	3,703	884	29,733
Balance on 31 December 2023	\$ 1,032,945	668,827	784,080	164,458	157,496	23,037	143,208	2,974,051
Balance on 1 January 2022	\$ 806,005	659,077	666,630	102,487	154,757	11,749	125,734	2,526,439
Purchases	210,485	8,213	25,063	50,031	1,710	7,847	8,462	311,811
Disposal and scrapping	-	-	(8,549)	(716)	-	-	(75)	(9,340)
Inward transfer of prepayments for equipment	180	-	17,540	9,470	-	1,233	-	28,423
Balance on 31 December 2022	\$ 1,016,670	667,290	700,684	161,272	156,467	20,829	134,121	2,857,333
	<u>Land</u>	<u>Houses and building</u>	<u>Machines and equipment</u>	<u>Kiln and equipment</u>	<u>Electrical equipment</u>	<u>Transportation equipment</u>	<u>Other equipment</u>	<u>Total</u>
Depreciation and impairment loss:								
Balance on 1 January 2023	\$ -	304,213	472,437	79,692	110,256	8,625	86,169	1,061,392
Depreciation of the year	-	20,939	87,008	14,969	11,002	4,309	18,606	156,833
Disposal and scrapping	-	(3,243)	(225)	-	(994)	(2,324)	(1,173)	(7,959)
Balance on 31 December 2023	\$ -	321,909	559,220	94,661	120,264	10,610	103,602	1,210,266
Balance on 1 January 2022	\$ -	282,794	387,094	68,209	97,418	5,114	68,125	908,754
Depreciation of the year	-	21,419	91,534	11,742	12,838	3,511	18,081	159,125
Disposal and scrapping	-	-	(6,191)	(259)	-	-	(37)	(6,487)
Balance on 31 December 2022	\$ -	304,213	472,437	79,692	110,256	8,625	86,169	1,061,392
Carrying Value:								
31 December 2023	\$ 1,032,945	346,918	224,860	69,797	37,232	12,427	39,606	1,763,785
1 January 2022	\$ 806,005	376,283	279,536	34,278	57,339	6,635	57,609	1,617,685
31 December 2022	\$ 1,016,670	363,077	228,247	81,580	46,211	12,204	47,952	1,795,941

1. In 1990, 2000, and 2015, the Company acquired the lands located at Dapu section of Zhunan Township and Niulan Section of Zaoqiao Township for sales and display center and construction of warehouse and roads for the plant with amounts of NT\$34,670 thousand, NT\$22,618 thousand, and NT\$130,286 thousand, respectively. As of 31 December 2023, transfer in the name of the Company is unable to process as the land category of such lands is farm and forest. The Company has obtained waivers from the

Champion Building Materials Co., Ltd.
Notes to Individual Financial Statements (Cont'd)

sellers to unconditionally agreeing to the transfer and has created a pledge. Regarding the pieces of lands under 8 land numbers (with a total area of 26,091m²) at Niulan Section of Zaoqiao Township acquired by the Company in 2015, the Company has entered into an engagement contract, which was notarized, to make a registration under the name of the Company's chairman due to the restriction of the laws and regulations, and has created a pledge as the collateral for the Company's bank borrowings. For the 3 land numbers (with a total area of 4,384 m²) located at Dapu section of Zhunan Township acquired by the Company in the preceding years, a trust agreement has been established and notarized. Due to legal restrictions. The said lands are registered under a director of the Company with a mortgage right set in favor of the Company.

2. The Company obtained one entry of land No. at Niulan Section, Zaoqiao Township (the area is 577 m² in total) in 2023, the name of a relative within the second degree of kinship of a Director of the Company is borrowed for the registration of the land under his/her name, and the promissory note of the full amount is obtained as a guarantee.
3. For details on the Company's property, plant and equipment provided as the guarantee for long-term borrowings and facility credits as at 31 December 2023 and 2022, please refer to Note 8.
4. As at 31 December 2023 and 2022, the capitalized amount related to the acquisition of equipment and construction of plants was NT\$1,370 thousand and NT\$1,985 thousand, which was calculated based on the capitalization rate of 2.90% and 2.19%, respectively.

(8) Right-of-use assets

Costs, depreciation, and impairment loss of lands, houses and buildings, machine and equipment, and transportation equipment leased by the Company are detailed as follows:

	<u>Land</u>	<u>Houses and buildings</u>	<u>Transport ation equipment</u>	<u>Other equipment</u>	<u>Total</u>
Cost of right-of-use assets:					
Balance on 1 January 2023	\$ 64,251	22,770	23,462	-	110,483
Addition	2,199	29,689	622	-	32,510
Decrease	(217)	(9,735)	-	-	(9,952)
Balance on 31 December 2023	<u>\$ 66,233</u>	<u>42,724</u>	<u>24,084</u>	<u>-</u>	<u>133,041</u>
Balance on 1 January 2022	\$ 62,078	22,903	19,309	-	104,290
Addition	2,204	283	19,026	-	21,513
Decrease	(31)	(416)	(14,873)	-	(15,320)
Balance on 31 December 2022	<u>\$ 64,251</u>	<u>22,770</u>	<u>23,462</u>	<u>-</u>	<u>110,483</u>

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Notes to Individual Financial Statements (Cont'd)

	<u>Land</u>	<u>Houses and buildings</u>	<u>Transport ation equipment</u>	<u>Other equipment</u>	<u>Total</u>
Depreciation and impairment loss of right-of-use assets:					
Balance on 1 January 2023	\$ 5,984	16,224	5,513	-	27,721
Depreciation of the period	3,348	9,142	10,329	-	22,819
Decrease	(217)	(8,239)	-	-	(8,456)
Balance on 31 December 2023	<u>\$ 9,115</u>	<u>17,127</u>	<u>15,842</u>	<u>-</u>	<u>42,084</u>
Balance on 1 January 2022	\$ 2,719	11,056	10,239	-	24,014
Depreciation of the period	3,265	5,447	9,598	-	18,310
Decrease	-	(279)	(14,324)	-	(14,603)
Balance on 31 December 2022	<u>\$ 5,984</u>	<u>16,224</u>	<u>5,513</u>	<u>-</u>	<u>27,721</u>
Carrying amount:					
31 December 2023	<u>\$ 57,118</u>	<u>25,597</u>	<u>8,242</u>	<u>-</u>	<u>90,957</u>
1 January 2022	<u>\$ 59,359</u>	<u>11,847</u>	<u>9,070</u>	<u>-</u>	<u>80,276</u>
31 December 2022	<u>\$ 58,267</u>	<u>6,546</u>	<u>17,949</u>	<u>-</u>	<u>82,762</u>

(9) Investment properties

	<u>Land and improvements</u>
Cost or deemed cost:	
Balance on 31 December 2023(i.e. Opening Balance)	<u>\$ 172,014</u>
Balance on 31 December 2022(i.e. Opening Balance)	<u>\$ 172,014</u>
Depreciation and impairment loss:	
Balance on 31 December 2023(i.e. Opening Balance)	<u>\$ 90,551</u>
Balance on 31 December 2022(i.e. Opening Balance)	<u>\$ 90,551</u>
Carrying amount:	
31 December 2023	<u>\$ 81,463</u>
1 January 2022	<u>\$ 81,463</u>
31 December 2022	<u>\$ 81,463</u>
Fair value:	
31 December 2023	<u>\$ 159,344</u>
1 January 2022	<u>\$ 154,544</u>
31 December 2022	<u>\$ 155,235</u>

Champion Building Materials Co., Ltd.
Notes to Individual Financial Statements (Cont'd)

1. Investment properties are self-owned assets held by the Company. The lease contract includes an initial lease term of three years that is not cancellable. Leased investment properties have rental gains at fixed amounts.
2. There hadn't been recognition of significant addition or impairment for the investment properties as at the years 2023 and 2022.
3. Fair value of investment properties are based on the valuation by an independent appraiser (with recognized relevant professional qualification, and has recent experiences related to the location and category of investment properties under valuation). Level 3 inputs are used in the fair value valuation technique.
4. For details on the pledged of the Company's investment properties as at 31 December 2023 and 2022, please refer to Note 8.

(10) Short-term borrowings

	2023.12.31	2022.12.31
Letter of credit borrowings	\$ 2,334	17,670
Unsecured bank borrowings	190,000	340,000
Secured borrowings	260,000	330,000
Total	\$ 452,334	687,670
Unused credits	\$ 924,001	906,162
Range of interest rate	1.9%~3.204%	1.6%~2.7414%

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

(11) Long-term borrowings

Details on the Company's long-term borrowings, conditions, and terms are as follows:

	2023.12.31			
	Currency	Range of interest rate	Expiry date	Amount
Secured borrowings - Syndicated loan	NTD	2.89%	2024.07.15	\$ 899,900
Less: Organizing expenses for the syndicated loan				(134)
Portion due within one year				(899,766)
Total				\$ -
Unused credits				\$ -

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2021.12.31				
	Currency	Range of interest rate	Expiry date	Amount
Secured borrowings - Syndicated loan	NTD	2.70%	2024.07.15	\$ 899,900
Less: Organizing expenses for the syndicated loan				(669)
Portion due within one year				-
Total				\$ 899,231
Unused credits				\$ -

1. For details on the Company's assets pledged as collateral for bank borrowings, please refer to Note 8.
2. In April 2019, the Company signed a syndicated loan contract with 16 financial institutions, including Taipei Fubon Bank, with a total credit amounted to NT\$1.8 billion. The contract sets out special commitments for the syndicated loan above, where the Company shall maintain particular financial ratios (including a current ratio no less than 100%, gearing ratio no more than 125%, interest coverage no less than 1.5 times, and net tangible value no less than NT\$5 billion, with a calculation based on the consolidated financial statements certified by CPA each year), starting from the consolidated financial statements of the Company for 2019.

The Company signed addendums to the aforementioned syndicated loan contracts on 25 March 2022 as an agreement to extend the maturity and amend partial clauses. The main amendment encompasses the extension of maturity date to 15 July 2024.

(12) Employee Benefits

1. Defined benefit plans

Reconciliation between the current value of defined benefit obligations and the fair value of plan assets of the Company is as follows:

	2023.12.31	2022.12.31
Current value of defined benefit obligations	\$ 154,247	160,037
Fair value of plan assets	148,182	152,342
Net liabilities of defined benefit obligations	\$ 6,065	7,695

The Company's defined benefit plans contribute to the account for labor retirement reserve fund at the Bank of Taiwan. Retirement payments for employees subject to the Labor Standard Act are calculated based on years of services and the average salaries for

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the six months before their retirement.

(1) Composition of plan assets

The retirement fund appropriated by the Company according to the Labor Standard Act is managed by the Bureau of Labor Funds under the Ministry of Labor (the “BLF”). According to the “Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund,” with regard to utilization of the fund, the minimum earnings in the distributions of each period shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks.

As of the Reporting Date, the balance in the Company’s account for labor retirement reserve fund at Bank of Taiwan was NT\$148,182 thousand. Data regarding the utilization of labor retirement reserve fund assets include fund yield and fund asset allocation. For details, please refer to the information announced on the website of BLF.

(2) Changes in the current value of defined benefit obligations

In 2023 and 2022, changes in the current value of defined benefits obligations of the Company are as follows:

	<u>2023</u>	<u>2022</u>
Defined benefit obligations on 1 January	\$ 160,037	176,613
Current service costs and interests	3,108	2,686
Remeasurements for net defined benefit liabilities (assets)		
—Actuarial gains (losses) adjusted based on experiences	5,139	1,050
—Actuarial gains (losses) arising from changes in financial assumptions	133	(4,672)
Benefits paid under the plans	<u>(14,170)</u>	<u>(15,640)</u>
Defined benefit obligations on 31 December	<u>\$ 154,247</u>	<u>160,037</u>

(3) Changes in the current fair value of plan assets

In 2023 and 2022, changes in the current fair value of plan assets of the Company are as follows:

	<u>2023</u>	<u>2022</u>
Fair value of plan assets on 1 January	\$ 152,342	144,806
Interest income	1,955	1,007
—Return of plan assets (excluding current interests)	1,304	11,440

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Amount appropriated to the plans	6,751	10,729
Benefits paid under the plans	<u>(14,170)</u>	<u>(15,640)</u>
Fair value of plan assets on 31 December	<u>\$ 148,182</u>	<u>152,342</u>

(4) Expenses recognized in profit or loss

In 2023 and 2022, expenses recognized in profit or loss of the Company are as follows:

	<u>2023</u>	<u>2022</u>
Current service costs	\$ 1,098	1,488
Net interest cost	54	191
	<u>\$ 1,152</u>	<u>1,679</u>
Operating costs	\$ 932	1,330
Marketing expenses	20	25
Management fees	171	257
R&D expenses	<u>29</u>	<u>67</u>
	<u>\$ 1,152</u>	<u>1,679</u>
Actual return of plan assets	<u>\$ 3,260</u>	<u>12,447</u>

(5) Actuarial gains or loss recognized in other comprehensive income

In 2023 and 2022, actuarial gains or loss recognized in other comprehensive income of the Company are as follows:

	<u>2023</u>	<u>2022</u>
Cumulative balance on 1 January	\$ 37,890	22,827
Recognized during the period	<u>(3,968)</u>	<u>15,063</u>
Cumulative balance on 31 December	<u>\$ 33,922</u>	<u>37,890</u>

(6) Actuarial assumption

Major actuarial assumptions used by the Company at the end of the financial reporting period are as follows:

	<u>2023</u>	<u>2022</u>
Discount rate	1.28%	1.30%
Increase in future salaries	2.00%	2.00%

The Company expected to make payment for the appropriation of defined benefit plans within one year from the Reporting Date of 2023 in the amount of NT\$6,668 thousand.

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The weighted average lifetime for defined benefit plans is 9 years.

(7) Sensitivity analysis

On 31 December 2023 and 2022, the effects arising from changes in the major actuarial assumptions adopted on the current value of defined benefit obligations are as follows:

	Effects on the current value of defined benefit obligations	
	<u>Increase</u>	<u>Increase</u>
31 December 2023		
Discount rate (changes of 0.25%)	(1,642)	1,676
Increase in future salaries (changes of 0.25%)	1,322	(1,302)
31 December 2022		
Discount rate (changes of 0.25%)	(1,640)	1,670
Increase in future salaries (changes of 0.25%)	1,297	(1,282)

The sensitivity analysis above analyzes the effects of changes in a single assumption based on the circumstances when other assumptions remain stable. In practice, changes in multiple assumptions may be linked. The method adopted for the sensitivity analysis is consistent with the calculation for net retirement fund liabilities in the balance sheet.

The method and assumptions used in preparing the sensitivity analysis for the period are the same as that of the previous period.

2. Defined contribution plans

Subject to the Labor Pension Act, the Company's defined contribution plan make contributions to the labor pension personal account at the Bureau of Labor Insurance with a contribution rate equivalent to 6.00% of the monthly wages of laborers. Under the plans, the Company has no legal or constructive obligations to pay an additional amount after contributing a fixed amount to the Bureau of Labor Insurance.

Pension expenses under the Company's Regulations for Defined Contribution Pension, which were contributed to the Bureau of Labor Insurance, are as follows:

	<u>2023</u>	<u>2022</u>
Operating costs	\$ 11,406	11,542
Marketing expenses	1,609	1,591
Management fees	2,579	2,489

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	2023	2022
R&D expenses	647	638
	\$ 16,241	16,260

(5) Details on the Company's short-term employee benefit liabilities are as follows:

	2023.12.31	2022.12.31
Compensated absence liabilities	\$ 17,798	16,749

(13) Income tax

1. In 2023 and 2022, the Company's income tax expenses are detailed as follows:

	2023	2022
Income tax expenses Current income tax expenses		
Incurred during the period	\$ 66,218	92,874
Adjustments to current income tax for the previous period	(6,283)	(1)
Deferred of income tax expenses		
Occurrence and reversal of temporary differences	1,842	5,803
Income tax expenses	\$ 61,777	98,676

In 2023 and 2022, details on income tax expense (gains) recognized under other comprehensive income of the Company are as follows:

	2023	2022
	(restated)	
Items that may subsequently be reclassified into profit or loss:		
Exchange differences arising from the translation of financial statements of institutions operating overseas	\$ (3,838)	4,644

2. In 2023 and 2022, reconciliation between income tax expenses and net profit (loss) before tax is as follows:

	2023	2022
	(restated)	
Net gain (loss) before tax	\$ (62,186)	(89,567)
Income tax calculated based on the domestic tax rate where the Company locates	(12,437)	(17,913)
Investment losses (gains) recognized using equity method	52,035	98,314
Expenses not deductible	13,022	(2,605)

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	2023	2022
	(restated)	
Tax-free (income) loss	(186)	(186)
Estimation for the preceding period	(6,283)	(1)
Levied undistributed earnings	-	18,041
Others	(9,248)	3,026
Income tax expenses	\$ 61,777	98,676

3. Deferred income tax assets and liabilities

Recognized deferred income tax assets and liabilities

In 2023 and 2022, changes in deferred income tax assets and liabilities are as follows:

	Losses from inventory price drop	Others	Total
Deferred income tax assets:			
Balance on 1 January 2023	\$ 31,055	7,070	38,125
(Debited)/credited to statements of profit or loss	(3,185)	1,343	(1,842)
Balance on 31 December 2023	\$ 27,870	8,413	36,283
Balance on 1 January 2022	\$ 31,887	12,041	43,928
(Debited)/credited to statements of profit or loss	(832)	(4,971)	(5,803)
Balance on 31 December 2022	\$ 31,055	7,070	38,125
	Gains on overseas investments	Others	Total
Deferred income tax liabilities:			
Balance on 1 January 2023	\$ 78,103	16,568	94,671
Debited/(credited) to other comprehensive income	(3,838)	-	(3,838)
Balance on 31 December 2023	\$ 74,265	16,568	90,833
Balance on 1 January 2022	\$ 73,459	16,568	90,027
Debited/(credited) to other comprehensive income	4,644	-	4,644
Balance on 31 December 2022	\$ 78,103	16,568	94,671

4. The Company's Profit-seeking Enterprise Annual Income Tax Return was submitted to

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the tax authority and was approved up to 2021.

(14) Capital and other equity

1. Issuance ordinary shares

As at 31 December 2023 and 2022, the total registered share capital of the Company is NT\$5,000,000 thousand, divided into 500,000 thousand shares with a par value of NT\$10. The numbers of issued ordinary shares is 390,404 thousand shares. All payments for the issued shares have been received.

In 2023 and 2022, the table of reconciliations for outstanding shares of the Company is as follows:

	(in thousand shares)	
	Ordinary Shares	
	2023	2022
Opening Balance on 1 January	390,404	433,782
Capital Reduction	-	(43,378)
Closing Balance on 31 December	390,404	390,404

To adjust the capital structure and enhance shareholders' return on equity, the Company resolved to carry out a Cash Capital Reduction on 28 March 2022 through a decision made by the board of directors. The reduction amount is NT\$433,782 thousand, with a reduction of 100 shares per thousand shares, totaling the elimination of NT\$43,378 thousand shares of issued capital. The reduction plan was approved at the shareholders' general meeting held on 22 June 2022. After being declared effective by the regulatory authority, 29 September 2022 was set as the reduction reference date, and 25 November 2022 was designated as the date for the refund of the reduced capital in the Cash Capital Reduction.

2. Capital reserve

The balance of the Company's capital reserve comprises the following:

	2023.12.31	2022.12.31
Premium for the issuance of shares	\$ 142,300	142,300
Treasury share transaction	15,639	15,639
Others	60	60
	\$ 157,999	157,999

According to the requirements of the Company Act, as amended in January 2012,

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distribution of new shares or cash may be made from the realized capital reserve according to the original shareholding of the shareholders after the capital reserve had been used for compensating losses first. The realized capital reserve mentioned above includes the premium received from the issuance of shares at a price exceeding its par value and proceeds received from donations. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, for capital reserves to be appropriated to capital, the aggregate appropriation amount each year shall not exceed 10% of the paid-up capital.

3.Retained earnings

According to the Company's Articles of Association, any surplus from the final annual account shall be used for tax payment and compensation for losses in prior years. Appropriate 10% of the remaining surplus as the statutory surplus reserve; however, this shall not apply when the statutory surplus reserve has reached the amount of the Company's paid-up capital. A special surplus reserve shall be provided or reversed according to the laws and regulations or the requirements of the competent authority. Except for the distribution of dividends, the remaining surplus shall be combined with the undistributed earnings at the beginning of the period, and the Board shall propose the surplus distribution to the Shareholders' Meeting for the resolution on distribution.

To pursue sustainable operations and long-term development, and based on the Company's future funding requirements and long-term operational plans, the Board of Directors may propose a distribution plan, taking into account the then-current operating conditions, shareholder equity, balancing dividend policies, and funding needs and submit it for approval at the shareholders' meeting.

The earnings distribution may be made in the form of cash or stock dividends. However, the proportion of stock dividends distributed shall not be more than 50 percent of the total dividend amount.

(1) Statutory surplus reserve

When the Company has no loss, the Shareholders' Meeting may pass the resolution to distribute new shares or cash from the statutory surplus reserve to the extent that the reserve exceeds 25% of its paid-up capital.

(2) Special surplus reserve

According to the original requirements of the Securities and Futures Commission, the Company shall provide the special surplus reserve from the surplus after tax for the year with an amount equal to the deduction to Shareholders' interest presented that

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occurred during the year. Where the special surplus reserve provided is the amount of the deduction to Shareholders' interest for the previous period, such special surplus reserve provided from the undistributed earnings for the previous period may not be distributed. Subsequently, when the deduction to Shareholders' interest decreases, transfer the amount deducted to undistributed earnings. As at 31 December 2023 and 2022, the special surplus reserve was NT\$121,349 thousand.

Upon the initial adoption of IFRSs endorsed by the FSC, the retained earnings increased by the unrealized revaluation appreciation under Shareholders' interests was NT\$42,581 thousand as the Company elected to apply the exemptions under the IFRS 1 "First-time Adoption of International Financial Reporting Standards." Furthermore, the retained earning recognized for the initial adoption of IFRSs on the conversion date was a net decrease of NT\$103,419 thousand. Therefore, According to the requirements under the Order Jin-guan-zheng-fa-zi No. 1010012865 issued by the FSC on 6 April 2012, the Company is not required to provide for the special surplus reserve.

(3) Earnings Distribution

On 19 June 2023, the Annual Shareholders' Meeting approved the resolutions related to the Loss Appropriation for the year 2022, hence no dividends will be distributed. On June 22, 2022, the Annual Shareholders' Meeting approved the resolutions related to the distribution of earnings for the year 2021. Please visit the MOPS for relevant information. The dividends distributed to owners are as follows:

	2021	
	Dividend Distribution Rate (NT\$)	Amount
Dividends Distributed to Owners of Ordinary Shares		
Cash	\$ 1.00	433,782

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4. Other equity (restated)

	Exchange differences arising from the translation of financial statements of institutions operating overseas	Unrealized losses (gains) on financial assets at fair value through other comprehensive income	Total
Balance on 1 January 2023	\$ 351,913	13,964	365,877
Share of exchange differences for subsidiaries using equity method	(15,350)	-	(15,350)
Unrealized losses (gains) on financial assets at fair value through other comprehensive income	-	2,087	2,087
Share of unrealized gains or losses on financial assets at fair value through other comprehensive income for associates using equity method	-	17,136	17,136
Balance on 31 December 2023	\$ 336,563	33,187	369,750

	Exchange differences arising from the translation of financial statements of institutions operating overseas	Unrealized losses (gains) on financial assets at fair value through other comprehensive income	Total
Balance on 1 January 2022	\$ 333,336	42,999	376,335
Share of exchange differences for subsidiaries using equity method	18,577	-	18,577
Unrealized losses (gains) on financial assets at fair value through other comprehensive income	-	(2,036)	(2,036)
Share of unrealized gains or losses on financial assets at fair value through other comprehensive income for associates using equity method	-	(26,999)	(26,999)
Balance on 31 December 2022	\$ 351,913	13,964	365,877

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(15) Earnings per share (restated)

The calculation for the Company's basic earnings per share and the diluted earnings per share is as follows:

	2023	2022
	(restated)	
Basic earnings per share		
Net gain (loss) attributable to the Company for the period	\$ 409	(188,243)
Weighted average number of issued ordinary shares	390,404	422,730
Basic earnings (loss) per share (NT\$)	\$ 0.001	(0.45)
Diluted earnings per share		
Net profit attributable to equity owners of the Company's ordinary shares	\$ 409	
Weighted average number of issued ordinary shares (Basic)	390,404	
Effects on Bonuses of Employee Stock	155	
Weighted average number of issued ordinary shares (after adjustment to effects by diluted potential ordinary shares)	390,559	
Diluted earnings per share (NT\$)	\$ 0.001	

Note: As net loss was recorded for the year 2022, no diluted earnings per share needs to be disclosed.

(16) Income from contracts with customers

1. Income breakdown

	2023	2022
Major regional market:		
Asia	\$ 2,981,677	2,828,282
Australia	10,539	16,660
Others	342	-
	\$ 2,992,558	2,844,942
Major products/service lines:		
Tiles	\$ 2,991,323	2,835,701
Wooden Floor	1,235	9,241
Total	\$ 2,992,558	2,844,942

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2. Contract balances

	2023.12.31	2022.12.31	2022.1.1
Note Receivables	\$ 514,527	365,040	451,291
Account Receivables	321,362	258,704	352,597
Less: Loss Allowances	(6,374)	(6,855)	(6,929)
Allowances for sales return and discounts	<u>(14,684)</u>	<u>(7,845)</u>	<u>(14,238)</u>
Total	<u>\$ 814,831</u>	<u>609,044</u>	<u>782,721</u>
Contract liabilities — Advances for goods	<u>\$ 3,178</u>	<u>4,587</u>	<u>8,554</u>

(17) Remuneration for employees, Directors, and Supervisors (restated)

According to the Articles of Association of the Company, where the Company recorded any profits for the year, it shall allocate 3%~5% and no more than 1.5% as the remuneration for employees and the remuneration for Directors, respectively. However, when the Company has accumulated losses, it shall reserve the amount for compensation. The share or cash distribution targets for the above remuneration for employees include employees of subsidiaries fulfilling certain conditions.

The assessed amount of remuneration for employees during 2023 and 2022 were NT\$1,865 and NT\$0, respectively, and the assessed amount of remuneration for Directors during 2023 and 2022 were NT\$622 and NT\$0, respectively. The amount was assessed by the net profit before tax for the respective period less remuneration for employees and remuneration for Directors multiplied by the ratio for the distribution of remuneration for employees and remuneration for Directors stated in the Articles of Association of the Company, and was included in operating costs or operating expenses in 2023 and 2022.

The actual distribution regarding the remuneration for employees and Directors during 2022 and 2021 equaled the amount recognized in the financial statements; please visit MOPS for relevant information.

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(18) Non-operating income and expenses

1. Other income

In 2023 and 2022, other income of the Company is detailed as follows:

	<u>2023</u>	<u>2022</u>
Interest income	\$ 30,545	24,225
Rental income	4,790	4,734
Dividend income	931	931
Total other income	<u>\$ 36,266</u>	<u>29,890</u>

2. Other gains and losses

In 2023 and 2022, other gains and losses of the Company are detailed as follows:

	<u>2023</u>	<u>2022</u>
Foreign currency exchange gains	\$ (18,163)	20,356
Gains (losses) on the disposals of property, plant and equipment	(2,353)	(2,854)
Gains from changes in lease	257	-
Others	14,605	5,234
Net other gains and losses	<u>\$ (5,654)</u>	<u>22,736</u>

3. Financial costs

In 2023 and 2022, financial costs of the Company is detailed as follows:

	<u>2023</u>	<u>2022</u>
Interest expenses		
Bank borrowings	\$ 42,048	32,927
Less: Interest capitalization	(1,370)	(1,985)
	<u>\$ 40,678</u>	<u>30,942</u>

(19) Financial instruments

1. Exposure to credit risk

(1) Exposure to credit risk

The carrying amount of financial assets is the maximum exposure to credit risks.

On 31 December 2023 and 2022, the maximum exposure was NT\$2,852,043 thousand and NT\$2,823,641 thousand, respectively.

(2) Concentrations of credit risk

As the Company has a broad customer base, there is no significant concentrated transaction with any single customer, and the sales region is dispersed; therefore, there is no significant risk regarding the concentration of credit risk for account receivables. The Company also continues to evaluate customers' financial positions regularly and

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require customers to provide collaterals to reduce credit risks.

(3) Credit risks for receivables and debt securities

For the information related to credit risks for note receivables and account receivables, please see Note 6(4). Other financial assets at amortized costs include other receivables and certificates of deposits.

Financial assets above have low credit risks; therefore, the loss allowance for the period was provided for was measures at the loss amount based on 12-month ECL. Time deposits held by the Company have transaction and performance counterparties that are financial institutions above the investment level; the risk is therefore deemed low. On 31 December 2023 and 2022, the changes in loss allowances are as follows:

	Other receivables
Balance on 31 December 2023 (i.e. Balance on 1 January 2023)	\$ 8,099
Balance on 31 December 2022 (i.e. Balance on 1 January 2022)	8,099

2. Liquidity risks

The following table sets out the contractual maturity date for financial assets, including estimated interests but excluding the effects of netting agreements.

	Carrying amount	Contractu al cash flows	Within 6 months	6-12 months	1-2 years	3-5 years	Over 5 years
31 December 2023							
Non-derivative financial liabilities							
Short-term borrowings	\$ 452,334	452,634	452,634	-	-	-	-
Note payables	134,337	134,337	134,337	-	-	-	-
Account payables	158,425	158,425	158,425	-	-	-	-
Other payables	183,127	183,127	183,127	-	-	-	-
Lease liabilities(include Non-current)	88,466	99,314	17,148	9,730	14,389	12,503	45,544
Long-term borrowings (Expires within one year)	899,766	913,784	12,888	900,896	-	-	-
Guarantee deposit received	290	290	-	-	-	-	290
	\$ 1,916,745	1,941,911	958,559	910,626	14,389	12,503	45,834
31 December 2022							
Non-derivative financial liabilities							
Short-term borrowings	\$ 687,670	690,477	619,799	70,678	-	-	-
Note payables	107,317	107,317	107,317	-	-	-	-
Account payables	175,714	175,714	175,714	-	-	-	-
Other payables	159,511	159,511	159,511	-	-	-	-
Lease liabilities(include Non-current)	81,761	93,193	12,026	7,803	13,062	11,725	48,577

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	Carrying amount	Contractu al cash flows	Within 6 months	6-12 months	1-2 years	3-5 years	Over 5 years
Long-term liabilities	899,231	936,502	11,734	11,934	912,834	-	-
Guarantee deposit received	290	290	-	-	-	-	290
	\$ 2,111,494	2,163,004	1,086,101	90,415	925,896	11,725	48,867

The Company does not expect the time of occurrence for cash flows within the maturity date analysis to be materially ahead of time or the actual amount to be significantly different.

3. Currency risks

(1) Exposure to currency risks

Financial assets and liabilities of the Company exposed to significant foreign currency risk are as follows:

	2023.12.31			2022.12.31		
	Foreign currency	Exchang e rate	NTD	Foreign currency	Exchang e rate	NTD
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	\$ 1,863	30.7100	57,198	1,959	30.7150	60,157
EUR:NTD	92	33.9930	3,145	472	32.7180	15,437
AUD:NTD	177	20.9900	3,717	234	20.8310	4,867
RMB:NTD	211,118	4.3280	913,720	209,836	4.4090	925,166
<u>Non-monetary items</u>						
USD	41,385	30.7100	1,270,941	50,046	30.715	1,537,174
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	1,481	30.7100	45,468	1,369	30.7150	42,060
EUR:NTD	1	33.9930	17	50	32.7180	1,636

(2) Sensitivity analysis

The Company's currency risk primarily arises from the foreign currency exchange gains or loss upon translation regarding the cash and cash equivalents, account receivables and other receivables, borrowings, account payables, and other payables denominated in foreign currencies. On 31 December 2023 and 2022, when NTD depreciates or appreciates by 3% against USD, Euro, and AUD, and all other variants remain unchanged, the net profits after tax for 2023 and 2022 will decrease or increase by NT\$22,375 thousand and NT\$23,088 thousand, respectively. The analysis for both periods adopted the same basis.

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(3) Gains from Exchange of monetary items

Due to the diverse range of functional currencies in the Company, the information on the exchange gains or losses of monetary items was disclosed through consolidation. For the years of 2023 and 2022, the foreign exchange gains or losses (including realized and unrealized) amounted to NT\$(18,163) thousand and NT\$20,356 thousand, respectively.

4. Interest rate analysis

The interest rate exposure for financial assets and financial liabilities of the Company is described in the “Liquidity risk management” in this Note.

The following sensitivity analysis is based on the interest rate exposure for derivatives and non-derivatives on the Reporting Date. For floating-rate liabilities, the analyzing method assumed that the outstanding liabilities amounts on the Reporting Date are outstanding throughout the year.

When the interest rate increases or decreases by 0.5%, and all other variants remain unchanged, the net profits of the Company for 2023 and 2022 will decrease or increase by NT\$1,997 thousand and NT\$5,962 thousand, respectively, primarily due to the variable-rate borrowings of the Company.

5. Sensitivity analysis – Equity price risks:

Changes in equity securities prices (the analysis for both periods adopts the same basis, and it is assumed that other variant factors remain unchanged) on the Reporting Date have the following effects on items of comprehensive income:

<u>Securities prices on the Reporting Date</u>	<u>2023</u>		<u>2022</u>	
	<u>Other comprehensive income after tax</u>	<u>Profit or loss after tax</u>	<u>Other comprehensive income after tax</u>	<u>Profit or loss after tax</u>
Increase by 5%	\$ 1,878	-	\$ 1,775	-
Decrease by 5%	\$ (1,878)	-	\$ (1,775)	-

6. Information on fair value

(1) Category and fair value of financial instruments

The carrying amount and fair value of the Company’s financial assets (including information on the level of fair value, but the carrying amount of financial assets not measured at fair value shall be the reasonable equivalent to its fair value, and no information on the fair value of lease liabilities is required to be disclosed according to the rules) are set out as follows:

Champion Building Materials Co., Ltd.
Notes to Individual Financial Statements (Cont'd)

	2023.12.31				
	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through other comprehensive income					
Domestic listed corporate bonds	\$ 12,472	12,472	-	-	12,472
Domestic listed shares	15,086	15,086	-	-	15,086
Domestic non-listed shares	10,000	-	-	10,000	10,000
Subtotal	37,558	27,558	-	10,000	37,558
Financial assets at amortized cost					
Domestic corporate bonds	\$ 20,000	-	-	-	-
Cash and cash equivalents	1,282,607	-	-	-	-
Net note and account receivables	814,831	-	-	-	-
Other receivables-Related parties	410,871	-	-	-	-
Other financial assets-Current	280,209	-	-	-	-
Refundable deposits	5,967	-	-	-	-
Subtotal	2,814,485	-	-	-	-
Total	\$ 2,852,043	27,558	-	10,000	37,558
Financial liabilities measured at amortized cost					
Long-term and short-term borrowings (including borrowings due within one year)	\$ 1,352,100	-	-	-	-
Note payables and account payables (incl. related parties)	292,762	-	-	-	-
Other payables	183,127	-	-	-	-
Lease liabilities	88,466	-	-	-	-
Guarantee deposit received	290	-	-	-	-
Subtotal	1,916,745	-	-	-	-
Total	\$ 1,916,745	-	-	-	-

Champion Building Materials Co., Ltd.
Notes to Individual Financial Statements (Cont'd)

	2022.12.31				
	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through other comprehensive income					
Domestic listed corporate bonds	14,729	14,729	-	-	14,729
Domestic listed shares	10,774	10,774	-	-	10,774
Domestic non-listed shares	10,000	-	-	10,000	10,000
Subtotal	<u>35,503</u>	<u>25,503</u>	-	<u>10,000</u>	<u>35,503</u>
Financial assets at amortized costs					
Cash and cash equivalents	\$ 1,554,258	-	-	-	-
Net note and account receivables	609,044	-	-	-	-
Other receivables-Related parties	365,284	-	-	-	-
Other financial assets-Current	255,363	-	-	-	-
Refundable deposits	4,189	-	-	-	-
Subtotal	<u>2,788,138</u>	-	-	-	-
Total	<u>\$ 2,823,641</u>	<u>25,503</u>	-	<u>10,000</u>	<u>35,503</u>
Financial liabilities at amortized cost					
Long-term and short-term borrowings (including borrowings due within one year)	\$ 1,586,901	-	-	-	-
Note payables and account payables (incl. related parties)	283,031	-	-	-	-
Other payables	159,511	-	-	-	-
Lease liabilities	81,761	-	-	-	-
Guarantee deposit received	290	-	-	-	-
Subtotal	<u>2,111,494</u>	-	-	-	-
Total	<u>\$ 2,111,494</u>	-	-	-	-

(2) Valuation techniques for the fair value of financial instruments at fair value

When the financial instrument has an active market quotation, its fair value shall be the active market quotation. Market prices announced by primary securities exchanges and Central Government Gre Tai Securities Market for securities determined as popular are the bases for the fair value of listed equity instruments and debt instruments with active market quotations.

Champion Building Materials Co., Ltd.
Notes to Individual Financial Statements (Cont'd)

Where the quotation of the financial instrument may be acquired timely and regularly from securities exchanges, agents, underwriters, industry associations, pricing service institutions, or competent authorities, and the price represents the actual and regular fair market transaction, the financial instrument has an active market quotation. When the conditions above are not fulfilled, the market is not active. In general, any significant increase in the differences between sales and purchase prices or minor transaction volume are indicators for an inactive market.

Except for financial instruments with active market above, the fair value of other financial instruments is obtained via valuation techniques or referring to the quotation from transaction counterparties. The fair value obtained via valuation techniques may refer to the current fair value of financial instruments with substantially similar conditions and characteristics, discounted cash flow method, or other valuation techniques, including the calculation based on market information model available on the Consolidated Reporting Date (such as TPEX's reference yield curve and average quotation for interest rates of commercial notes by Reuters).

For financial instruments with no active market held by the Company, their fair value by category and nature is set out as follows:

- Equity instruments with no open quotation: The estimation of the fair value adopts the discounted cash flow model, in which the primary assumption is discounting the expected future cash flows of the investee at the return rate that reflects the monetary time value and investment risks.

(iii) Changes in Level 3: None.

(iv) Quantitative information on the fair value measurement of significant unobservable inputs (Level 3)

The fair value measurement of the Company categorized into Level 3 primarily comprises of financial assets at fair value through profit or loss – investments in equity securities, derivative financial instruments, and financial assets available for sale - investments in equity securities.

The majority of the fair value of the Company categorized into Level 3 merely has a single significant unobservable input, while equity instruments with no open quotation have multiple significant unobservable inputs. Significant unobservable inputs of equity instruments with no active market have no connectivity as they are independent.

Champion Building Materials Co., Ltd.
Notes to Individual Financial Statements (Cont'd)

Quantitative information on significant unobservable inputs is set out in the following table:

Item	Valuation technique	Significant unobservable inputs	Relationship between significant unobservable input and fair value
Financial assets at fair value through other comprehensive income (financial assets available for sale) – Investments in equity instruments with no active market	Discounted cash flow method	<ul style="list-style-type: none"> • Long-term growth rate for operating income(at 1.5% on both 2023.12.31 and 2022.12.31) • Weighted average capital costs(at 3.8% on both 2023.12.31 and 2022.12.31) • Long-term operating net profit before tax(at 1.5% on both 2023.12.31 and 2022.12.31) • Discount for lack of marketability(at 27.2% on both 2023.12.31 and 2022.12.31) • Discount for minority equity (at 24.4% on both 2023.12.31 and 2022.12.31) 	<ul style="list-style-type: none"> • The higher the Long-term growth rate for operating income and Long-term operating net profit before tax, the higher the Fair Value • The higher the weighted marketability discount, the lower the Fair Value • The higher the Discount for lack of marketability, the lower the Fair Value • The higher the multiplier and control premium, the higher the Fair Value

(5) The sensitivity analysis of fair value based on reasonable substituting assumptions regarding the measurement of Level 3 fair value

The fair value measurement for the Company's financial instruments is reasonable; however, valuation results may differ when using different valuation models or valuation parameters. For financial instruments categorized into Level 3, the effects on profit or loss or other comprehensive income for the period arising from the changes in valuation parameters are as follows:

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Notes to Individual Financial Statements (Cont'd)

	Inputs	Upward or downward changes	Changes in fair value reflected in other comprehensive income	
			Favorable changes	Unfavorable changes
31 December 2023				
Financial assets at fair value through other comprehensive income				
Investments in equity instruments with no active market	Long-term growth rate for operating income	5%	500	(500)
Investments in equity instruments with no active market	Discount for lack of marketability	5%	818	(818)
Investments in equity instruments with no active market	Discount for minority equity	5%	788	(788)
31 December 2022				
Financial assets at fair value through other comprehensive income				
Investments in equity instruments with no active market	Long-term growth rate for operating income	5%	500	(500)
Investments in equity instruments with no active market	Discount for lack of marketability	5%	818	(818)
Investments in equity instruments with no active market	Discount for minority equity	5%	788	(788)

Favorable and unfavorable changes for the Company refer to the fluctuation in fair value, and the fair value is calculated using valuation techniques based on different levels of unobservable inputs. When the fair value of the financial instruments is affected by more than one input, the above table merely reflects the effects generated from the changes in a single input, without considering the relevance and variability between inputs.

(6) There is no fair value measurement transfer during 2023 and 2022.

(20) Financial risk management

i. Summary

The Company is exposed to the following risks due to the use of financial instruments:

- (i) Credit risk
- (ii) Liquidity risk
- (iii) Market risk

This note presents the exposure information, the Company's objectives for measuring and managing risks, policies, and procedures regarding the above risks. For details on further qualitative disclosures, please refer to the respective notes in the individual

Champion Building Materials Co., Ltd.
Notes to Individual Financial Statements (Cont'd)

financial statements.

2. Risk management structure

The Board is fully responsible for establishing and supervising the risk management structure of the Company. The finance department of the Company shall provide services for each business, coordinate the operations in domestic and international financial markets, supervise and manage financial risks related to combined operations in accordance with the internal risk report related to risk exposures based on the level and width of risks, and regularly report its operations to the Board.

The Company's risk management policies are established to identify and analyze the financial risks faced by the Company, evaluate the effects of financial risks, and execute relevant hedging policies for financial risks. The risk management policies are regularly reviewed to reflect the changes in market conditions and the Company's operations. The Company develops a disciplinary and constructive control environment through training, management standards, and operating procedures to allow all employees to understand their roles and obligations.

The Board of the Company supervises how the management monitors the compliance with the Company's financial risk management policies and procedures and reviews the appropriateness of the financial risk management structure related to risks faced by the Company. Internal auditors assist the Board of the Company in supervision. The auditors conduct reviews on financial risk management control and procedures regularly and from time to time and report to the Board regarding the review results.

iii. Credit risks

Credit risks refer to risks of financial losses incurred to the Company when customers or the transaction counterparties failed to perform their contractual obligations for financial instruments, primarily arising from the Company's account receivables from customers and investments in securities.

(i) Account receivables and other receivables

The Company's exposure to credit risks is primarily affected by the individual conditions of each customer. However, the management also considered the basic statistics of the Company's customers, including the default risk in the industries and countries where the customers operate, as such factors may affect credit risks.

The Company has established its credit loan policies, according to the policies, before offering the standard payment and delivery conditions and terms, the Company

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has to individually analyze the credit rating for any new customer. The review conducted by the Company includes, when available, the external rating, and under certain circumstances, notes from banks. The procurement limits are established for individual customers, representing the maximum outstanding amount that is exempted from the approval of the Risk Management Committee. Such limitations are regularly reviewed. Customers not qualified for the Company's standard credit ratings may only carry out transactions with the Company on a prepayment basis.

When monitoring the credit risks of customers, the Company divides customers into groups based on their credit characteristics, including whether they are individuals or corporates, whether they are distributors, retailers, or end customers, the regions, industries, account ages, expiry dates, and financial difficulties existed in the past. The Company's account receivables and other receivables primarily arising from customers who are distributors of the Company.

The Company has a loss allowance account to reflect the estimation for losses incurred on account receivables, other receivables, and investments. The allowance account mainly comprises particular loss components related to exposures that are individually significant and portfolio loss components established for losses incurred but not yet identified regarding the similar asset groups. The portfolio loss allowance account is determined based on the historical payment statistics of similar financial assets. However, as the sales targets for transactions are not centralized with one customer, there is no significant concentration of credit risks for account receivables.

(ii) Investments

Credit financing for bank deposits and other financial instruments is measured and monitored by the finance department of the Company. As the transaction counterparties and other performing parties of the Company are banks and financial institutions and company organizations at the investment level and above with healthy credit, there is no significant risk related to performance, and therefore there is no significant credit risk.

(iii) Guarantee

The Company's policy is to execute according to requirements related to loaning funds and making endorsements and guarantees by public companies. For details regarding the endorsement and guarantees provided by the Company as of 31 December 2023 and 2022, please see Note 7 and 13.

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Notes to Individual Financial Statements (Cont'd)

4. Liquidity risks

Liquidity risks are risks of being unable to perform relevant obligations when the Company is not capable of settling financial liabilities by the delivery of cash or other financial assets. The method adopted by the Company to manage its liquidity is to ensure the Company maintains sufficient working capital to pay for the liabilities falling due under general and pressured circumstances as possible without causing risks of unacceptable losses or compromising the Company's reputation.

As of 31 December 2023 and 2022, the unutilized borrowing limit of the Company in aggregate was NT\$924,001 thousand and NT\$906,162 thousand, respectively.

5. Market risks

Market risks refer to risks related to effects on the revenue of or value of financial instruments held by the Company due to changes in market prices, such as changes in exchange rates, interest rates, and prices of equity instruments.

To manage its market risks, the Company engages in derivative transactions, and thus incurring financial liabilities. The execution of all transactions is in compliance with the Board's instruction.

(i) Currency risks

The Company is exposed to currency risks arising from sales, procurements, and borrowing transactions not denominated in its functional currency. Such transactions are primarily denominated in currencies such as NTD; USD and Euro are also included.

Borrowing interests are calculated based on the currency of the borrowing's principals. In general, the currency of borrowings is the same as the currency of cash flows arising from the Company's operations, primarily NTD; USD is also included. Under such circumstances, the Company provides economic hedging without entering into derivatives, and no hedging account is therefore adopted.

For monetary assets and liabilities denominated in other foreign currencies, when temporary unbalance occurred, the Company ensures the net exposure is maintained at an acceptable standard through instant purchases of currencies or sales of foreign currencies.

(ii) Interest rate risks

The Company's borrowings are at fixed and floating rates, and therefore give rise to risks related to changes in fair value and cash flows. The Company manages its interest rate risks by maintaining an appropriate portfolio of fixed and floating rates.

Champion Building Materials Co., Ltd.
Notes to Individual Financial Statements (Cont'd)

(iii) Other market price risks

Responding to the expected consumption and sales demand, the Company has not entered into any product contract; such product contracts are delivered at net value.

(20) Capital Management

The capital management objective of the Company is to ensure its ability for ongoing operations, so as to continuously provide returns for Shareholders and other stakeholders and maintain the optimal capital structure for reducing its capital costs.

To maintain or adjust its capital structure, the Company may adjust dividends paid to Shareholders, carry out capital reduction and return capitals contributed by Shareholders, issue new shares, or sell assets to settle liabilities. Identical with the companies within the industry, the Company controls its capital based on its gearing ratio. The ratio is calculated based on net liabilities divided by total capital. Net liabilities shall be the total liabilities presented in the balance sheet less cash and cash equivalents.

Total capital is all components of equity (i.e., share capital, capital reserve, retained earnings, other equity, and non-controlling interests) plus net liabilities.

The capital management policy of the Company for 2023 is consistent with that of 2022 to ensure acquiring financing at reasonable costs. As at 31 December 2023 and 2022, the gearing ratio is as follows:

	<u>2023.12.31</u>	<u>2022.12.31</u>
Total liabilities	\$ 2,069,390	2,286,281
Less: Cash and cash equivalents	<u>(1,282,607)</u>	<u>(1,554,258)</u>
Net liabilities	786,783	732,023
Total equity	<u>5,447,328</u>	<u>5,447,014</u>
Total capital	<u>\$ 6,234,111</u>	<u>6,179,037</u>
Gearing ratio	<u>14.44%</u>	<u>13.44%</u>

Champion Building Materials Co., Ltd.
Notes to Individual Financial Statements (Cont'd)

(7) Transactions with Related Parties

(1) Name and relationship of related parties

The Company's subsidiaries and other related parties having transactions with the Company during the period covered by the individual financial statements are as follows:

Name of related parties	Relationship with the Company
Swanview International Co., Ltd. (the "Swanview")	A subsidiary of the Company
Champion Highwealth Co., Ltd. (the "Champion Highwealth")	A subsidiary of the Company
Guan Zhong Trading Co., Ltd. (the "Guan Zhong Trading")	A subsidiary of the Company
Super Universal Ltd. (the "Super")	A subsidiary of the Company
Sinyih Ceramic (China) Co., Ltd. (the "Sinyih China")	A subsidiary of the Company
Sinyih Ceramic (Penglai) Co., Ltd. (the "Sinyih Penglai")	A subsidiary of the Company
Champion Ceramic (Anhui) Co., Ltd. (the "Champion Anhui")	A subsidiary of the Company
Xiaoxian Huaguan Products Co., Ltd. (the "Xiaoxian Huaguan")	A subsidiary of the Company
LIN, JUNG-TE	Chairman of the Company
LIN, YOU-YU	Director of the Company

(2) Significant transactions with related parties

1. Amount due from related parties

Amount due from related parties of the Company is detailed as below:

Accounting item	Category of related parties	2023.12.31	2022.12.31
Other receivables	Subsidiary – Sinyih China	\$ 360,292	365,284
Other receivables	Subsidiary– Guan Zhong Trading	10,000	-
Other receivables	Subsidiary–Champion Highwealth	40,579	-
		\$ 410,871	365,284

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2. Loans provided (accounted for as other receivables – related parties)

The actual utilization of loans provided by the Company to related parties is as follows:

	<u>2023.12.31</u>	<u>2022.12.31</u>
Subsidiary – Sinyih China	\$ 346,240	352,750
Subsidiary– Guan Zhong Trading	10,000	-
Subsidiary–Champion Highwealth	40,000	-
	<u>\$ 396,240</u>	<u>352,720</u>

Interests received by the Company for 2023 and 2022 were NT\$17,248 thousand and NT\$17,215 thousand, respectively.

3. Endorsement and guarantee

Endorsement and guarantees provided by the Company for bank borrowings of related parties are as follows:

	<u>2023.12.31</u>	<u>2022.12.31</u>
Subsidiary-Guan Zhong Trading	<u>USD 98</u>	<u>USD 975</u>
Subsidiary- Champion Highwealth	<u>TWD 13,391</u>	<u>TWD 11,553</u>

4. Lease

In 2023 and 2022, the Company leased a warehouse to the subsidiary for business use. The parties have signed a lease contract with a period of one to three years, taking into account the rental market conditions in the nearby area. The details are as follows:

<u>Name of Related Parties</u>	<u>Duration</u>	<u>Monthly Rental (Untaxed)</u>	<u>Rental Income (Untaxed)</u>
2023			
Subsidiary-Guan Zhong Trading	2022.01.01~2024.12.31	\$ 86	1,029
Subsidiary-Champion Highwealth	2021.08.01~2024.12.31	57	686
<u>Name of Related Parties</u>	<u>Duration</u>	<u>Monthly Rental (Untaxed)</u>	<u>Rental Income (Untaxed)</u>
2022			
Subsidiary-Guan Zhong Trading	2022.01.01~2024.12.31	\$ 86	1,029
Subsidiary-Champion Highwealth	2021.08.01~2024.12.31	57	686

Champion Building Materials Co., Ltd.
Notes to Individual Financial Statements (Cont'd)

5. Others

- (1) For detailed information on real estates registered under other related parties, please refer to Note 6(7).
- (2) Guan Zhong Trading has engaged the Company to provide services for operational management needs. In 2023 and 2022, the amounts of NT\$280 thousand and NT\$2,647 thousand, respectively, were reported as other income.

(3) Compensations for Key Management Roles

	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$ 8,545	8,412
Post-employment benefits	168	168
Other long-term employee benefits	1,709	3,103
	<u>\$ 10,422</u>	<u>11,683</u>

(8) Pledged Assets

The carrying amount of the Company's assets pledged for security is detailed as follows:

<u>Title of assets</u>	<u>Target of pledge</u>	<u>2023.12.31</u>	<u>2022.12.31</u>
Other financial assets-Current	Guarantee for borrowings	\$ 120,643	120,127
Property, plant and equipment	"	987,254	1,006,970
Investment properties	"	81,463	81,463
Other financial assets – Current	Guarantee for industrial innovation projects	24,237	-
		<u>\$ 1,213,597</u>	<u>1,208,560</u>

(9) Significant Contingent Liabilities and Unrecognized Contractual Commitments

(1) Significant unrecognized contractual commitments:

1. The balances of unused letter of credits issued by the Company for the purchase of raw materials and equipment are detailed as follows:

	<u>2023.12.31</u>	<u>2022.12.31</u>
Unused letter of credits issued		
USD	<u>\$ 691</u>	<u>201</u>
RMB	<u>3,424</u>	<u>-</u>

2. Guarantee notes issued by the Company for bank borrowings, purchase of machinery, and purchase of machinery and employing foreign workers by subsidiaries are detailed as follows:

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Notes to Individual Financial Statements (Cont'd)

	2023.12.31	2022.12.31
Guaranteed notes submitted	\$ 202,000	152,000

3. Guarantee notes received incurred to the Company for sales to distributors, purchase of machinery and equipment, and construction warranty are detailed as follows:

	2023.12.31	2022.12.31
Guarantee notes received	\$ 495,966	472,308

4. The total consideration for contracts entered into by the Company and unpriced amount for purchases of equipment, construction of office building, and plant renovation are as follows:

	2023.12.31		2022.12.31	
	Total contract consideration	Unpriced amount	Total contract consideration	Unpriced amount
EUR	\$ 7,243	6,282	314	215
USD	-	-	7	-
NTD	106,483	50,029	57,728	23,795
RMB	6,928	6,235	4,550	4,095

5. Heng Shiang Co., Ltd (the “Heng Shiang Company”) initiated civil litigation at Taiwan Miaoli District Court on 4 December 2014 for requesting the confirmation regarding the existence of the distribution relationships between both parties, and a damage compensation of NT\$32,851 thousand and inventory consideration of NT\$14,033 thousand. After the first trial on 25 August 2016, the Court reached the verdict that the Company won the litigation for requesting the confirmation regarding the existence of the distribution relationships between both parties and the damage compensation. In addition, the Company lost the litigation for requesting the inventory consideration; the compensation amount sentenced included the lease expenses for preserving the inventories of NT\$1,690 thousand and the inventory consideration of NT\$11,987 thousand. The Company and Heng Shiang Company both lodged an appeal. On 3 July 2018, for the appeals from both parties, Taiwan High Court maintained the judgment regarding the compensation for the lease expenses for preserving the inventories of NT\$1,690 thousand and the inventory consideration of NT\$11,987 thousand by the Company. Furthermore, the Company was also sentenced to compensate for the distribution subsidy differences of NT\$3,965 thousand in the request items within the appeal proposed by Heng Shiang

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Company. Both the Company and Heng Shiang Company appealed against the appellate court's judgment and further appealed to the High Court for a second trial. On 20 July 2022, the High Court ruled that the Company shall pay NT\$11,987 thousand for the inventory, and the remaining claims from both parties were dismissed. However, Heng Shiang Company, dissatisfied with the civil judgment of the High Court, filed additional appeal (third trial) with the High Court on 15 September 2022. As of 31 December 2023, the Company has an estimated loss of NT\$12,014 thousand for the recovery of the said inventory in accordance with the judgment, which is recognized under other payables.

(2) Significant contingent liabilities: None.

(10) Significant Disaster Loss: None.

(11) Significant Events After the Period: None.

(12) Others

(1) Liquidity analysis of assets and liabilities:

The liquidity analysis of assets and liabilities related to the Company's construction business is as follows:

	<u>Expect to be recovered or settled within 12 months</u>	<u>Expect to be recovered or settled after 12 months</u>	<u>Total</u>
<u>2023.12.31</u>			
Inventory (Houses and lands available for sale)	\$ -	59,339	59,339
<u>2022.12.31</u>			
Inventory (Houses and lands available for sale)	\$ -	59,339	59,339

(2) The functions of employee benefits, depreciation, and amortized expenses are summarized as follows:

Function Nature	2023			2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit expenses						
Salary expenses	\$ 340,690	98,239	438,929	330,297	94,541	424,838
Labor and health insurance expenses	40,563	10,299	50,862	38,736	10,038	48,774
Pension expenses	12,338	5,055	17,393	12,872	5,067	17,939
Remuneration for Directors	-	3,010	3,010	-	2,870	2,870
Other employee benefit expenses	32,827	5,306	38,133	28,881	5,217	34,098
Depreciation expenses	139,593	40,059	179,652	140,069	37,366	177,435
Amortization expenses	16,045	3,130	19,175	17,724	765	18,489

- For 2023 and 2022, the depreciation under operating costs is breakdown losses of NT\$44,008 thousand and NT\$42,374 thousand, respectively.
- For 2023 and 2022, additional information related to the Company's number of employees and employee benefit expenses is as follows:

	<u>2023</u>	<u>2022</u>
Number of employees	<u>709</u>	<u>709</u>
Number of Directors who are not concurrently employees	<u>7</u>	<u>7</u>
Average employee benefit expenses	<u>\$ 777</u>	<u>\$ 749</u>
Average employee salary expenses	<u>\$ 625</u>	<u>\$ 605</u>
Average employee salary expense adjustments	<u>3.31%</u>	
Remuneration for supervisors	<u>\$ -</u>	<u>-</u>

Items of salary and compensation for the Directors, Independent Directors, managers, and general employees are set out as follows:

- Independent Directors:
 - Regardless of the operating profit or loss, the Company shall pay the remuneration for Independent Directors monthly (or quarterly or semi-annually) and make adjustments based on their participation in the Company's operations and the value of their contributions.
 - Independent Directors are not included in the distribution of remunerations for Directors and the allocation of other bonuses.
 - Based on the actual demands for business execution, the Company provides expenses

such as traffic allowances.

ii. Other Directors:

- (i) The remuneration for other Directors is determined based on their participation in the Company's operations and the value of their contributions, with reference to the standards within the industry.
- (ii) Remuneration for Directors shall be appropriated according to the ratio stipulated in the Company's Articles of Association.
- (iii) Based on the actual demands for business execution, the Company provides expenses such as traffic allowances.

iii. Managers:

- (i) The monthly fixed salary is determined according to the salary standards for the titles.
- (ii) Performance bonuses are allocated according to the results of the operating performance evaluation.
- (iii) Year-end bonuses are distributed according to the results of the employee performance evaluation.
- (iv) Remuneration for employees shall be appropriated according to the ratio stipulated in the Company's Articles of Association.
- (v) The Company provides supervisory differential pay and traffic allowances based on the duties and standards.

iv. Other employees:

Salaries for the Company's employees are subject to the "Duty Scale" and "Table of Duty and Salary Standards." Salaries for employees are divided into regular and non-regular salaries.

- (i) Regular salaries comprise basic salaries, duty allowances, supervisory differential pay, professional differential pay, board wages, and other allowances.
- (ii) Non-regular salaries comprise overtime pay, year-end bonuses, and performance bonuses.

(13) Supplementary Disclosures

(1) Information on Significant Transactions

For 2023, information related to significant transactions of the Company to be disclosed according to the requirements under the Regulations Governing the Preparation of Financial Reports by Securities Issuers is as follows:

1. Loan to others:

No	Lender	Borrower	Current item	Whether the borrower is a related party	Maximum amount for the period	Closing balances	Actual amount utilized	Interest rate range	Loan nature	Amount for business contact	Reason for the requirement of short-term financing	Amount provided for loss allowances	Collateral		Loan limit to the respective borrower	Total limit for loans
													Name	Value		
0	The Company	Sinyih China	Other receivables	Yes	562,640	432,800	346,240	4.80%	Note 1	-	Working capital	-	-	-	1,089,466	2,178,931
0	The Company	Champion Highwealth	Other receivables	Yes	100,000	100,000	40,000	3.10%	Note 1	-	Working capital	-	-	-	1,089,466	2,178,931
0	The Company	Guan Zhong Trading	Other receivables	Yes	60,000	60,000	10,000	3.10%	Note 1	-	Working capital	-	-	-	1,089,466	2,178,931
0	The Company	Wei Xun	Other receivables	No	7,000	7,000	6,627	2.00%	Note 1	-	Working capital	-	-	-	1,089,466	2,178,931
0	The Company	Fan Yang	Other receivables	No	2,000	2,000	1,929	2.00%	Note 1	-	Working capital	-	-	-	1,089,466	2,178,931
1	SWANVIEW	Sinyih China	Other receivables	Yes	147,408	147,408	147,408	2.5%~3%	Note 1	-	Working capital	-	-	-	508,376	508,376
1	SWANVIEW	Sinyih Penglai	Other receivables	Yes	74,625	13,205	-	-	Note 1	-	Working capital	-	-	-	508,376	508,376
2	Sinyih China	Xiaoxian Huaguan	Other receivables	Yes	43,280	43,280	15,767	-	Note 1	-	Working capital	-	-	-	459,227	459,227
2	Sinyih China	Champion Anhui	Other receivables	Yes	216,400	173,120	111,027	-	Note 1	-	Working capital	-	-	-	459,227	459,227
3	Sinyih Penglai	Sinyih China	Other receivables	Yes	1,038,720	1,038,720	855,406	-	Note 1	-	Working capital	-	-	-	1,527,588	1,527,588

Note 1: Companies with requirements of short-term financing.

Note2: The total loans provided by the Company shall not exceed 40% of the Company's net value. Loan limits to individual borrowers shall not exceed 20% of the Company's net value.

Note 3: Except for Sinyih Penglai, the total loans provided by subsidiaries and loan limits to individual borrowers shall not exceed 40% of the subsidiaries' net value.

Note4: The total loans provided by Sinyih Penglai and loan limits to individual borrowers shall not exceed 120% of the subsidiaries' net value.

2. Endorsement and guarantee for others:

No.	Name of the Company providing the endorsement and guarantee	Counterparty for the endorsement and guarantee		Limits for the endorsement and guarantee provided to a single enterprise	Maximum balances of the endorsement and guarantee for the period	Closing balances of the endorsement and guarantee for the period	Actual amount utilized	Amount of endorsement and guarantee secured by properties	Ratio of accumulated endorsement and guarantee on the net value of the latest financial statements	Cap for endorsement and guarantee	Endorsement and guarantee provided by the parent company to its subsidiaries	Endorsement and guarantee provided by subsidiaries to its parent company	Endorsement and guarantee provided in the Mainland region
		Name of the Company	Relationship										
0	The Company	Guan Zhong Trading	1	1,634,198	110,633	90,633	3,011	-	1.67%	2,723,664	Y	N	N
0	The Company	Champion Highwealth	1	1,634,198	30,710	15,355	13,391	-	0.28%	2,723,664	Y	N	N
0	The Company	Guang Duo Li Co., Ltd.	3	1,634,198	25,966	25,966	559	-	0.48%	2,723,664	N	N	N
0	The Company	Gao Yu Wang Co., Ltd.	3	1,634,198	5,900	5,900	-	-	0.11%	2,723,664	N	N	N

Note 1: The cap for endorsement and guarantee provided by the Company shall be 50% of the Company's net value; limits for the endorsement and guarantee provided to a single enterprise shall be 30% of the Company's net value.

Note 2: The cap for endorsement and guarantee provided by Sinyih Penglai shall be 100% of its net value; limits for the endorsement and guarantee provided to a single enterprise shall be 80% of its net value.

Note 3: Except for Sinyih Penglai, the cap for endorsement and guarantee provided by subsidiaries and limits for the endorsement and guarantee provided to a single enterprise shall be 50% of the subsidiaries' net value.

Note 4: The relationship between the Company providing the endorsement and guarantee and the counterparty of the endorsement and guarantee is as follows:

1. The Company, directly and indirectly, holds 50% of the shares with voting rights of the Company.
2. Companies, directly and indirectly, hold 50% of the shares with voting rights of the Company.
3. Companies with business contacts.

3. Securities held at the end of the period (excluding investments in the equity of subsidiaries, associates, and joint ventures):

Holding company	Category and name of securities	Relationship with the securities issuer	Accounting item	At the end of the Period				Remarks
				Number of shares	Carrying amount	Shareholding	Fair value	
The Company	Shares - Kwong Fong Industries Corporation	-	Financial assets at fair value through other comprehensive income-Current	1,061	12,472	0.57 %	12,472	
"	Shares - KHH Arena Corporation	-	Financial assets at fair value through other comprehensive income-Non-current	1,000	10,000	0.40 %	10,000	
"	Bond-TSMC Corporation Arizona	-	Financial assets at fair value through other comprehensive income-Current	-	15,086	- %	15,086	
"	unsecured subordinated financial bonds of Shin Kong Life Insurance Co., Ltd.	-	Financial assets measured at amortized cost- Non-current	-	20,000	- %	20,000	
Sinyih China	Shares - Seagull Kitchen and Bath Products Co., Ltd.	-	Financial assets measured at fair value through profit or loss-Current	3,000	51,677	0.46 %	51,677	
"	Gold Passbook	-	"	-	10,490	- %	10,490	

4. Amount of cumulative purchases or sales of the identical securities reaching NT\$3 million or 20% of the paid-up capital and above: None.
5. Amount of properties acquired reaching NT\$3 million or 20% of the paid-up capital and above: None.
6. Amount of disposals of properties reaching NT\$3 million or 20% of the paid-up capital and above: None.
7. Amount of purchases or sales with related parties reaching NT\$1 million or 20% of the paid-up capital and above: None.
8. Amount due from related parties reaching NT\$1 million or 20% of the paid-up capital and above:

Unit: NT\$ thousand

Company with amount receivables accounted for	Name of the transaction counterparty	Relationship	Balances of amounts due from related parties	Turnover rate	Overdue amount due from related parties		Amount due from related parties recovered after the period	Amount of loss allowances provided
					Amount	Handling method		
The Company	Sinyih China	Subsidiary	360,292	Note	-	-	-	-
SWANVIEW	Sinyih China	Subsidiary	151,762	Note	-	-	-	-
SWANVIEW	Sinyih Penglai	Subsidiary	868,461	Note	-	-	-	-
Sinyih Penglai	Sinyih China	Parent	103,056	Note	-	-	-	-

Note: No turnover rate is available as the amount receivables were not incurred due to purchases or sales.

9. Derivative transactions: None.

(2) Information related to investment businesses:

Information related to the Company's investment businesses for 2023 is as follows (excluding investee companies in Mainland):

Unit: Thousand shares/NT\$ thousand

Name of the investing company	Name of the investee company	Location	Primary scope of business	Initial investment amount		Held at the end of the period			Profit or loss for the investee company during the period	Investment gains or losses recognized for the period	Note
				At the end of the period	At the end of the previous year	Number of shares	Percentage	Carrying amount			
The Company	SWANVIEW	British Virgin Islands	Holding company	3,033,281	3,033,281	93,906	100.00%	1,270,941	(247,044)	(247,044)	
The Company	Tai Yu Investment	Taiwan	General investments	41,986	41,986	4,198	39.98%	89,958	(8,504)	(3,400)	
The Company	Guan Zhong Trading	Taiwan	International trade	96,000	96,000	9,600	100.00%	85,987	(1,599)	(1,599)	
The Company	Champion Highwealth	Taiwan	Cement, metal structure, and building component manufacturing	48,000	48,000	4,800	100.00%	16,932	(8,132)	(8,132)	
SWANVIEW	SUPER	British Virgin Islands	Holding company	894,743	894,743	-	100.00%	164,625	8	Exempted from filing according to the requirements	

(3) Information on Investments in Mainland China:

1. Information related to investments in businesses in the Mainland region:

Unit: NT\$ thousand

Name of the investee company in Mainland	Primary scope of business	Paid-up capital	Investment method	Accumulated investment amount remitted from Taiwan at the beginning of the period	Investment amount remitted or recovered during the period		Accumulated investment amount remitted from Taiwan at the end of the period	Profit or loss for the investee company during the period	Shareholding of the direct or indirect investments from the Company	Investment gains or losses recognized for the period	Carrying amount of investments at the end of the period	Investment gains remitter to Taiwan for the period
					Remitted	Recovered						
Sinyih China	Production and sales of ceramics for daily use, art ceramics, electrical porcelain, refractories and heat insulators, acid and alkali resistance ceramic tiles, mosaic tiles, and other building materials	1,689,050 (USD55,000)	Note 1	1,463,393 (USD47,652)	-	-	1,463,393 (USD47,652)	(108,309)	100.00%	(108,309)	1,148,067	-
Sinyih Penglai	Production and sales of high-end sanitary porcelain, new model architectural ceramics, high-end sanitary porcelain, and ceramic products, and R&D for relevant new products	1,372,737 (USD44,700)	Note 2	222,955 (USD7,260)	-	-	222,955 (USD7,260)	(25,202)	100.00%	(25,202)	1,272,990	-
Champion Anhui	Production of new decoration and fitting materials, high-end sanitary porcelain, premium plastic composite doors and windows, fine blanking die, precision cavity mold, ceramic products, and alumina ball, and sales of self-produced products, and sales of self-produced products	1,938,016 (USD63,107)	Note 1	378,931 (USD12,339)	-	-	378,931 (USD12,339)	(95,015)	100.00%	(95,015)	540,550	-
Xiaoxian Huaguan	Sales of kaolinite, China stone, feldspar, and silica sand	226,354 (CNY52,300)	Note 4	-	-	-	-	(13,296)	100.00%	(13,296)	99,143	-
Seagull Champion	Sales of daily supplies, ceramics for daily use, art ceramics, electrical porcelain, refractories and heat insulators, acid and alkali resistance ceramic tiles, mosaic tiles, and other building materials	865,600 (CNY200,000)	Note 7	-	-	-	-	(224,142)	43.46%	(97,413)	285,993	-

2. Limits on investments in the Mainland region:

Accumulated investment amount remitted from Taiwan to the Mainland region at the end of the period	Investment amount approved by the Investment Commission, MOEA	Limits for investment in the Mainland region according to the requirements of the Investment Commission, MOEA
2,121,863 (USD69,061)	3,314,653 (USD107,934)	3,268,397

US dollar exchange rate: 30.71; RMB exchange rate: 4.328

Note 1: Investments in Mainland companies made through investing in the establishment of a company in a third region.

Note 2: Refer to the return on investments regarding investments made through investing in the establishment of a company in a third region of NT\$257,784 thousand (US\$8,150 thousand), cash investments of NT\$229,633 thousand (US\$7,260 thousand), and investments in Sinyih China of NT\$926,443 thousand (US\$24,290 thousand).

Note 3: The portion of investment gains or losses recognized for the period related to Sinyih China includes 70% of the investment return of Sinyih Penglai; the portion related to Sinyih Penglai is the 30% of investments regarding investments made through investing in the establishment of a company in a third region, and was recognized using equity method based on the financial statements of the above investee companies for the same period certified based on CPAs.

Note 4: Refer to the 100% investments in Sinyih China.

Note 5: According to the relevant requirements under the “Review Principles for Investments or Technical Cooperation in the Mainland Region” amended by the Investment Commission on 29 August 2008, the investment limits in the Mainland region shall be the higher of the Company’s net value and 60% of the Consolidated Company’s net value.

Note 6: Jinyuan Ceramics was derecognized on 31 December 2017; however, the Company has not made alteration registration with the Investment Commission; therefore, the accumulated investment amount remitted from Taiwan to the Mainland region at the end of the period still includes its initial investment amount of US\$1,810 thousand.

Note 7: Invested 43.60% through Sinyih China.

3. Significant transactions:

For significant direct or indirect transactions between the Company and the investee companies in the Mainland region during 2023, please see the detailed descriptions in “Information related to significant transactions.”

(4) Information on Major Shareholders:

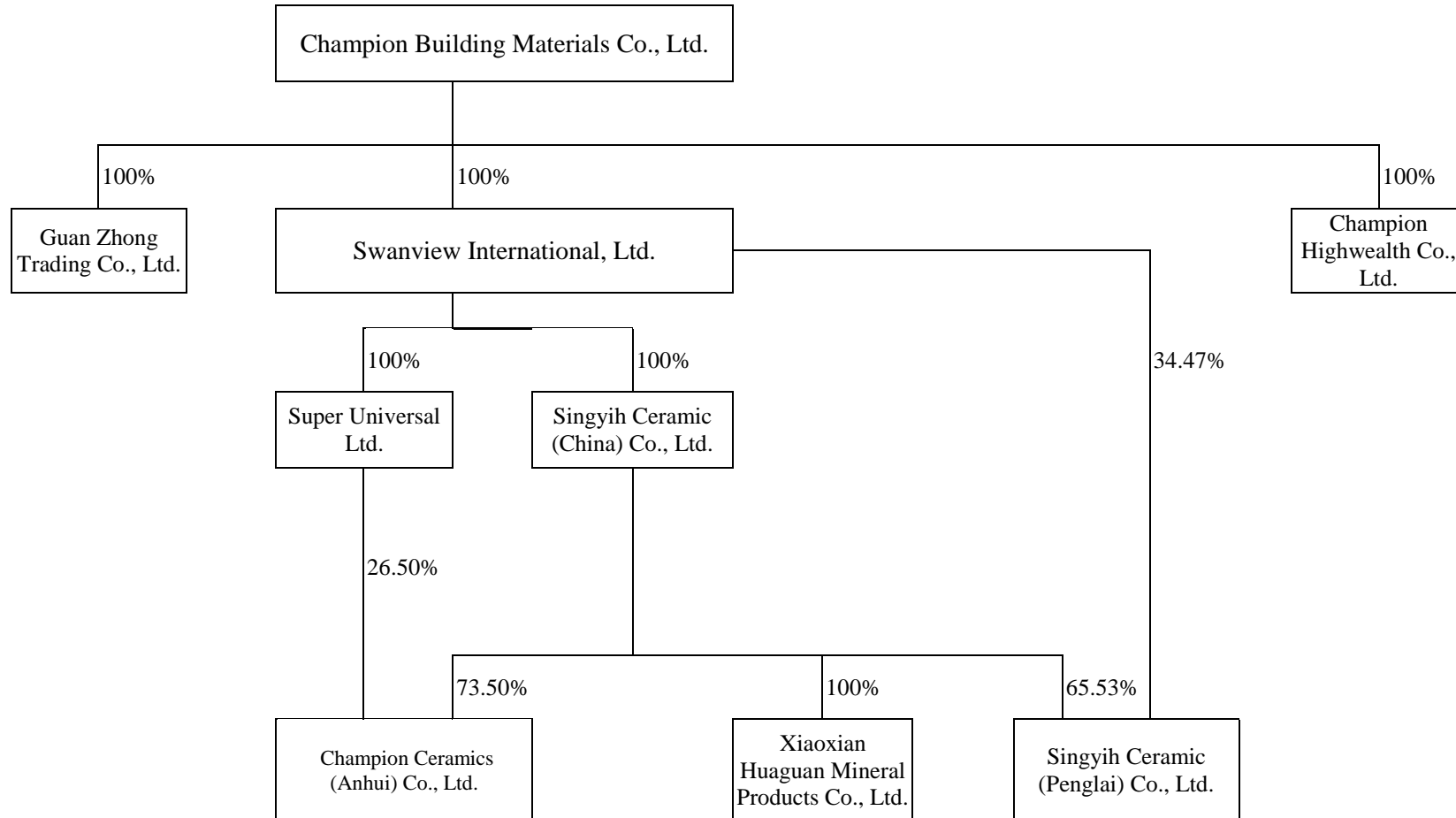
Unit: Shares

Name of Major Shareholders	Shares	Number of shares held	Shareholding
De Qian Investment Co., Ltd.		29,032,763	7.43%
Gui Cheng Investment Co., Ltd.		28,740,880	7.36%
Feng De Industrial Co., Ltd.		25,982,811	6.65%
LIN, JUNG-TE		22,865,200	5.85%
Zhong Yang Industrial Co., Ltd.		22,687,161	5.81%
Feng Deng Enterprise Co., Ltd.		21,369,331	5.47%

(14) Segment Information

For details, please see the consolidated financial statements for 2023.

II. Organizational Chart of Affiliates



III. Basic Information of Affiliates

IV. Unit: NT\$1,000/US\$1,000/RMB1,000

Corporate name	Date of establishment	Address	Paid-up capital	Primary scope of business
Champion Building Materials Co., Ltd.	November 24, 1972	No.200-7, Zhugaocuo, Dapu Vil., Zhunan Township, Miaoli County, Taiwan (R.O.C.)	3,904,039	<ol style="list-style-type: none"> 1. Processing, manufacturing, and trading of tiles, mosaic, electrical porcelain, refractories, and acid-resisting and alkali-resisting tools. 2. Processing, manufacturing, and trading of daily-use ceramics, artistic ceramics, and building materials. 3. Export and import trading for the above products. 4. Engaging construction engineering suppliers to build commercial buildings and national housings for rental and sales.
Swanview International, Ltd.	October 19, 1994	P.O. Box 3321, Road Town, Tortola, British Virgin Islands	USD 93,906,266	Investment and important export business.
Super Universal Ltd.	December 21, 2001	British Virgin Islands	USD 12,139,000	Investment business.
Singyih Ceramic (China) Co., Ltd.	October 16, 1994	No. 8, Yuanfeng Road, Kunshan City, Jiangsu Province	USD 55,000,000	Production and sales of land tiles, wall tiles, external tiles, and other building materials.
Singyih Ceramic (Penglai) Co., Ltd.	September 18, 2002	No. 1, Guanjun Road, Jingji Development Area, Penglai City, Shandong Province	USD 44,700,000	Production and sales of high-end sanitary porcelain, new building ceramics and ceramic products, and R&D of new products.
Champion Ceramics (Anhui) Co., Ltd.	December 2, 1998	Jingji Technology Development Area, Suzhou City, Anhui Province	USD 63,107,000	Manufacturing and trading of tiles.

Corporate name	Date of establishment	Address	Paid-up capital	Primary scope of business
Xiaoxian Huaguan mineral products Co., Ltd.	March 1, 2013	Xingzheng Village, Wangdazhuang, Longcheng Town, Xiaoxian	CNY 52,300,000	Sales of kaolinite, magnet, feldspar, and unbonded silica sand.
Guan Zhong Trading Co., Ltd.	January 23, 2006	No.200-7, Zhugaocuo, Dapu Vil., Zhunan Township, Miaoli County, Taiwan (R.O.C.)	96,000	Trading of tiles and building materials.
Champion Highwealth Co., Ltd.	October 25, 2012	No.200-7, Zhugaocuo, Dapu Vil., Zhunan Township, Miaoli County, Taiwan (R.O.C.)	120,000	Engage in cement, concrete products, stone material products, metal structures, and building components.

Note: The latest alteration approval date of Champion Highwealth Co., Ltd. is March 18, 2024.

III. Information on Those Who Presumed to Have Controlling or Subordinating Relationships and their Shareholders: None.

IV. Overall Industries Covered by the Scope of Business of Affiliates: There is no other dealing or division of work between affiliates.

V. Information on Directors, Supervisors, and President of Affiliates

Corporate name	Title	Name or representative	Shareholding	
			Number of shares/capital contribution	Shareholding/capital contribution ratio
Champion Building Materials Co., Ltd.	Chairman (and President)	Corporate representative of Tai Yu Investment Co, Ltd: Lin, Jung-Te	17,142,759	4.39%
	Director	Corporate representative of Tai Yu Investment Co, Ltd: Lin, You-Yu	17,142,759	4.39%
	Director	Corporate representative of Tai Yu Investment Co, Ltd: Lin, He-Cun	9,931,500	2.54%
	Director	Corporate representative of Tai Yu Investment Co, Ltd: Chen, Jung-Yang	9,931,500	2.54%
	Independent Director	Wu, Yung-Ku	0	0%
	Independent Director	Chen, Mei-Hua	0	0%
	Independent Director	Lu Chin-Tsang	0	0%
Swanview International, Ltd.	Chairman (and president)	Corporate representative of Champion Building Materials Co, Ltd: Lin, Jung-Te	Capital contribution of US\$ 93,906,266	100%
Super Universal Ltd.	Chairman	Corporate representative of Swanview International, Ltd.: Lin, Jung-Te	Capital contribution of US\$ 12,139,000	100%

Corporate name	Title	Name or representative	Shareholding	
			Number of shares/capital contribution	Shareholding/capital contribution ratio
Singyih Ceramic (China) Co., Ltd.	Chairman (and president)	Corporate representative of Swanview International, Ltd.: Lin, Jung-Te	Capital contribution of US\$ 55,000,000	100%
	Director	Corporate representative of Swanview International, Ltd.: Lin, You-Yu	Capital contribution of US\$ 55,000,000	100%
	Director	Corporate representative of Swanview International, Ltd.: Lin, He-Cun	Capital contribution of US\$ 55,000,000	100%
	Supervisor	Wang, Kuei-Feng	0	0%
Singyih Ceramic (Penglai) Co., Ltd.	Chairman (and president)	Corporate representative of Singyih Ceramic (China) Co., Ltd.: Lin, Jung-Te	Capital contribution of US\$ 15,410,000	34.47%
	Director	Corporate representative of Singyih Ceramic (China) Co., Ltd.: Wang, Kuei-Feng	Capital contribution of US\$ 29,290,000	65.53%
	Director	Corporate representative of Singyih Ceramic (China) Co., Ltd.: Lin, He-Cun	Capital contribution of US\$ 29,290,000	65.53%
Champion Ceramics (Anhui) Co., Ltd.	Chairman	Corporate representative of Singyih Ceramic (China) Co., Ltd.: Lin, You-Yu	Capital contribution of US\$ 46,383,000	73.50%
	Director	Corporate representative of Singyih Ceramic (China) Co., Ltd.: Li, Cun-Feng	Capital contribution of US\$ 46,383,000	73.50%

Corporate name	Title	Name or representative	Shareholding		
			Number of shares/capital contribution	Shareholding/capital contribution ratio	
	Director	Corporate representative of Super Universal Limited: Lin, Jung-Te	Capital contribution of US\$	16,724,000	26.50%
	Supervisor	Lin, He-Cun		0	0%
Xiaoxian Huaguan mineral products Co., Ltd.	Chairman	Corporate representative of Singyih Ceramic (China) Co., Ltd: Wang, Jun-Qin	Capital contribution of RMB	52,300,000	100%
	Director	Corporate representative of Singyih Ceramic (China) Co., Ltd: Lin, He-Cun	Capital contribution of RMB	52,300,000	100%
	Director	Corporate representative of Singyih Ceramic (China) Co., Ltd: Lin, Jung-Te	Capital contribution of RMB	52,300,000	100%
	Supervisor	Wang, Kuei-Feng		0	0%
Guan Zhong Trading Co., Ltd.	Director	Corporate representative of Champion Building Materials Co, Ltd: Lin, Jung-Te		9,600,000	100%
	Director	Corporate representative of Champion Building Materials Co, Ltd: Lin, He-Cun		9,600,000	100%
	Director	Corporate representative of Champion Building Materials Co, Ltd: Lin, Meng-Yu		9,600,000	100%
	Supervisor	Corporate representative of Champion Building Materials Co, Ltd: Zhou, Hui-Zheng		9,600,000	100%
Champion Highwealth Co., Ltd.	Chairman	Corporate representative of Champion Building Materials Co, Ltd: Lin, Jung-Te		12,000,000	100%
	Director	Corporate representative of Champion Building Materials Co, Ltd: Lin, Meng-Yu		12,000,000	100%

Corporate name	Title	Name or representative	Shareholding	
			Number of shares/capital contribution	Shareholding/capital contribution ratio
	Director	Corporate representative of Champion Building Materials Co, Ltd: Lin, He-Cun	12,000,000	100%
	Supervisor	Corporate representative of Champion Building Materials Co, Ltd: Wang, Kuei-Feng	12,000,000	100%

VI. Business Overview for Affiliates

Unit: NT\$000'/US\$000'/RMB000'

Corporate name	Capital	Total assets	Total liabilities	Net value	Operating income	Operating (loss) gain	(Loss) gain for the period (after tax)	Earnings per share (NT\$1) (after tax)
Champion Building Materials Co., Ltd.	3,904,039	7,516,718	2,069,390	5,447,328	2,992,558	332,427	409	0.001
Swanview International, Ltd.	USD 93,906,266	USD 72,028,962.03	USD 773.00	USD 72,028,189.03	USD 0.00	USD 0.00	USD (129,997.30)	-
Super Universal Ltd.	USD 12,139,000	USD 5,359,977.50	USD 0.00	USD 5,359,977.50	USD 0.00	USD 0.00	USD 250.68	-
Singyih Ceramic (China) Co., Ltd.	CNY 423,651,973.00	CNY 787,494,096.57	CNY 353,148,670.32	CNY 434,345,426.25	CNY 819,040.15	CNY (2,865,434.33)	CNY (24,651,480.61)	-
Singyih Ceramic (Penglai) Co., Ltd.	CNY 329,424,700.36	CNY 303,291,784.41	CNY 8,013,878.22	CNY 295,277,906.19	CNY 3,240,546.45	CNY (16,544,994.35)	CNY (5,735,920.59)	-
Champion Ceramics (Anhui) Co., Ltd.	CNY 409,215,974.65	CNY 198,632,636.12	CNY 73,736,697.06	CNY 124,895,939.06	CNY 193,328.48	CNY (23,073,841.98)	CNY (21,625,425.92)	-
Xiaoxian Huaguan mineral products Co., Ltd.	CNY 52,300,000.00	CNY 40,211,176.59	CNY 17,303,826.47	CNY 22,907,350.12	CNY 0.00	CNY (2,444,792.41)	CNY (3,026,092.39)	-
Guan Zhong Trading Co., Ltd.	96,000	97,415	11,428	85,987	65,894	(1,363)	(1,599)	-
Champion Highwealth Co., Ltd.	48,000 (註)	110,411	93,478	16,933	60,519	(11,069)	(8,131)	-

Note: Champion Highwealth Co., Ltd. completed the alteration of capital to NT\$120,000 thousand on March 18, 2024.

Champion Building Materials Co. Ltd.

Chairman: Lin, Jung-Te