

**FRANBO LINES CORPORATION AND
SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

DECEMBER 31, 2022 AND 2021

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

FRANBO LINES CORPORATION AND SUBSIDIARIES

Declaration of Consolidated Financial Statements of Affiliated Enterprises

Year ended December 31, 2022, pursuant to “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises,” the entity that is required to be included in the consolidated financial statements of affiliates, is the same as the entity required to be included in the consolidated financial statements of parent and subsidiary companies under IFRS 10. Also, if relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies, it shall not be required to prepare separate consolidated financial statements of affiliates.

Hereby declare,

FRANBO LINES CORPORATION

TSAI,PANG-CHUAN

March 3, 2023

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Franbo Lines Corporation

Opinion

We have audited the accompanying consolidated balance sheets of Franbo Lines Corporation (the “Group”) as at December 31, 2022 and 2021, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and 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 Group as at December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then 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 the 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 Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group's 2022 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2022 consolidated financial statements are stated as follows:

The existence of revenue recognition of newly top 10 unlisted customers

Description

Please refer to Notes 4(25) and 4(30) for the accounting policies on revenue recognition, and Note 6(20) for details of accounting item of operating revenue.

Operating revenue was the main indicator of managements' operating performance, and because the economic fluctuation of marine industry was larger in recent years, we consider the existence of revenue recognition of newly top 10 unlisted customers of the Company and subsidiaries as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Assessed and tested the implementation effectiveness of internal control in relation to credit business in sales cycle.
2. Examined contracts to confirm the amounts of revenue were calculated according to contracts.
3. Verified the collection record of banks and counterparties were in agreement.
4. Confirmed vessels were actually operating properly by searching rutters on the internet and verified related documents.

Impairment assessment of vessels and equipment

Description

Please refer to Note 4(18) for accounting policies on the impairment of non-financial assets, and Note 5 for the uncertainty of accounting estimates and assumptions on the impairment assessment of investment accounted for using equity method.

The main business of the subsidiary held by the Group was ocean freight forwarder. Because of the external competitive environment of bulk shipments and the effect of worsening macroeconomic conditions, there were indications which were identified by the management showing that the vessels and equipment of some subsidiaries might have been impaired, thus, the appraiser who was appointed by the management measured the recoverable amounts of vessels and equipment by using fair values less disposal costs. The aforementioned estimates of recoverable amount primarily relied on the appraisal report of the appraiser, and the result might have significant influence on the consolidated financial statements, thus, we consider the impairment assessment of vessels and equipment a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Obtained the vessels appraisal report of the appraiser who was appointed by the management, and assessed the professional ability, the performance of competence and the objectiveness of the appraiser.
2. Examined the content of vessels appraisal report to understand and assess the reasonableness of the source of data, appraisal method and conclusions of the appraiser.

Other matter – Consolidated financial reports

We have audited and expressed an unqualified opinion on the consolidated financial statements of the Company as at and for the years ended December 31, 2022 and 2021.

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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated 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 Standards on Auditing of the Republic of China, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the 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 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 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 Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group 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 our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Wang, Kuo-Hua

Liao, A-Shen

For and on behalf of PricewaterhouseCoopers, Taiwan

March 3, 2023

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

FRANBO LINES CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2022		December 31, 2021	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 1,597,253	20	\$ 494,465	9
1110	Financial assets at fair value through profit or loss - current	6(2)	7,816	-	2,748	-
1136	Current financial assets at amortised cost	6(3) and 8	242,670	3	-	-
1170	Accounts receivable, net	6(4) and 7	56	-	3,173	-
1197	Finance lease receivable, net	6(8)	170,313	2	14,831	-
1220	Current tax assets		28	-	20	-
130X	Inventories	6(5) and 7	610,377	7	9,508	-
1410	Prepayments		50,793	1	33,973	1
1460	Non-current assets held for sale - net	5, 6(7)(9) and 8	-	-	148,869	3
1479	Other current assets, others		57,727	1	12,805	-
11XX	Current Assets		2,737,033	34	720,392	13
Non-current assets						
1510	Financial assets at fair value through profit or loss - non-current	6(2)	880	-	-	-
1535	Non-current financial assets at amortised cost	6(3) and 8	19,057	-	125,268	2
1550	Investments accounted for using equity method	6(6)	26,363	-	43,478	1
1600	Property, plant and equipment	5, 6(7)(9) and 8	2,505,566	31	4,018,921	70
1780	Intangible assets		382	-	540	-
1840	Deferred income tax assets		14,764	-	17,114	-
1915	Prepayments for business facilities		1,551,114	20	647,380	11
1930	Long-term notes and accounts receivable	6(8)	1,156,513	15	144,766	3
1990	Other non-current assets, others	8	620	-	625	-
15XX	Non-current assets		5,275,259	66	4,998,092	87
1XXX	Total assets		\$ 8,012,292	100	\$ 5,718,484	100

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FRANBO LINES CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2022		December 31, 2021	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(10) and 8	\$ 120,000	2	\$ 10,000	-
2110	Short-term notes and bills payable	6(11)	29,966	1	-	-
2170	Accounts payable		377	-	5,155	-
2200	Other payables	6(12)	186,235	2	74,239	1
2220	Other payables to related parties	7	1,881	-	-	-
2230	Current income tax liabilities		5,278	-	-	-
2260	Liabilities directly related to non-current assets held for sale	6(9)(14) and 8	-	-	41,243	1
2320	Long-term liabilities, current portion	6(13)(14) and 8	586,155	7	393,394	7
2399	Other current liabilities, others	6(20)	99,070	1	109,060	2
21XX	Current Liabilities		1,028,962	13	633,091	11
Non-current liabilities						
2530	Bonds payable	6(13) and 8	565,399	7	400,000	7
2540	Long-term borrowings	6(14) and 8	846,174	10	1,509,022	26
2570	Deferred tax liabilities		461	-	-	-
2645	Guarantee deposits received		125,291	2	151,872	3
2670	Other non-current liabilities, others	6(20)	109,180	1	146,904	3
25XX	Non-current liabilities		1,646,505	20	2,207,798	39
2XXX	Total Liabilities		2,675,467	33	2,840,889	50
Equity						
Equity attributable to owners of parent						
	Share capital	6(17)				
3110	Share capital - common stock		2,386,358	30	1,886,358	33
3130	Certificate of entitlement to new shares from convertible bond		5,209	-	-	-
	Capital surplus	6(18)				
3200	Capital surplus		1,107,999	14	652,668	11
	Retained earnings	6(19)				
3310	Legal reserve		64,268	1	26,742	1
3320	Special reserve		263,295	3	194,315	3
3350	Unappropriated retained earnings		1,403,289	18	380,793	7
	Other equity interest					
3400	Other equity interest		106,407	1	(263,281)	(5)
31XX	Equity attributable to owners of the parent		5,336,825	67	2,877,595	50
3XXX	Total equity		5,336,825	67	2,877,595	50
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	Total liabilities and equity		\$ 8,012,292	100	\$ 5,718,484	100

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

FRANBO LINES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars, except for earnings per share)

			Year ended December 31			
			2022		2021	
Items	Notes		AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(20) and 7		\$ 1,466,949	100	\$ 1,226,139	100
5000 Operating costs	6(24)(25)		(698,938)	(48)	(756,546)	(62)
5900 Gross profit			<u>768,011</u>	<u>52</u>	<u>469,593</u>	<u>38</u>
Operating expenses						
6100 Selling expenses			(9,615)	(1)	(5,993)	-
6200 General and administrative expenses			(124,032)	(8)	(85,120)	(7)
6000 Total operating expenses			(133,647)	(9)	(91,113)	(7)
6900 Operating profit			<u>634,364</u>	<u>43</u>	<u>378,480</u>	<u>31</u>
Non-operating income and expenses						
7100 Interest income			18,816	1	362	-
7010 Other income	6(21)		42,569	3	29,429	2
7020 Other gains and losses	6(2)(22)		643,640	44	880	-
7050 Finance costs			(61,900)	(4)	(42,806)	(3)
7060 Share of profit/(loss) of associates and joint ventures accounted for under equity method	6(6)		<u>11,126</u>	<u>1</u>	<u>7,025</u>	<u>1</u>
7000 Total non-operating income and expenses			<u>654,251</u>	<u>45</u>	<u>(5,110)</u>	<u>-</u>
7900 Profit before income tax			<u>1,288,615</u>	<u>88</u>	<u>373,370</u>	<u>31</u>
7950 Income tax (expense) benefit	6(26)		(8,704)	(1)	1,892	-
8200 Profit for the year			<u>\$ 1,279,911</u>	<u>87</u>	<u>\$ 375,262</u>	<u>31</u>
Other comprehensive income						
Components of other comprehensive income that will be reclassified to profit or loss						
8361 Exchange differences on translation			<u>\$ 369,688</u>	<u>25</u>	<u>(\$ 68,966)</u>	<u>(6)</u>
8300 Other comprehensive income (loss) for the year			<u>\$ 369,688</u>	<u>25</u>	<u>(\$ 68,966)</u>	<u>(6)</u>
8500 Total comprehensive income for the year			<u>\$ 1,649,599</u>	<u>112</u>	<u>\$ 306,296</u>	<u>25</u>
Profit, attributable to:						
8610 Owners of the parent			<u>\$ 1,279,911</u>	<u>87</u>	<u>\$ 375,262</u>	<u>31</u>
Comprehensive income attributable to:						
8710 Owners of the parent			<u>\$ 1,649,599</u>	<u>112</u>	<u>\$ 306,296</u>	<u>25</u>
Earnings per share	6(27)					
9750 Basic earnings per share			<u>\$ 6.23</u>		<u>\$ 2.24</u>	
9850 Diluted earnings per share			<u>\$ 5.86</u>		<u>\$ 2.23</u>	

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

FRANBO LINES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

Equity attributable to owners of the parent											
Share capital		Capital surplus					Retained Earnings			Exchange differences on translation of foreign financial statements	Total equity
Notes	Ordinary share	Certificate of entitlement to new shares from convertible bond	Share premium	Treasury share transactions	Stock options	Expired options	Legal reserve	Special reserve	Unappropriated retained earnings		
<u>2021</u>											
Balance at January 1, 2021	\$ 1,526,358	\$ -	\$ -	\$ -	\$ -	\$ 5,677	\$ 17,246	\$ 85,111	\$ 124,231	(\$ 194,315)	\$ 1,564,308
Profit for the year	-	-	-	-	-	-	-	-	375,262	-	375,262
Other comprehensive loss for the year	-	-	-	-	-	-	-	-	-	(68,966)	(68,966)
Total comprehensive income(loss)	-	-	-	-	-	-	-	-	375,262	(68,966)	306,296
Appropriation and distribution of 2020 retained earnings:											
Legal reserve	-	-	-	-	-	-	9,496	-	(9,496)	-	-
Special reserve	-	-	-	-	-	-	-	109,204	(109,204)	-	-
Cash capital increase	6(17) 360,000	-	638,291	-	-	-	-	-	-	-	998,291
Share-based payment transactions	6(16)	-	8,613	-	-	87	-	-	-	-	8,700
Balance at December 31, 2021	<u>\$ 1,886,358</u>	<u>\$ -</u>	<u>\$ 646,904</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,764</u>	<u>\$ 26,742</u>	<u>\$ 194,315</u>	<u>\$ 380,793</u>	<u>(\$ 263,281)</u>	<u>\$ 2,877,595</u>
<u>2022</u>											
Balance at January 1, 2022	\$ 1,886,358	\$ -	\$ 646,904	\$ -	\$ -	\$ 5,764	\$ 26,742	\$ 194,315	\$ 380,793	(\$ 263,281)	\$ 2,877,595
Profit for the year	-	-	-	-	-	-	-	-	1,279,911	-	1,279,911
Other comprehensive income for the year	-	-	-	-	-	-	-	-	-	369,688	369,688
Total comprehensive income	-	-	-	-	-	-	-	-	1,279,911	369,688	1,649,599
Appropriation and distribution of 2021 retained earnings:											
Legal reserve	-	-	-	-	-	-	37,526	-	(37,526)	-	-
Special reserve	-	-	-	-	-	-	-	68,980	(68,980)	-	-
Cash dividends	-	-	-	-	-	-	-	-	(150,909)	-	(150,909)
Due to recognition of equity component of convertible bonds issued	6(13)	-	-	-	31,003	-	-	-	-	-	31,003
Cash capital increase	6(17) 500,000	-	414,000	-	-	-	-	-	-	-	914,000
Conversion of convertible bond	6(13)(17)(28)	-	5,209	5,003	(522)	-	-	-	-	-	9,690
Purchase of convertible bonds	6(13)	-	-	5	(82)	-	-	-	-	-	(77)
Share-based payments	6(16)	-	5,715	-	-	43	-	-	-	-	5,758
Disgorgement of short-swing profits	-	-	-	-	-	166	-	-	-	-	166
Balance at December 31, 2022	<u>\$ 2,386,358</u>	<u>\$ 5,209</u>	<u>\$ 1,071,622</u>	<u>\$ 5</u>	<u>\$ 30,399</u>	<u>\$ 5,973</u>	<u>\$ 64,268</u>	<u>\$ 263,295</u>	<u>\$ 1,403,289</u>	<u>\$ 106,407</u>	<u>\$ 5,336,825</u>

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

FRANBO LINES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 1,288,615	\$ 373,370
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense	6(7)	256,511	304,968
Amortization expense		158	96
Net (gains) loss on financial assets at fair value through profit or loss	6(2)(22)	2,754 (	179)
Interest expense		61,900	42,806
Interest income		(18,816 ) (	362)
Share-based payments	6(16)	5,758	8,700
Share of profit of associates and joint ventures accounted for using equity method	6(6)	(11,126 ) (	7,025)
Gain on disposal of non-current assets held for sale	6(9)(22)	(671,211 ) (	206)
Loss (gain) on proceeds from disposal of property, plant and equipment	6(22)	29,960 (	53)
Gain on bond redemption		(110)	-
Changes in operating assets and liabilities			
Changes in operating assets			
Current financial assets at fair value through profit or loss		(7,219)	1,452
Accounts receivable		3,352	1,556
Finance lease receivable		70,469	38,436
Inventories		(599,793 ) (	2,703)
Prepayments		(15,680 ) (	8,394)
Other current assets, others		(42,257 ) (	8,993)
Changes in operating liabilities			
Accounts payable		(5,184)	1,927
Other payables		104,474 (	15,670)
Other payables to related parties		1,881	-
Other current liabilities, others		(18,274)	35,390
Other non-current liabilities, others		(52,211 ) (	49,074)
Cash inflow generated from operations		383,951	716,042
Interest received		18,816	362
Dividends received	6(6)	12,408	4,439
Interest paid		(56,903 ) (	43,043)
Income tax paid		-	(13)
Net cash flows from operating activities		358,272	677,787

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FRANBO LINES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2022	2021
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
(Increase) decrease in current financial assets at amortised cost		(\$ 153,908)	\$ 11,501
Decrease (increase) in non-current financial assets at amortised cost		20,820	(6,602)
Acquisition of investments accounted for using the equity method	6(6)	-	(27,680)
Acquisition of assets which did not meet the definition of business		-	(47,750)
Proceeds from capital reduction of investments accounted for using equity method	6(6)	19,157	76,336
Acquisition of property, plant and equipment	6(28)	(26,374)	(588,561)
Proceeds from disposal of property, plant and equipment		286,409	53
Proceeds from disposal of non-current assets held for sale	6(9)	987,873	137,846
Acquisition of intangible assets		-	(453)
Increase in prepayments for business facilities		(808,189)	(655,098)
Decrease in refundable deposits		7	975
Net cash flows from (used in) investing activities		325,795	(1,099,433)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term loans		130,000	277,015
Decrease in short-term loans		(20,000)	(426,520)
Increase in short-term notes and bills payable		30,000	-
Proceeds from issuance of bonds		602,381	-
Purchase of convertible bonds		(1,500)	-
Proceeds from long-term debt		1,310,042	1,532,267
Repayments of long-term debt		(2,390,624)	(1,595,757)
Cash capital increased (net of issuance cost)	6(17)	914,000	998,291
Cash dividends paid	6(19)	(150,909)	-
Decrease in guarantee deposits received		(41,703)	(1,996)
Disorgement of short-swing profits		166	-
Net cash flows from financing activities		381,853	783,300
Effect of exchange rate changes on cash and cash equivalents		36,868	23,885
Net increase in cash and cash equivalents		1,102,788	385,539
Cash and cash equivalents at beginning of year	6(1)	494,465	108,926
Cash and cash equivalents at end of year	6(1)	\$ 1,597,253	\$ 494,465

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

FRANBO LINES CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and Organisation

(1) Franbo Lines Corporation (the “Company”) was incorporated on September 29, 1998, and was primarily engaged in the shipping agency, consulting service and ocean freight forwarder, etc.

(2) The main activities of the Company and its subsidiaries (collectively referred herein as the “Group”) are provided in Note 4(3).

(3) The Company’ shares are traded in the Taipei Exchange starting from October 9, 2014.

2. The Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorisation

These consolidated financial statements were authorised for issuance by the Board of Directors on March 3, 2023.

3. Application of New Standards, Amendments and Interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments that came into effect endorsed by the FSC and became effective from 2022 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 3, ‘Reference to the conceptual framework’	January 1, 2022
Amendments to IAS 16, ‘Property, plant and equipment: proceeds before intended use’	January 1, 2022
Amendments to IAS 37, ‘Onerous contracts—cost of fulfilling a contract’	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

(2) Effect of new issuances of or amendments to IFRSs that came into effect as endorsed by the FSC but not yet adopted by the Company

New standards, interpretations and amendments endorsed by the FSC effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

4. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the "IFRSs").

(2) Basis of preparation

- A. Except for financial assets (including derivative instruments) at fair value through profit or loss, the consolidated financial statements have been prepared under the historical cost convention.
- B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3) Basis of consolidation

- A. Basis for preparation of consolidated financial statements
 - (a) All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
 - (b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
 - (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
 - (d) Changes in a parent’s ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.
 - (e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiaries	Main business activities	Ownership(%)		Description
			December 31 2022	December 31 2021	
Franbo Lines Corporation	New Lucky Lines S.A.	Notes 1 、 2	100	100	-
Franbo Lines Corporation	Uni-Morality Lines Ltd.	Note 1	100	100	-
Franbo Lines Corporation	BCTS Capital Inc.	Note 1	100	100	-
Franbo Lines Corporation	Franbo Asset Management Co., Ltd.	Note 3	100	100	-
Franbo Lines Corporation	FWF Shipping Ltd.	Note 2	100	100	-
New Lucky Lines S.A.	Franbo Shipping S.A.	Note 2	100	100	-
New Lucky Lines S.A.	Franbo Transportation S.A.	Note 2	100	100	-
New Lucky Lines S.A.	Franbo Wind S.A.	Note 2	100	100	-
New Lucky Lines S.A.	Franbo Charity S.A.	Note 2	100	100	-
New Lucky Lines S.A.	TW Hornbill Line S.A.	Note 2	100	100	-
New Lucky Lines S.A.	Franbo Logos S.A.	Note 2	100	100	-
New Lucky Lines S.A.	Franbo Logic S.A.	Note 2	100	100	-
New Lucky Lines S.A.	Franbo Lohas S.A.	Note 2	100	100	-
New Lucky Lines S.A.	Prevalent Creation Corp.	Note 4	100	100	-
New Lucky Lines S.A.	Franbo Sagacity S.A.	Notes 2 、 4	100	100	-
New Lucky Lines S.A.	Franbo Way Ltd.	Note 2	100	100	-
New Lucky Lines S.A.	Franbo Uprightness Corp.	Note 2	100	100	-
New Lucky Lines S.A.	Franbo Sino Ltd.	Note 2	100	100	-
New Lucky Lines S.A.	Franbo Ocean Ltd.	Note 2	100	100	-
New Lucky Lines S.A.	Franbo Legion Ltd.	Note 2	100	100	-
New Lucky Lines S.A.	FB Pioneer Ltd.	Note 2	100	100	-
New Lucky Lines S.A.	FB Navigation Ltd.	Note 2	100	100	Note 5
New Lucky Lines S.A.	Franbo Legacy Ltd.	Note 2	100	100	-
New Lucky Lines S.A.	Franbo Bright Ltd.	Note 2	100	100	-
New Lucky Lines S.A.	Franbo Ace Ltd.	Note 2	100	100	-
New Lucky Lines S.A.	Franbo Cosmos Ltd.	Note 2	100	100	Note 6
New Lucky Lines S.A.	Franbo Art Ltd.	Note 2	100	100	Note 7
New Lucky Lines S.A.	Franbo Century Ltd.	Note 2	100	100	Note 7
New Lucky Lines S.A.	Franbo Brave Ltd.	Note 2	100	100	Note 8
New Lucky Lines S.A.	Franbo Bravo Ltd.	Note 2	100	100	Note 8
Uni-Morality Lines Ltd.	Dexin Shipping S.A.	Note 2	100	100	-
Franbo Asset Management Co., Ltd.	Franbo Propriety Buiding Development Co., Ltd.	Note 3	100	-	Note 9
Franbo Asset Management Co., Ltd.	Franbo Justice Buiding Development Co., Ltd.	Note 3	100	-	Note 10

Note 1: The main business activity is investment in other area.

Note 2: The main business activities are domestic and foreign shipping business and ocean freight transportation forwarding services.

Note 3: The main business activities are property investment trading and development.

Note 4: The main business activity is domestic and foreign management consulting service of steamship.

Note 5: In January 2021, the Group gradually acquired 66% of equity interest in Navigation from other shareholders of FB Navigation Ltd., and the Group held 100% shares including prior held shares of 34% and obtained all the seats in the Board of Directors. In January 2021, FB Navigation Ltd. was included in the consolidated entity. Because the acquisition transaction of the equity interest was not a purchase business, thus it was processed as acquisition of assets.

Note 6: It was a subsidiary of the Group established in May 2021, and the capital injection was completed in November 2021.

Note 7: It was a subsidiary of the Group established in August 2021, and the capital injection was completed in October 2021.

Note 8: It was a subsidiary of the Group established in November 2021, and the capital injection was completed in December 2021.

Note 9: It was a subsidiary of the Group established in April 2022, and the capital injection was completed in April 2022.

Note 10: It was a subsidiary of the Group established in July 2022, and the capital injection was completed in July 2022.

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

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Foreign currency translation

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the “functional currency”). The consolidated financial statements are presented in New Taiwan dollar, which is the Company’s functional and the Group’s presentation currency.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All foreign exchange gains and losses are presented in the statement of comprehensive income within ‘other gains and losses’.

B. Translation of foreign operations

- (a) The operating results and financial position of all the group entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
 - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
 - iii. All resulting exchange differences are recognised in other comprehensive income.
- (b) When the foreign operation partially disposed of or sold is an associate or joint arrangement, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale.

(5) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
 - (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
 - (b) Assets held mainly for trading purposes;
 - (c) Assets that are expected to be realised within twelve months from the balance sheet date;
 - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
 - (a) Liabilities that are expected to be settled within the normal operating cycle;
 - (b) Liabilities arising mainly from trading activities;
 - (c) Liabilities that are to be settled within twelve months from the balance sheet date;
 - (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

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

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income. Financial assets at amortised cost or fair value through other comprehensive income are designated as at fair value through profit or loss at initial recognition when they eliminate or significantly reduce a measurement or recognition inconsistency.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.
- D. The Group recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(8) Financial assets at amortised cost

- A. Financial assets at amortised cost are those that meet all of the following criteria:
 - (a) The objective of the Group's business model is achieved by collecting contractual cash flows.
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.
- D. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(9) Accounts receivable

- A. Accounts receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(10) Impairment of financial assets

For financial assets at amortised cost including accounts receivable or contract assets that have a significant financing component, at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(11) Derecognition of financial assets

The Group derecognises a financial asset when one of the following conditions is met:

- A. The contractual rights to receive the cash flows from the financial asset expire.
- B. The contractual rights to receive cash flows of the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.
- C. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Group has not retained control of the financial asset.

(12) Leasing arrangements (lessor) – lease receivables/ operating leases

- A. Based on the terms of a lease contract, a lease is classified as a finance lease if the lessee assumes substantially all the risks and rewards incidental to ownership of the leased asset.
 - (a) At commencement of the lease term, the lessor should record a finance lease in the balance sheet as ‘lease receivables’ at an amount equal to the net investment in the lease (including initial direct costs). The difference between gross lease receivable and the present value of the receivable is recognised as ‘unearned finance income of finance lease’.
 - (b) The lessor should allocate finance income over the lease term based on a systematic and rational basis reflecting a constant periodic rate of return on the lessor’s net investment in the finance lease.
 - (c) Lease payments (excluding costs for services) during the lease term are applied against the gross investment in the lease to reduce both the principal and the unearned finance income.
- B. Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(13) Inventories

A. Vessel oils

It is the amount of inventory of vessel oils at the end of period, the value of oils was calculated by using the weighted moving average method. Inventories are stated at the lower of cost and net realisable value. The item by item approach is used in applying the lower of cost and net realisable value. The net realisable value is the replacement cost of oils.

B. Land held for construction site and construction in progress

Inventories are initially recorded at cost. Ending inventories are stated at the lower of cost and net realisable value. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. The interests associated with the construction in progress were capitalised in the period starting from beginning of construction until completion.

(14) Non-current assets held for sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction rather than through continuing use, and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

(15) Investments accounted for using equity method / subsidiaries and associates

- A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.
- B. The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- C. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognizes the Group's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.
- D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- E. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(16) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change.

The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	5 to 50 years
Transportation equipment	5 years
Vessels equipment	2.5 to 25 years
Office equipment	5 years

(17) Intangible assets

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 5 years.

(18) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(19) Borrowings

- A. Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.
- B. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

(20) Accounts payable

- A. Accounts payable are liabilities for purchases of raw materials, goods or services.
- B. The short-term accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(21) Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is either discharged or cancelled or expires.

(22) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(23) Bonds payable

Ordinary corporate bonds issued by the Group are initially recognised at fair value less transaction costs. Any difference between the proceeds (net of transaction costs) and the redemption value is presented as an addition to or deduction from bonds payable, which is amortised to profit or loss over the period of bond circulation using the effective interest method as an adjustment to ‘finance costs’.

(24) Convertible bonds payable

Convertible bonds issued by the Group contain conversion options (that is, the bondholders have the right to convert the bonds into the Group’s common shares by exchanging a fixed amount of cash for a fixed number of common shares), call options and put options. The Group classifies the bonds payable upon issuance as a financial asset, a financial liability or an equity instrument in accordance with the contract terms. They are accounted for as follows:

- A. The embedded call options and put options are recognised initially at net fair value as ‘financial assets or financial liabilities at fair value through profit or loss’. They are subsequently remeasured and stated at fair value on each balance sheet date; the gain or loss is recognised as ‘gain or loss on valuation of financial assets or financial liabilities at fair value through profit or loss’.
- B. The host contracts of bonds are initially recognised at fair value. Any difference between the initial recognition and the redemption value is accounted for as the premium or discount on bonds payable and subsequently is amortised in profit or loss as an adjustment to ‘finance costs’ over the period of circulation using the effective interest method.
- C. The embedded conversion options which meet the definition of an equity instrument are initially recognised in ‘capital surplus—share options’ at the residual amount of total issue price less the amount of financial assets or financial liabilities at fair value through profit or loss and bonds payable as stated above. Conversion options are not subsequently remeasured.

- D. Any transaction costs directly attributable to the issuance are allocated to each liability or equity component in proportion to the initial carrying amount of each abovementioned item.
- E. When bondholders exercise conversion options, the liability component of the bonds (including bonds payable and 'financial assets or financial liabilities at fair value through profit or loss') shall be remeasured on the conversion date. The issuance cost of converted common shares is the total book value of the abovementioned liability component and 'capital surplus—share options'.

(25) Operating leases (lessor)

- A. The Group assessed whether the contract pertain to (or including) lease according to the signature date. If the contract transferred the control power of the identified assets' use right for a period of time to exchange for a price, the contract pertain to (or including) lease. To assess whether the contract transferred the control power of the identified assets' use right for a period of time, the Group assessed whether the two conditions incurred in the use period:

- (a) Acquisition of the right on almost all of the economic benefit from using identified assets ; and
- (b) Conducting the use right of identified assets.

For contracts pertaining to (or including) lease, the Group separates every lease component in the contract into single lease, and accounts the lease components and non-lease components in the contract, respectively. For contracts containing one lease component and one or above additional lease components or non-lease components, the Group amortised the price to the lease component based on the relative single price of every lease component and the summarised single price of non-lease component. The relative single price of lease and non-lease component were determined based on the prices which were charged by the lessor (or one who was similar to the supplier) on the component (or the similar component). If the observable single price could not be readily available at any time, the Group estimated the single price by using the maximised observable information.

On the signature date, the Group classified every lease into operating lease or finance lease. Lease was classified as finance lease if almost all of the risk and returns of the ownership which attached on the target assets; otherwise, it would be classified as operating lease. At the commencement date, the Group recognised all of the assets held as finance lease in the balance sheet and presented them as finance lease receivable according to the net investment in the lease.

For contracts containing lease component and non-lease component, the Group amortised prices in contracts by applying IFRS 15.

- B. Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(26) Employee benefits

- A. Salaries and other short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.

B. Pensions

Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

C. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(27) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations, and management accrued income tax liabilities based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. The Group's subsidiaries, New Lucky Lines S.A., Franbo Shipping S.A., Franbo Transportation S.A., Franbo Wind S.A., Franbo Charity S.A., TW Hornbill Line S.A., Franbo Logos S.A., Franbo Logic S.A., Franbo Lohas S.A., Franbo Sagacity S.A., and Dexin Shipping S.A., were established in Panama and have no income tax payables to Panama which does not levy income tax.
- D. The Group's subsidiaries, FWF Shipping Ltd., BCTS Capital Inc., Franbo Way Ltd., Franbo Uprightness Corp., Franbo Sino Ltd., Franbo Ocean Ltd., Franbo Legion Ltd., FB Pioneer Ltd., FB Navigation Ltd., Franbo Legacy Ltd., Franbo Bright Ltd., Franbo Ace Ltd., Franbo Cosmos Ltd., Franbo Art Ltd., Franbo Century Ltd., Franbo Brave Ltd., and Franbo Bravo Ltd., were established in Marshall Islands and have no income tax payables to Marshall Islands which does not levy income tax.
- E. The Group's subsidiary, Prevalent Creation Corp., was established in Seychelles and have no income tax payables to Seychelles which does not levy income tax.
- F. The Group's subsidiary, Uni-Morality Lines Ltd., was established in Hong Kong, the income tax of the subsidiary is levied according to local regulations.

G. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

H. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

(28) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(29) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(30) Revenue recognition

A. Rent income

Vessels rent income was recognised by using straight-line method in the lease period under operating leases. Income of finance leases was allocated over the accounting periods to reflect a constant periodic rate of return for each period.

B. Income from vessels management and freight

The Group's revenue from contracts with customers primarily arose from providing services, including vessels management service and carriage service of cargo. The aforementioned services were all separate pricing or negotiation, and the contract period was the basis for vessels management and carriage of cargo. Because the Group provided vessels management and carriage service of cargo in the contract period, revenue was recognised over time in the accounting period when the Group provided service to customers.

C. The Group and customers sign a contract which is consistent with market practice. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Group does not adjust the transaction price to reflect the time value of money. The Group provided charter service and vessels management, service revenue was recognised over time in the accounting period when the Group provided service to customers.

(31) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group's chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Details of critical accounting estimates and assumption uncertainty are as follows:

Impairment assessment of tangible assets

When there were indications identified by the management that showed the vessel equipment of some subsidiaries might have been impaired, the appraiser who was appointed by the management measures the recoverable amount of vessel equipment by using fair values reducing disposal costs. The aforementioned estimates on recoverable amount primarily relies on the appraisal report of the appraiser, and the data resources and assumptions which were applied by the appraiser might have significant influence on the result.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash:		
Cash on hand and petty cash	\$ 7,002	\$ 9,074
Checking accounts and demand deposits	206,162	136,623
Cash equivalents:		
Time deposits	1,365,361	348,768
Repurchase bonds	18,728	-
	<u>\$ 1,597,253</u>	<u>\$ 494,465</u>

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Group's demand deposits had been transferred into "current financial assets at amortised cost" and "non-current financial assets at amortised cost" due to being pledged and restricted, please refer to Note 8, pledged assets.

C. The aforementioned time deposits and repurchase bonds are both within three months of maturity, were not pledged as collateral and were classified as cash equivalents based on their nature.

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

Items	December 31, 2022	December 31, 2021
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	\$ 8,844	\$ 1,560
Foreign corporate bonds	1,232	1,285
Valuation adjustment	(2,260)	(97)
	<u>\$ 7,816</u>	<u>\$ 2,748</u>
Non-Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Derivative instruments	<u>\$ 880</u>	<u>\$ -</u>

A. Amounts recognised in (loss) profit in relation to financial assets at fair value are listed below:

	Year ended December 31	
	2022	2021
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	(\$ 1,813)	\$ 295
Foreign corporate bonds	(337)	(116)
Derivative instruments	(604)	-
	<u>(\$ 2,754)</u>	<u>\$ 179</u>

The amount of (loss) income was shown as “other gains and losses”, please refer to Note 6(22) for details.

- B. The Group has no financial assets at fair value through profit or loss pledged to others as collateral.
- C. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2).

(3) Financial assets at amortised cost

Items	December 31, 2022	December 31, 2021
Current items:		
Time deposits with maturity over three months	\$ 153,918	\$ -
Restricted bank deposits	88,752	-
	<u>\$ 242,670</u>	<u>\$ -</u>
Non-current items:		
Restricted bank deposits	<u>\$ 19,057</u>	<u>\$ 125,268</u>

- A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
- B. For the years ended December 31, 2022 and 2021, interest income from demand deposits and time deposits were recognised under interest income from bank deposits.
- C. Details of the Group's financial assets at amortised cost pledged to others as collateral are provided in Note 8.

(4) Accounts receivable

	December 31, 2022	December 31, 2021
Accounts receivable	\$ 56	\$ 3,173
Less: Allowance for doubtful accounts	-	-
	<u>\$ 56</u>	<u>\$ 3,173</u>

- A. The ageing analysis of accounts receivable (including related parties) that were past due but not impaired is as follows:

	December 31, 2022	December 31, 2021
Up to 30 days	<u>\$ 56</u>	<u>\$ 3,173</u>

The above ageing analysis was based on invoice date.

- B. On December 31, 2022, December 31, 2021 and January 1, 2021, the balances of the receivables from the Group's and customers contracts were \$56 \$3,173 and \$4,837, respectively.
- C. The Group did not hold any collateral for the security of accounts receivable.
- D. As at December 31, 2022 and 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Company was \$56 and \$3,173, respectively.
- E. Information relating to credit risk of accounts receivable is provided in Note 12(2).

(5) Inventories

	December 31, 2022		
	Allowance for		
	Cost	valuation loss	Book value
Fuels	\$ 11,764	\$ -	\$ 11,764
Construction in progress (Note)	78,462	-	78,462
Land held for construction site (Note)	520,151	-	520,151
	<u>\$ 610,377</u>	<u>\$ -</u>	<u>\$ 610,377</u>
	December 31, 2021		
	Allowance for		
	Cost	valuation loss	Book value
Fuels	<u>\$ 9,508</u>	<u>\$ -</u>	<u>\$ 9,508</u>

Note: It is a land development investment case which was obtained by the Company's subsidiary, Franbo Asset Management Co., Ltd., and the Company's second-tier subsidiaries, Franbo Propriety Buiding Development Co., Ltd. and Franbo Justice Buiding Development Co., Ltd., in February 2022 to March 2022, November 2022 to December 2022, May 2022 to August 2022 and August 2022 to September 2022, respectively. Except for some land held for construction site which were developed by Franbo Asset Management Co., Ltd., in October 2022, others had not been developed. Refer to Note 8 for details of pledges and collateral.

(6) Investments accounted for using equity method

Changes in the year were as follows:

	2022	2021
At January 1	\$ 43,478	\$ 118,765
Addition of investments accounted for using equity method (Note 1)	-	27,680
Capital decrease in investments accounted for using equity method (Notes 1, 2, 3)	(19,157)	(76,336)
Disposal of investments accounted for using equity method (Note 4)	-	(26,545)
Share of profit of investments accounted for using equity method	11,126	7,025
Earnings distribution of investments accounted for using equity method	(12,408)	(4,439)
Other equity	<u>3,324</u>	<u>(2,672)</u>
At December 31	<u>\$ 26,363</u>	<u>\$ 43,478</u>

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Subsidiaries:		
Taiwan Offshore Engineering Co.,Ltd. (Note 5)	\$ 30	\$ 31
Due Feng Shipping Co., Ltd. (Note 3)	43	19,383
Bci Loyalty Inc. (Note 1)	12,129	11,499
Franbo Courage S. A. (Note 2)	<u>14,161</u>	<u>12,565</u>
	<u>\$ 26,363</u>	<u>\$ 43,478</u>

Note 1: On December 28, 2020, the Group invested USD 786,540 to acquire 21.57% of ownership interest in BCI Loyalty Inc. and invested USD 1,000,000 to acquire 27.43% of ownership interest, and the total ownership was 49%. This company processed capital reductions and recovered proceeds from investments of \$3,256, \$35,264 and \$1,206 on July 5, 2021, August 31, 2021 and February 1, 2022, respectively.

Note 2: On November 16, 2020, the Group invested USD 1,764,000 to acquire 49% of ownership interest in Franbo Courage S.A. This company processed capital reductions and recovered proceeds from investments of \$35,264 and \$2,034 on March 4, 2021 and July 5, 2021, respectively.

Note 3: Due Feng Shipping Co., Ltd. processed capital reductions and recovered proceeds from investments of \$518 and \$17,951 on June 15, 2021 and January 11, 2022, respectively.

Note 4: On August 27, 2019, the Group invested USD 892,500 to acquire 34% of ownership interest in FB Navigation Ltd. who processed a capital reduction on January 8, 2020, and the Group recovered proceeds from the investment of \$635. In January 2021, the Group gradually acquired 66% of equity interest in Navigation from other shareholders of FB Navigation Ltd., and the Group held 100% shares including prior held shares of 34% and obtained all the seats in the Board of Directors. In January 2021, FB Navigation Ltd. was included in the consolidated entity. Because the acquisition transaction of the equity interest was not a purchase business, thus it was processed as acquisition of assets.

Note 5: On March 10, 2017, the Group invested \$3,000 in Taiwan Offshore Engineering Co., Ltd. and acquired 30% equity interests. On August 23, 2019, Taiwan Offshore Engineering Co., Ltd. decreased its capital, therefore the Company collected investment proceeds in the amount of \$2,970, as of December 31, 2022, this company had not formally started operation.

A. The basic information of the associates that are material to the Group is as follows:

Company name	Principal place of business	Shareholding ratio		Nature of relationship	Methods of measurement
		December 31, 2022	December 31, 2021		
Franbo Courage S.A.	Panama	49%	49%	-	Equity method
BCI Loyalty Inc.	Marshall	49%	49%	-	Equity method

B. The summarized financial information of the associate that is material to the Group is as follows:

Balance sheets

		Franbo Courage S.A.	
		December 31, 2022	December 31, 2021
Current assets	\$	18,123	\$ 16,774
Non-current assets		65,545	70,845
Current liabilities	(	15,151)	(14,123)
Non-current liabilities	(	39,616)	(47,850)
Total assets	\$	<u>28,901</u>	<u>\$ 25,646</u>
Share in associate's net assets	\$	14,161	\$ 12,565
Goodwill		-	-
Carrying amount of the associate	\$	<u>14,161</u>	<u>\$ 12,565</u>

		BCI Loyalty Inc.	
		December 31, 2022	December 31, 2021
Current assets	\$	18,404	\$ 17,176
Non-current assets		68,721	73,796
Current liabilities	(	16,154)	(14,138)
Non-current liabilities	(	46,219)	(53,368)
Total assets	\$	<u>24,752</u>	<u>\$ 23,466</u>
Share in associate's net assets	\$	12,129	\$ 11,499
Goodwill		-	-
Carrying amount of the associate	\$	<u>12,129</u>	<u>\$ 11,499</u>

Comprehensive income

		Franbo Courage S.A.	
		2022	2021
Revenue	\$	7,192	\$ 7,917
Profit for the year from continuing operations	\$	2,581	\$ 4,689
Total comprehensive income	\$	<u>2,581</u>	<u>\$ 4,689</u>
Dividends received from associates	\$	-	\$ -

	BCI Loyalty Inc.	
	2022	2021
Revenue	\$ 7,401	\$ 8,007
Profit for the year from continuing operations	\$ 2,564	\$ 4,579
Total comprehensive income	\$ 2,564	\$ 4,579
Dividends received from associates	\$ –	\$ –

C. The carrying amount of the Group's interests in all individually immaterial associates and the Group's share of the operating results are summarised below:

As of December 31, 2022 and 2021, the carrying amount of the Group's individually immaterial associates amounted to \$73 and \$19,414.

	2022	2021
Profit for the year from continuing operations	\$ 8,605	\$ 2,508
Other comprehensive income, net of tax	-	-
Total comprehensive income	\$ 8,605	\$ 2,508

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(7) Property, plant and equipment

	Land	Building and structures	Vessels equipment (Note 1)	Office equipment	Transportation equipment	
	For	For		For	For	
	self-consumption	self-consumption	For lease	self-consumption	self-consumption	Total
January 1, 2022						
Cost	\$ 19,247	\$ 42,193	\$ 5,680,807	\$ 3,254	\$ 7,958	\$ 5,753,459
Accumulated depreciation and impairment	-	(13,780)	(1,715,153)	(2,950)	(2,655)	(1,734,538)
	<u>\$ 19,247</u>	<u>\$ 28,413</u>	<u>\$ 3,965,654</u>	<u>\$ 304</u>	<u>\$ 5,303</u>	<u>\$ 4,018,921</u>
<u>2022</u>						
January 1	\$ 19,247	\$ 28,413	\$ 3,965,654	\$ 304	\$ 5,303	\$ 4,018,921
Additions	-	-	24,810	1,564	-	26,374
Reclassifications						
(Notes 2, 3, 4 and 5)	-	-	(999,320)	-	-	(999,320)
Disposals-cost reduction (Note 6)	-	-	(1,623,447)	(118)	(210)	(1,623,775)
Depreciation expense	-	(873)	(253,775)	(300)	(1,563)	(256,511)
Disposals-Accumulated depreciation and impairment reduction (Note 6)	-	-	964,060	118	-	964,178
Net exchange differences	-	-	375,699	-	-	375,699
December 31	<u>\$ 19,247</u>	<u>\$ 27,540</u>	<u>\$ 2,453,681</u>	<u>\$ 1,568</u>	<u>\$ 3,530</u>	<u>\$ 2,505,566</u>
December 31, 2022						
Cost	\$ 19,247	\$ 42,193	\$ 3,265,880	\$ 4,700	\$ 7,748	\$ 3,339,768
Accumulated depreciation and impairment	-	(14,653)	(812,199)	(3,132)	(4,218)	(834,202)
	<u>\$ 19,247</u>	<u>\$ 27,540</u>	<u>\$ 2,453,681</u>	<u>\$ 1,568</u>	<u>\$ 3,530</u>	<u>\$ 2,505,566</u>

	<u>Land</u> For self-consumption	<u>Building and structures</u> For self-consumption	<u>Vessels equipment (Note 1)</u> For lease	<u>Office equipment</u> For self-consumption	<u>Transportation equipment</u> For self-consumption	Total
January 1, 2021						
Cost	\$ 19,247	\$ 42,193	\$ 5,827,072	\$ 3,124	\$ 4,036	\$ 5,895,672
Accumulated depreciation and impairment	-	(12,738)	(1,682,508)	(2,832)	(2,038)	(1,700,116)
	<u>\$ 19,247</u>	<u>\$ 29,455</u>	<u>\$ 4,144,564</u>	<u>\$ 292</u>	<u>\$ 1,998</u>	<u>\$ 4,195,556</u>
<u>2021</u>						
January 1	\$ 19,247	\$ 29,455	\$ 4,144,564	\$ 292	\$ 1,998	\$ 4,195,556
Additions (Note 7)	-	-	716,520	130	4,258	720,908
Transportation	-	-	2,394	-	-	2,394
Reclassifications (Notes 8 and 9)	-	-	(286,512)	-	-	(286,512)
Disposals-cost reduction (Note 10)	-	-	(232,842)	-	(336)	(233,178)
Depreciation expense	-	(1,042)	(302,855)	(118)	(953)	(304,968)
Disposals-Accumulated depreciation and impairment reduction (Note 10)	-	-	40,457	-	336	40,793
Net exchange differences	-	-	(116,072)	-	-	(116,072)
December 31	<u>\$ 19,247</u>	<u>\$ 28,413</u>	<u>\$ 3,965,654</u>	<u>\$ 304</u>	<u>\$ 5,303</u>	<u>\$ 4,018,921</u>
December 31, 2021						
Cost	\$ 19,247	\$ 42,193	\$ 5,680,807	\$ 3,254	\$ 7,958	\$ 5,753,459
Accumulated depreciation and impairment	-	(13,780)	(1,715,153)	(2,950)	(2,655)	(1,734,538)
	<u>\$ 19,247</u>	<u>\$ 28,413</u>	<u>\$ 3,965,654</u>	<u>\$ 304</u>	<u>\$ 5,303</u>	<u>\$ 4,018,921</u>

- Note 1: They were vessels owned by second-tier subsidiaries as follows: Franbo Progress (Note 6) owned by Franbo Shipping S.A., Franbo Prospect (Note 6) owned by Franbo Transportation S.A., SINOWAY VI (was disposed in March 2022, Note 9) owned by Franbo Wind S.A., MARINE EMERALD (was disposed in October 2021, Note 8), MARINE HORNBILL (was disposed in September 2022) owned by TW Hornbill Line S.A., HAYAMA STAR (was disposed in September 2022, Note 3) owned by Franbo Uprightness Corp., SINOWAY ACT (Note 10) owned by Franbo Ocean Ltd., NEW AGE (was disposed by April 2022, Note 2) owned by Dexin Shipping S.A., ULTRA DURBAN owned by Franbo Logos S.A., Thorco Logic owned by Franbo Logic S.A., Thorco Lohas owned by Franbo Lohas S.A., STL HARVEST owned by Franbo Sagacity S.A., MEDI BANGKOK (Note 4) owned by Franbo Way Ltd., LAUREN OCEAN owned by Franbo Sino Ltd., FAIRWIND LEGION owned by Franbo Legion Ltd., SINOWAY LILY owned by FB Pioneer Ltd., CHRISTINA OCEAN owned by FB Navigation Ltd., THORCO LEGACY (Note 5) owned by Franbo Legacy Ltd. and IMARI owned by Franbo Bright Ltd.
- Note 2: In January 2022, the Group transferred some of vessel equipment into non-current assets held for sale, their cost and accumulated depreciation were \$283,100 and \$100,830, respectively. Refer to Note 6(9) for details of non-current assets held for sale.
- Note 3: In June 2022, the Group transferred some of vessel equipment into non-current assets held for sale, their cost and accumulated depreciation were \$378,863 and \$105,867, respectively. Refer to Note 6(9) for details of non-current assets held for sale.
- Note 4: In September 2022, the Group transferred some of vessel equipment into non-current assets held for sale, their cost and accumulated depreciation were \$387,456 and \$122,524, respectively. Refer to Note 6(9) for details of non-current assets held for sale.
- Note 5: In September 2022, the Group transferred some of vessel equipment into non-current assets held for sale, their cost and accumulated depreciation were \$298,000 and \$18,878, respectively. Refer to Note 6(9) for details of non-current assets held for sale.
- Note 6: In July 2022, Franbo Shipping S.A. and Franbo Transportation S.A. signed a bareboat charter with charterers and derecognised their vessels, Franbo Progress and Franbo Prospect, and carrying amounts were \$169,779 and \$173,449, respectively.
- Note 7: The amount of the Group obtaining vessel equipment through the acquisition transaction of ownership (please refer to Note 4(3)B) was \$132,347.
- Note 8: In July 2021, the Group transferred some of vessel equipment into non-current assets held for sale, their cost and accumulated depreciation were \$244,968 and \$107,325, respectively. Refer to Note 6(9) for details of non-current assets held for sale.

Note 9: In September 2021, the Group transferred some of vessel equipment into non-current assets held for sale, their cost and accumulated depreciation were \$236,664 and \$87,795, respectively. Refer to Note 6(9) for details of non-current assets held for sale.

Note 10: In August 2021, Franbo Ocean Ltd. signed a finance lease contract with the lessee and derecognised its vessel, SINOWAY ACT, which amounted to \$192,385. Additionally, because the lessee earlier exercised the right of purchase, the contract had been terminated in July 2022. Refer to Note 6(8) for details.

- A. For the years ended December 31, 2022 and 2021, the Group had no borrowing cost capitalisation of property, plant and equipment.
- B. The significant components of buildings include main plants and decorated accessory equipment, which are depreciated over 50 and 5 years, respectively. The significant components of vessel equipment include vessels and dock repair equipment, which are depreciated over 25 and 2.5 ~ 5 years, respectively.
- C. Information about the property, plant and equipment that were pledged to others as collaterals is provided in Note 8.
- D. Information about the Group's vessel equipment that were rented to non-related parties is provided in Note 9.

(8) Leasing arrangements – lessor

- A. The Group leases various assets including vessel equipment. Rental contracts are typically made for periods of 1 and 7 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.
- B. The Group leases vessel equipment under a finance lease. Based on the terms of the lease contract, the ownership of vessel equipment will be transferred to lessees when the leases expire. Information on profit or loss in relation to lease contracts is as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Finance income from the net investment in the		
finance lease	\$ <u>83,995</u>	\$ <u>5,715</u>

The lessee of the Group's vessel equipment exercised the right of purchase in July 2022, therefore there was unearned finance income which was recognised as income at once in the amount of \$26,920.

C. The maturity analysis of the undiscounted lease payments in the finance lease is as follows:

	December 31, 2022		December 31, 2021
2023	\$ 301,313	2022	\$ 29,299
2024	264,586	2023	29,299
2025	248,507	2024	29,380
2026	232,845	2025	29,299
After 2027	757,105	After 2026	97,068
	<u>\$ 1,804,356</u>		<u>\$ 214,345</u>

D. Reconciliation of the undiscounted lease payments and the net investment in the finance lease is provided as follows:

	December 31, 2022		December 31, 2021	
	Current	Non-Current	Current	Non-Current
Undiscounted lease payments	\$ 301,313	\$ 1,503,043	\$ 29,299	\$ 185,046
Unearned finance income	(131,000)	(346,530)	(14,468)	(40,280)
Net investment in the lease	<u>\$ 170,313</u>	<u>\$ 1,156,513</u>	<u>\$ 14,831</u>	<u>\$ 144,766</u>

(a) In August 2022, the Group's second-tier subsidiary, Franbo Ocean Ltd., purchased the vessel, XIE HAI MARINER, in the amount of \$621,330, and signed a finance lease contract with the lessee.

(b) Refer to Note 6(9) for details of the Group's bareboat charter transaction.

E. For the years ended December 31, 2022 and 2021, the Group's lease payments receivable under finance lease did not have provisioned loss allowance arising from past due receivable. Refer to Note 12(2) for credit risk information of lease payments receivable.

F. Gain arising from operating lease agreements for the years ended December 31, 2022 and 2021 are as follows:

	December 31, 2022	December 31, 2021
Rent income	<u>\$ 1,364,588</u>	<u>\$ 1,104,195</u>
It was determined by rent income arising from variable lease payments of index.	<u>\$ -</u>	<u>\$ 114,601</u>

G. The maturity analysis of the lease payments under the operating leases is as follows:

	December 31, 2022		December 31, 2021
2023	\$ 648,597	2022	\$ 557,175
2024	112,352	2023	123,118
2025	34,133	2024	108,118
2026	10,192	2025	66,776
	<u>\$ 805,274</u>	2026	44,844
		2027	34,760
		After 2028	98,487
			<u>\$ 1,033,278</u>

(9) Non-current assets held for sale

- A. To effectively operate the Group's resource of vessels, on January 14, 2022, the Group and the buyer signed a trading contract, vessel equipment - NEW AGE, at a net disposal price of \$230,157 (USD 7,723 thousand), the vessel was transferred in April 2022, and the Group had recognised gain on disposal of \$47,887.
- B. To effectively operate the Group's resource of vessels, on June 27, 2022, the Group and the buyer signed a trading contract, vessel equipment - HAYAMA STAR, at a net disposal price of \$505,855 (USD 16,950 thousand), the vessel was transferred in September 2022, and the Group had recognised gain on disposal of \$232,858.
- C. To effectively operate the Group's resource of vessels, on October 8, 2021, the Group and the buyer signed a trading contract, vessel equipment - SINOWAY VI. After the Group signed the termination agreement on January 26, 2022, the Group renewed the trading contract at a net disposal price of \$251,861 (USD 8,452 thousand), the vessel was transferred in March 2022, and the Group had recognised gain on disposal of \$91,590.
- D. To effectively operate the Group's resource of vessels, on October 5, 2022, the Group and the buyer signed a bareboat charter, vessel equipment - MEDI BANGKOK, at a net disposal price of \$500,044 (USD 16,780 thousand), the vessel was transferred in October 2022, and the Group had recognised gain on disposal of \$163,927.
- E. To effectively operate the Group's resource of vessels, on October 5, 2022, the Group and the buyer signed a bareboat charter, vessel equipment - THORCO LEGACY, which generated finance lease receivable in the total amount of \$478,290 (USD 16,050 thousand), the vessel was transferred in November 2022, and the Group had recognised gain on disposal of \$134,949.
- F. To effectively operate the Group's resource of vessels, on July 2, 2021, the Board of Directors of the Group approved to sign a trading contract, vessel equipment - MARINE EMERALD, with the buyer at a net disposal price of \$137,846 (USD 4,980 thousand), the vessel was transferred in October 2021, and the Group had recognised gain on disposal of \$206.

G. Assets of disposal group held for sale:

	<u>December 31, 2021</u>
Property, plant and equipment	
Vessels equipment-SINOWAY VI	\$ <u>148,869</u>
For the year ended December 31, 2022: None.	

H. Liabilities directly relating to non-current assets held for sale:

	<u>December 31, 2021</u>
Long-term liabilities, current portion	\$ 14,947
Long-term borrowings	<u>26,296</u>
	<u>\$ 41,243</u>

For the year ended December 31, 2022: None.

I. Non-current assets held for sale pledged to others as collateral are provided in Note 8.

(10) Short-term borrowings

Type of borrowings	December 31, 2022	December 31, 2021	Collateral
Bank borrowings			
Unsecured borrowings	\$ 90,000	\$ 10,000	None
Secured bank borrowings	10,000	-	SME credit insurance fund guarantee
Secured bank borrowings	20,000	-	Land, buildings and structures
	<u>\$ 120,000</u>	<u>\$ 10,000</u>	
Interest rate range	<u>2.19%~2.37%</u>	<u>1.70%</u>	

For collaterals of aforementioned bank borrowings, please refer to Note 8 for details.

(11) Short-term notes and bills payable

	December 31, 2022
Commercial papers	\$ 30,000
Less: Unamortized discount	(34)
	<u>\$ 29,966</u>
Interest rate range	<u>2.44%</u>

On December 31, 2021: None.

The aforementioned commercial paper payable was guaranteed by China Bills Finance Corporation.

(12) Other payables

	December 31, 2022	December 31, 2021
Salaries and rewards payable	\$ 40,367	\$ 22,066
Interest payable	2,539	1,269
Employees' compensation and directors' remuneration payable	26,316	7,630
Premium payable	10,994	6,058
Payables on charterer's payment on behalf of the Group	3,706	7,086
Repairs and maintenance expenses payable	4,614	4,394
Payables on profit-sharing from disposals of vessels	12,748	-
Payables on land purchased	69,120	-
Others	15,831	25,736
	<u>\$ 186,235</u>	<u>\$ 74,239</u>

(13) Bonds payable

	December 31, 2022	December 31, 2021
The first domestic secured corporate bonds	\$ 400,000	\$ 400,000
The fifth domestic unsecured convertible bonds	588,300	-
Less: Discount on bonds payable	(22,901)	-
	965,399	400,000
Less: current portion		
(shown as long-term liabilities, current portion)	(400,000)	-
	<u>\$ 565,399</u>	<u>\$ 400,000</u>

A. On November 25, 2020, the Company issued the first domestic secured corporate bonds at face value in the amount of \$400,000 for the year ended December 31, 2020, the primary issuance terms were as follows:

- (a) Total issuance amount: \$400,000.
- (b) Issuance price: Issued at par value of \$1,000.
- (c) Coupon rate: 0.57%.
- (d) Terms of interest repayment: The bonds interest is calculated at simple rate once every year based on the coupon rate starting from the issuance date.
- (e) Repayment term: The bonds are repaid in lump sum upon the maturity of the bonds.
- (f) Issuance duration: 3 years (November 25, 2020 to November 25, 2023).
- (g) Guarantee method: The joint guarantor was the second-tier subsidiary, Franbo Shipping S.A., and TAIWAN COOPERATIVE BANK performed guarantees for corporate bonds according to appointment contract.
- (h) Trustee bank: JihSun International Commercial Bank Co., Ltd.
- (i) The Company plans to use a centralized public offering as the source of repayment for its first guaranteed common bonds, and the related procedures are being finalized.

B. The terms of the fifth domestic unsecured convertible bonds issued by the Company are as follows:

- (a) The Company issued \$600,000, 0% the fifth domestic secured convertible bonds and issued at 101% of the face value, as approved by the regulatory authority. The bonds mature 3 years from the issue date (July 28, 2022 ~ July 28, 2025), and bondholders' convertible bonds will be redeemed in cash at face value at the maturity date. The bonds were listed on the Taipei Exchange on July 28, 2022.
- (b) The bondholders have the right to ask for conversion of the bonds into common shares of the Company during the period from the date after three months (October 29, 2022) of the bonds issue to the maturity date (July 28, 2025), except for the stop transfer period as specified in the terms of the bonds or the laws/regulations. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares. As of December 31, 2022, the bonds with a face value of \$10,100 had been converted into 521 thousand common shares and were transferred to 'ordinary share' of \$5,209.

- (c) The conversion price of the bonds is set up based on the pricing model specified in the terms of the bonds, and is subject to adjustments if the condition of the anti-dilution provisions occurs subsequently. The conversion price will be reset based on the pricing model specified in the terms of the bonds on each effective date regulated by the terms. If the reset conversion price is higher than the reset conversion price, the conversion price will not be adjusted; the conversion price on issuance was NT\$19.99 per share. As of December 31, 2022, the conversion price of the convertible bonds was adjusted to NT\$19.39.
- (d) The Company may repurchase all the bonds outstanding in cash at the bonds' face value at any time after the following events occur: (i) the closing price of the Group's common shares is above the then conversion price by 30% for 30 consecutive trading days during the period from the date after three months (October 29, 2022) of the bonds issue to 40 days before the maturity date (June 18, 2025), or (ii) the outstanding balance of the bonds is less than 10% of total initial issue amount during the period from the date after three months (October 29, 2022) of the bonds issue to 40 days before the maturity date (June 18, 2025).
- (e) Under the terms of the bonds, all bonds redeemed, matured and converted are retired and not to be re-issued; all rights and obligations attached to the bonds are also extinguished. As of December 31, 2022, the bonds totaling \$1,600 (face value) were repurchased and were retired by the Company from the Taipei Exchange.
- (f) Regarding the issuance of the aforementioned convertible bonds, the equity conversion options amounting to \$31,003 were separated from the liability component and were recognised in 'capital surplus—share options' in accordance with IAS 32. As of December 31, 2022, after conversion, repurchase and writing off of corporate bonds, the balance of the aforementioned 'capital surplus - share options' was \$30,399. The call options embedded in bonds payable were separated from their host contracts and were recognised in 'financial assets at fair value through profit or loss' in net amount in accordance with IAS 9 because the economic characteristics and risks of the embedded derivatives were not closely related to those of the host contracts. The effective interest rate of the bonds payable after such separation was 1.55%.

(14) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Collateral	December 31, 2022
TAIWAN COOPERATIVE BANK			
Secured borrowings	Borrowing period is from June 2011 to June 2024; principal and interest is payable monthly.	FRANBO PROGRESS-vessels equipment and demand deposits	\$ 26,104
Secured borrowings	Borrowing period is from January 2012 to January 2032; principal and interest is payable monthly.	Land, buildings and structures	21,890
Entie Commercial Bank, Ltd.			
Secured borrowings	Borrowing period is from August 2022 to August 2027; principal and interest is payable monthly.	XH- MARINER-vessels equipment	307,197
E.Sun Commercial Bank, Ltd.			
Secured borrowings	Borrowing period is from August 2021 to August 2026; principal and interest is payable monthly.	FRANBO PROSPECT-vessels equipments	54,050
Bank Of Panhsin			
Secured borrowings	Borrowing period is from December 2020 to December 2024; principal and interest is payable monthly.	SINOWAY LILY-vessels equipment and demand deposits	36,852
Secured borrowings	Borrowing period is from January 2021 to July 2024; principal and interest is payable monthly.	CHRISTINA OCEAN-vessels equipment and demand deposits	29,174
Secured borrowings	Borrowing period is from October 2021 to October 2026; principal and interest is payable monthly.	THORCO LEGACY-vessels equipment and demand deposits	84,760
Mega International Commercial Bank			
Secured borrowings	Borrowing period is from April 2016 to December 2026; principal and interest is payable monthly. (Note 1)	Thorco Lohas-vessels equipment and demand deposits	125,450
O-Bank			
Secured borrowings	Borrowing period is from November 2021 to November 2026; principal and interest is payable monthly.	IMARI-vessels equipment and demand deposits	86,602
COTA Commercial Bank			
Secured borrowings	Borrowing period is from March 2022 to March 2024; The interest will be paid monthly and the principal will be repaid on a regular basis.	Land held for construction site	64,250
Secured borrowings	Borrowing period is from November 2022 to October 2024; The interest will be paid monthly and the principal will be repaid on a regular basis.	Land held for construction site	50,000
Taichung Commercial Bank, Co., Ltd.			
Secured borrowings	Borrowing period is from June 2022 to June 2026; principal and interest is payable monthly.	Land held for construction site	146,000
			1,032,329
Less: Current portion			(186,155)
			\$ 846,174
Interest rate range			2.33%~6.77%

Type of borrowings	Borrowing period and repayment term	Collateral	December 31, 2022
TAIWAN COOPERATIVE BANK			
Secured borrowings	Borrowing period is from June 2011 to June 2024; principal and interest is payable monthly.	FRANBO PROGRESS-vessels equipment and demand deposits	\$ 40,136
Secured borrowings	Borrowing period is from January 2012 to January 2032; principal and interest is payable monthly.	Land, buildings and structures	24,043
TAIWAN COOPERATIVE BANK			
8 banks and other joint loans			
Secured borrowings	Borrowing period is from March 2021 to March 2026; principal and interest is payable monthly. (Note 2)	ULTRA DURBAN- vessels equipment and vessels and dock repair and demand deposits	244,205
Secured borrowings	Borrowing period is from March 2021 to March 2026; principal and interest is payable monthly. (Note 2)	FRANBO LOGIC- vessels equipment and vessels and dock repair and demand deposits	244,205

Type of borrowings	Borrowing period and repayment term	Collateral	December 31, 2022
Entie Commercial Bank, Ltd.			
Secured borrowings	Borrowing period is from November 2017 to August 2026; principal and interest is payable monthly. (Notes 3 and 4)	MARINER HORNBILL-vessels equipment and demand deposits	93,005
Secured borrowings	Borrowing period is from November 2017 to August 2026; principal and interest is payable monthly. (Notes 3 and 5)	SINOWAY VI-vessels equipment and demand deposits	41,243
Secured borrowings	Borrowing period is from March 2018 to March 2023; principal and interest is payable monthly. (Note 4)	STL HARVEST-vessels equipment and demand deposits	16,608
Secured borrowings	Borrowing period is from March 2018 to August 2026; principal and interest is payable monthly. (Notes 3 and 6)	MEDI BANGKOK-vessels equipment and demand deposits	93,005
Secured borrowings	Borrowing period is from November 2020 to November 2025; principal and interest is payable monthly. (Note 7)	FAIRWIND LEGION-vessels equipment and demand deposits	150,510
E.Sun Commercial Bank, Ltd.			
Secured borrowings	Borrowing period is from August 2021 to August 2026; principal and interest is payable monthly.	FRANBO PROSPECT-vessels equipments	62,003
Bank Of Panhsin			
Secured borrowings	Borrowing period is from June 2019 to June 2022; principal and interest is payable monthly.	LAUREN OCEAN-vessels equipment and demand deposits	26,573
Secured borrowings	Borrowing period is from December 2020 to December 2024; principal and interest is payable monthly.	SINOWAY LILY-vessels equipment and demand deposits	49,824
Secured borrowings	Borrowing period is from January 2021 to July 2024; principal and interest is payable monthly.	CHRISTINA OCEAN-vessels equipment and demand deposits	42,904
Secured borrowings	Borrowing period is from October 2021 to October 2026; principal and interest is payable monthly.	THORCO LEGACY-vessels equipment and demand deposits	162,759
Mega International Commercial Bank			
Secured borrowings	Borrowing period is from April 2016 to April 2023; principal and interest is payable monthly. (Note 1)	Thorco Lohas-vessels equipment and demand deposits	146,150
Sino Pac Capital International Limited			
Secured borrowings	Borrowing period is from November 2019 to November 2026; principal and interest is payable monthly. (Note 8)	SINPWAY ACY-vessels equipment and demand deposits	150,806
Unsecured borrowings	Borrowing period is from April 2020 to April 2023; principal and interest is payable monthly. (Note 9)	None	11,958
Unsecured borrowings	Borrowing period is from May 2020 to May 2023; principal and interest is payable monthly. (Note 10)	None	26,508
Taichung Commercial Bank, Co., Ltd.			
Secured borrowings	Borrowing period is from April 2021 to September 2024; principal and interest is payable monthly. (Note 11)	NEW AGE-vessels equipment and demand deposits	54,806
Bank SinoPac.			
Secured borrowings	Borrowing period is from November 2021 to November 2026; principal and interest is payable monthly. (Note 12)	HAYAMA STAR-vessels equipment and demand deposits	97,988
O-Bank			
Secured borrowings	Borrowing period is from November 2021 to November 2026; principal and interest is payable monthly.	IMARI-vessels equipment and demand deposits	164,420
			1,943,659
Less: Current portion			(393,394)
Liabilities directly related to non-current assets transferred to sale			(41,243)
			<u>\$ 1,509,022</u>
Interest rate range			<u>1.64%~2.27%</u>

Note 1: The Group's secured borrowings from Mega International Commercial Bank was extended after the approval of the bank in June 2022.

Note 2: The Group's syndicated secured borrowings from Taiwan Cooperative Bank and other 7 banks had been earlier repaid in September 2022.

Note 3: The Group's secured borrowings from Entie Commercial Bank was extended after the approval of the bank in August 2021.

Note 4: The Group's secured borrowings from Entie Commercial Bank had been earlier repaid in August 2022.

Note 5: The Group's secured borrowings from Entie Commercial Bank had been earlier repaid in January 2022.

Note 6: The Group's secured borrowings from Entie Commercial Bank had been earlier repaid in September 2022.

Note 7: The Group's secured borrowings from Entie Commercial Bank had been earlier repaid in November 2022.

Note 8: The Group's secured borrowings from Sino Pac Capital International Limited had been earlier repaid in July 2022.

Note 9: The Group's unsecured borrowings from Sino Pac Capital International Limited had been earlier repaid in April 2022.

Note 10: The Group's unsecured borrowings from Sino Pac Capital International Limited had been earlier repaid in September 2022.

Note 11: The Group's secured borrowings from Taichung Commercial Bank Co., Ltd. had been earlier repaid in March 2022.

Note 12: The Group's secured borrowings from Bank Sinopac Company Limited had been earlier repaid in July 2022.

A. Refer to Note 9 for the aforementioned significant commitments of borrowings.

B. For collaterals of aforementioned bank borrowings, please refer to Note 8 for details.

(15) Pensions

A. Effective July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

B. The pension costs under defined contribution pension plans of the Company for the years ended December 31, 2022 and 2021, were \$1,714 and \$1,476, respectively.

(16) Share-based payment

A. The Group's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted (thousand shares)	Vesting conditions
Cash capital increase reserved for employee preemption	July 5, 2021	1,500 thousand shares	Vested immediately
Cash capital increase reserved for employee preemption	August 15, 2022	1,750 thousand shares	Vested immediately

The share-based payment arrangements above are settled by equity.

B. The fair value of stock options granted on grant date is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Stock price (NTD)	Exercise price (NTD)	Expected price volatility (Note 1)	Expected option life	Expected dividends	Risk-free interest rate (Note 2)	Fair value per share (NTD)
Cash capital increase reserved for employee preemption	July 5, 2021	\$ 33.3	\$ 28	71.82% (Note 1)	25 days	\$ -	0.17%	\$ 5.80
Cash capital increase reserved for employee preemption	August 15, 2022	\$ 21.4	\$ 18.28	53.13 (Note 2)	28 days	\$ -	0.81%	\$ 3.29

Note 1: Expected price volatility rate was estimated by using the average annualised volatility of return rate of the Group's stock price between July 6, 2020 and July 5, 2021.

Note 2: Expected price volatility rate was estimated by using the average annualised volatility of return rate of the Group's stock price between August 15, 2021 and August 15, 2022.

Note 3: Referred to Taiwan 1-Year government bond yield.

C. For the years ended December 31, 2022 and 2021, the Company had expenses due to share-based payments transactions in the amounts of \$5,758 and \$8,700, respectively.

(17) Share capital

A. As of December 31, 2022, the Company had authorised capital in the amount of \$3,500,000 and paid-in capital in the amount of \$2,391,567, which consisted of 239,157 thousand shares with a par value of NT\$10. All proceeds from shares issued have been collected.

B. Movements in the number of the Company's ordinary shares outstanding are as follows: (Unit: thousand shares)

	2022	2021
At January 1	188,636	152,636
Cash capital increase	50,000	36,000
Conversion of convertible bonds	521	-
At December 31	239,157	188,636

- C. On March 8, 2021, the Board of Directors of the Company approved to increase cash capital, and the capital increase had been approved by the Financial Supervisory Commission. The effective date was set on July 30, 2021, and the Company increase by issuing 36,000 thousand new shares with a par value of NT\$10, the acquisition price was \$28 per share, and the total stock proceeds was \$1,008,000 which had been collected in full amount. The registration of the capital increase had been completed. The capital increase generated premiums on issuance in the amount of \$648,000, and the net premium amount was \$646,904 after deducting necessary cost of increasing capital by issuing new shares and plus actual transference amount which was acquired by employees.
- D. On March 4, 2022, the Board of Directors of the Company approved to increase cash capital which had been approved by the Financial Supervisory Commission. The effective date was set on September 1, 2022, and the Company increased capital by issuing 50,000 thousand new shares with a par value of NT\$10, the acquisition price was NT\$18.28 per share, and the total stock proceeds was \$914,000 which had been collected in the full amount. The registration of the capital increase was completed. The capital increase generated premiums on issuance in the amount of \$414,000, and the net premium amount was \$419,715 after deducting necessary cost of increasing capital by issuing new shares and plus actual transference amount which was acquired by employees.
- E. For the year ended December 31, 2022, the amount of the Group's convertible bonds which were asked for conversion into common shares was \$5,209, as of December 31, 2022, because the conversion had not been registered, thus, they were shown as 'Bond Conversion Entitlement Certificates'. Additionally, on March 3, 2023, the Board of Directors approved the effective date of the conversion and issuance of new shares, and related registration procedures of changes were processing.

(18) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(19) Retained earnings

A. After annual settlement, the current year's earnings, if any, shall first be used to pay profit-seeking enterprise income tax and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve until the legal reserve amount equals total capital amount. After that, special reserve shall be set aside or reversed in accordance with the related laws or the regulations made by the regulatory authority. The remainder along with the beginning undistributed earnings will be accumulated distributable earnings which shall be appropriated after being proposed by the Board of Directors and being resolved by the shareholders.

For the aforementioned appropriation of earnings, the Board of Directors may, upon special resolution adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors, distribute dividends and bonus, capital surplus or legal reserve, in whole or in part, in the form of cash, and reported to the shareholders. The above distribution is not subject to approval by the shareholders.

B. In order to continually expand the scale of operation, increase competitiveness as well as cooperate with the Group's long-term development, future capital requirements and long-term financial plan, the dividend policy is to distribute as stock dividend and as cash dividends. Cash dividends shall not be less than 10% of the total dividends distributed to shareholders. The appropriation of dividends and bonus were proportionately based on each shareholders' shareholding ratio, if the Company had no retained earnings, the Company could not appropriate dividends and bonus.

C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Group's paid-in capital.

D. On August 20, 2021, the shareholders of the Company resolved the appropriation of 2020 retained earnings, except for the provision of legal reserves and special reserves, the distributable earnings were retained at full amount and would not be distributed as dividends.

E. On May 26, 2022, the shareholders of the Company resolved the appropriation of 2021 earnings, and the cash dividends was \$150,909 (NT\$0.8 per share).

F. On March 3, 2023, the Board of Directors of the Company resolved the appropriation of 2022 earnings, and the cash dividends amounted to \$358,735 (NT\$1.5 per share).

(20) Operating revenue

	Year ended December 31	
	2022	2021
Operating lease income (Note)	\$ 1,364,588	\$ 1,218,796
Finance lease income (Note)	83,995	5,715
Revenue from contracts with customers	18,366	1,628
	<u>\$ 1,466,949</u>	<u>\$ 1,226,139</u>

Note: Please refer to Note 6(8) for leasing arrangements – lessor.

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of services over time in the following major categories:

	Vessels management revenue
<u>Year ended December 31, 2022</u>	
Revenue from external customer contracts	\$ 18,366
Timing of revenue-over time	\$ 18,366
<u>Year ended December 31, 2021</u>	
Revenue from external customer contracts	\$ 1,628
Timing of revenue-over time	\$ 1,628

B. On December 31, 2022 and 2021, due to the operating requirement of the lessee and the Group's financial plan, the rent compensation was generated from the conditionally earlier termination of the lease contract, and the rent compensation was accounted as 'other current liabilities, others' and 'other non-current liabilities, others' in the amounts of \$53,804, \$48,495, \$109,180 and \$146,904, respectively. For the years ended December 31, 2022 and 2021, the amounts of lease income were \$52,210 and \$49,074, respectively. As of December 31, 2022 and 2021, the amounts of income that were expected to be recognised in the next one year were \$53,804 and \$48,495, respectively. The residual was expected to be recognised as income before 2026.

(21) Other income

	Year ended December 31	
	2022	2021
Satellite communication subsidy income	\$ 3,613	\$ 3,653
Insurance claim income	33,123	12,780
Others	5,833	12,996
	<u>\$ 42,569</u>	<u>\$ 29,429</u>

(22) Other gains and losses

	Year ended December 31	
	2022	2021
Gain on disposal of non-current assets classified as held for sale (Note 1)	\$ 671,211	\$ 206
Losses (gains) on disposal of property, plant and equipment (Note 2)	(29,960)	53
Foreign exchange gains, net	10,903	1,665
Net (losses) gains on financial assets at fair value through profit or loss	(2,754)	179
Gain on bond redemption	110	-
Others	(5,870)	(1,223)
	<u>\$ 643,640</u>	<u>\$ 880</u>

Note 1: Refer to Note 6(9) for details of the Group's disposal of vessels.

Note 2: Refer to Note 6(7) for details of the Group's disposal of vessels.

(23) Finance costs

	Year ended December 31	
	2022	2021
Interest expense:		
Bank borrowings	\$ 55,600	\$ 40,526
Bonds payable	6,041	2,280
Short-term notes and bills payable	259	-
	<u>\$ 61,900</u>	<u>\$ 42,806</u>

(24) Expenses by nature

	Year ended December 31	
	2022	2021
Depreciation expense from property, plant and equipment	\$ 256,511	\$ 304,968
Employee benefit expense	302,720	224,241
Rent expenses for vessels	5,212	128,612
Supplementary payments for vessels	58,302	44,188
Insurance premiums	39,453	32,888
Commissions expense	33,473	18,249
Fuels used	18,398	17,494
Certificate inspection fee	14,721	12,988
Repairs and maintenance expense	17,634	6,745
Other expenses	86,161	57,286
Total operating costs and operating expenses	<u>\$ 832,585</u>	<u>\$ 847,659</u>

(25) Employee benefit expense

	Year ended December 31	
	2022	2021
Wages and salaries	\$ 245,539	\$ 172,539
Share-based payment	5,758	8,700
Labour and health insurance fees	3,629	2,917
Pension costs	1,714	1,476
Other personnel expenses	46,080	38,609
	<u>\$ 302,720</u>	<u>\$ 224,241</u>

- A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall not be lower than 1% for employees' compensation and shall not be higher than 5% for directors' remuneration.
- B. For the years ended December 31, 2022 and 2021, employees' compensation was accrued at \$13,158 and \$3,815, respectively; while directors' remuneration was accrued at \$13,158 and \$3,815, respectively. The aforementioned amounts were recognised in salary expenses and other expenses.

The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on certain percentages of distributable profit of current year as of the end of reporting period.

For 2021, the employees' compensation and directors' and supervisors' remuneration resolved by the Board of Directors amounted to \$3,815 and \$3,815, respectively. The difference of \$2 between the amounts resolved by the Board of Directors and the amounts of employees' compensation of \$3,816 and directors' remuneration of \$3,816 recognised in the 2021 financial statements, had been adjusted in the profit or loss of 2022.

Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(26) Income tax

A. Income tax expense (benefit)

Components of income tax expense (benefit):

	Year ended December 31	
	2022	2021
Current tax:		
Current tax on profits for the year	\$ -	\$ -
Tax on undistributed earnings	5,893	-
Total current tax	5,893	-
Deferred tax:		
Origination and reversal of temporary differences	2,811	(1,892)
Income tax expense (benefit)	\$ 8,704	(\$ 1,892)

B. Reconciliation between income tax expense (benefit) and accounting profit:

	Year ended December 31	
	2022	2021
Tax calculated based on profit before tax and statutory tax rate	\$ 257,723	\$ 74,674
Effects from items adjusted in accordance with tax regulation	7,432	182
Tax on undistributed surplus earnings	5,893	-
Temporary difference not recognised as deferred tax assets	(12,556)	(2,984)
Temporary difference not recognised as deferred tax liabilities	(257,619)	(76,682)
Change in assessment of realisation of deferred tax assets	2,346	(1,852)
Taxable loss not recognised as deferred tax assets	5,485	4,770
Income tax expense (benefit)	<u>\$ 8,704</u>	<u>(\$ 1,892)</u>

C. Amounts of deferred tax assets or liabilities as a result of temporary differences and tax losses are as follows:

	2022		
	January 1	Recognised in profit or loss	December 31
Deferred income tax assets			
Temporary differences:			
Exchange losses	\$ 4	(\$ 4)	\$ -
Tax losses	<u>17,110</u>	<u>(2,346)</u>	<u>14,764</u>
	<u>\$ 17,114</u>	<u>(\$ 2,350)</u>	<u>\$ 14,764</u>
Deferred income tax liabilities			
Temporary differences:			
Exchange gains	<u>\$ -</u>	<u>(\$ 461)</u>	<u>(\$ 461)</u>

2021			
	January 1	Recognised in profit or loss	December 31
Deferred income tax assets			
Temporary differences:			
Exchange losses	\$ -	\$ 4	\$ 4
Tax losses	15,258	1,852	17,110
	<u>\$ 15,258</u>	<u>\$ 1,856</u>	<u>\$ 17,114</u>
Deferred income tax liabilities			
Temporary differences:			
Exchange gains	(\$ 36)	\$ 36	\$ -

D. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows:

December 31, 2022						
Year incurred	Amount assessed/filed	Amount	Used amount	Unused amount	Unrecognised deferred tax assets	Expiry year
2013	Amount assessed	\$ 16,063	\$ -	\$ 16,063	\$ -	2023
2014	Amount assessed	35,774	-	35,774	-	2024
2015	Amount assessed	15,177	-	15,177	-	2025
2020	Amount assessed	6,810	-	6,810	-	2029
2021	Amount filed	22,655	-	22,655	22,655	2030
2022	Amount expected to be filed	27,425	-	27,425	27,425	2031
		<u>\$123,904</u>	<u>\$ -</u>	<u>\$ 123,904</u>	<u>\$ 50,080</u>	
December 31, 2021						
Year incurred	Amount assessed/filed	Amount	Used amount	Unused amount	Unrecognised deferred tax assets	Expiry year
2012	Amount assessed	\$ 13,066	(\$ 1,336)	\$ 11,730	\$ -	2022
2013	Amount assessed	16,063	-	16,063	-	2023
2014	Amount assessed	35,774	-	35,774	-	2024
2015	Amount assessed	15,177	-	15,177	-	2025
2020	Amount filed	6,810	-	6,810	-	2029
2021	Amount expected to be filed	23,851	-	23,851	23,851	2030
		<u>\$110,741</u>	<u>(\$ 1,336)</u>	<u>\$ 109,405</u>	<u>\$ 23,851</u>	

E. The amounts of deductible temporary difference that are not recognised as deferred tax assets are as follows:

	December 31, 2022	December 31, 2021
Deductible temporary differences	<u>\$ 126,513</u>	<u>\$ 189,294</u>

F. The Company has not recognised taxable temporary differences associated with investment in subsidiaries as deferred tax liabilities. As of December 31, 2022 and 2021, the amounts of temporary difference unrecognised as deferred tax liabilities were \$2,049,490 and \$761,392, respectively.

G. The Group's income tax returns through 2020 have been assessed and approved by the Tax Authority.

As of the reporting date, the Company had no significant and pending tax administrative remedies.

(27) Earnings per share

Year ended December 31, 2022			
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to the parent	\$ 1,279,911	205,356	\$ 6.23
<u>Diluted earnings per share</u>			
Profit attributable to the parent	\$ 1,279,911	205,356	
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds	4,243	12,967	
Employees' compensation	-	728	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 1,284,154	219,051	\$ 5.86
Year ended December 31, 2021			
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to the parent	\$ 375,262	167,825	\$ 2.24
<u>Diluted earnings per share</u>			
Profit attributable to the parent	\$ 375,262	167,825	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	160	
Profit attributable to ordinary shareholders of the Company plus assumed conversion of all dilutive potential ordinary shares	\$ 375,262	167,985	\$ 2.23

(28) Supplemental cash flow information

A. Investing activities with partial cash payments:

Year ended December 31		
	2022	2021
Acquisition of proerty, plant and equipment	\$ 26,374	\$ 720,908
Less: Acquired property, plant and equipment from acquisition of equity interest (Note)	-	(132,347)
	\$ 26,374	\$ 588,561

Note: Refer to Note 6(7) for acquiring property, plant and equipment from acquisition of equity interest.

	Year ended December 31	
	2022	2021
Acquisition of assets which did not meet the definition of business	\$ -	\$ 79,720
Less: Cash Received	-	(31,970)
Cash paid	<u>\$ -</u>	<u>\$ 47,750</u>

B. Financing activities with no cash flow effects

	Year ended December 31,	
	2022	2021
Prepayments for facilities transferred to property, plant and equipment	<u>\$ -</u>	<u>\$ 2,394</u>
Property, plant and equipment transferred to non-current assets held for sale	\$ 999,320	\$ 286,512
Derecognition due to bareboat charter (Note 1)	(544,054)	-
Derecognition due to disposals (Note 2)	(455,266)	(137,643)
Non-current assets held for sale	<u>\$ -</u>	<u>\$ 148,869</u>
Derecognition of property, plant and equipment due to bareboat charter	<u>\$ 343,228</u>	<u>\$ 192,385</u>
Non-current financial assets at amortised cost		
Transferred to current financial assets at amortised cost	<u>\$ 88,752</u>	<u>\$ -</u>
Bonds payable, current portion	<u>\$ 400,000</u>	<u>\$ -</u>
Long-term borrowings, current portion	<u>\$ 186,155</u>	<u>\$ 393,394</u>
Long-term borrowings transferred to liabilities directly related to non-current assets held for sale	<u>\$ -</u>	<u>\$ 41,243</u>
Convertible bonds share converted to capital and capital surplus	<u>\$ 9,690</u>	<u>\$ -</u>

Note 1: Refer to Note 6(9)D ~ E for details of related disposals.

Note 2: Refer to Note 6(9)A, B and F for details of related disposals.

(29) Changes in liabilities from financing activities

	Short-term borrowings	Short-term notes and bills payable	Long-term borrowings	Bonds payable	Liabilities from financing activities-gross
January 1, 2022	\$ 10,000	\$ -	\$ 1,943,659	\$ 400,000	\$ 2,353,659
Changes in cash flow from financing activities	110,000	30,000	(1,080,582)	600,881	(339,701)
Changes in non-financing cash flows	-	-	-	(29,503)	(29,503)
Impact of changes in foreign exchange rate	-	-	169,252	-	169,252
Other non-cash changes	-	(34)	-	(5,979)	(6,013)
December 31, 2022	<u>\$ 120,000</u>	<u>\$ 29,966</u>	<u>\$ 1,032,329</u>	<u>\$ 965,399</u>	<u>\$ 2,147,694</u>

	Short-term borrowings	Long-term borrowings (Note 1)	Bonds payable	Liabilities from financing activities-gross
January 1, 2021	\$ 159,740	\$ 2,002,908	\$ 400,000	\$ 2,562,648
Changes in cash flow from financing activities	(149,505)	(63,490)	-	(212,995)
Impact of changes in foreign exchange rate	(235)	(53,593)	-	(53,828)
Other non-cash changes (Note 2)	-	57,834	-	57,834
December 31, 2021	<u>\$ 10,000</u>	<u>\$ 1,943,659</u>	<u>\$ 400,000</u>	<u>\$ 2,353,659</u>

Note 1: Includes the transfer of liabilities directly related to non-current assets held for sale.

Note 2: Mainly acquired through the merger of subsidiary FB Navigation Ltd.

7. Related Party Transactions

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
BCI Loyalty Inc.	Investments accounted for using equity method of the Group
Due Feng Shipping Co., Ltd.	Investments accounted for using equity method of the Group
Franbo Courage S.A.	Investments accounted for using equity method of the Group
FB Navigation Ltd.	Investment accounted for using equity method of the Group (Note)
Futian Construction Co., Ltd.	Other related party
Shenglin Construction Co., Ltd.	Other related party
TSAI,PANG-CHUAN 、 TSAI,CHING-CHUNG 、LO,CHUN-YU 、 SHEN,I-WEN 、TAI,CHIH-TSUNG 、 WU,TIEN-MING 、LIU,JUNG-CHIN	Directors

Note: The Company acquired 100% of the shares during January, 2021, as described in Note 4, (3) 2.

(2) Significant related party transactions

A. Endorsement and guarantee by related parties

(a) Endorsements and guarantees provided by related parties to the company and subsidiaries

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
TSAI,PANG-CHUAN	\$ 6,373,768	\$ 3,058,836
TSAI,CHING-CHUNG	<u>6,393,018</u>	<u>3,058,836</u>
	<u>\$ 12,766,786</u>	<u>\$ 6,117,672</u>

Note: The aforementioned related parties endorsed and guaranteed for the Company and subsidiaries by United States dollars and New Taiwan dollars. The exchange rates of United States dollars translated into New Taiwan dollars were 30.71 and 27.68 on the financial reporting date on December 31, 2022 and 2021, respectively.

- (b) To obtain the facilities in relation to the first domestic secured corporate bonds, the Company had the second-tier subsidiary, Franbo Shipping S.A., to be the guarantor according to the requirement of the bank's loan terms, and the endorsed and guaranteed amount was \$407,200.

B. Other

- (a) For the years ended December 31, 2022 and 2021, the Company received vessels management and consulting revenue from Due Feng Shipping Co., Ltd. in the amounts of \$50 and \$604, respectively. As of December 31, 2022 and 2021, the balances of accounts receivable arising from the transaction were \$0 and \$50, respectively.
- (b) For the years ended December 31, 2022 and 2021, the Company received vessels management and consulting revenue from Franbo Courage S.A. in the amounts of \$323 and \$302, respectively. As of December 31, 2022 and 2021, the balances of accounts receivable arising from the transaction were \$28 and \$25, respectively.
- (c) For the years ended December 31, 2022 and 2021, the Company received vessels management and consulting revenue from BCI Loyalty Inc. in the amounts of \$323 and \$302, respectively. As of December 31, 2022 and 2021, the balances of accounts receivable arising from the transaction were \$28 and \$25, respectively.
- (d) In January 2021, the Company acquired 6% of ownership interests in FB Navigation Ltd. from the director, Wu, Tian-Ming, the acquisition price amounted to USD 154 thousand.
- (e) The property development of the Company's subsidiary, Franbo Asset Management Co., Ltd., was appointed to be wholly managed by Shenglin Construction Co., Ltd., who was responsible for land development analysis, architectural layout, construction and planning and after sales services, and the expense in relation to management was approximately \$18,800. For the year ended December 31, 2022, the land management expense paid was \$7,162 (accounted as 'inventory - land held for construction site').

- (f) The property development of the Company's second-tier subsidiary, FB Propriety Construction and Development Co., Ltd., was appointed to be wholly managed by Futian Construction Co., Ltd., who was responsible for land development, architectural layout, construction and planning and after sales services, and expenses in relation to land integration, management and exclusive selling totalled \$85,164. For the year ended December 31, 2022, expenses paid on behalf of the Company in relation to the signature bonus for acquisition of land held for construction site and each agency fee totalled \$3,164, and the land integration expense payable was \$22,452 (accounted as 'inventory - land held for construction site'). As of December 31, 2022, the Group's balance of other payables was \$1,881.
- (g) The property development of the Company's second-tier subsidiary, Franbo Justice Construction and Development Co., Ltd., was appointed to be wholly managed by Shenglin Construction Co., Ltd., to execute the purchase of land, and the expense in relation to land development was approximately \$6,015. For the year ended December 31, 2022, the expense paid on behalf of the second-tier subsidiary in relation to the signature bonus for acquisition of land held for construction site was \$6,906, and the land development fee payable was \$3,609 (accounted as 'inventory - land held for construction site').
- (h) In June 2022, the Company exercised to directors for the disgorgement of short-swing profits of \$166 which was shown as capital surplus in accordance with Securities and Exchange Act Article 157 relating to regulations of short-swing trading.

(3) Key management compensation

	Year ended December 31	
	2022	2021
Salaries and other short-term employee benefits	\$ 26,463	\$ 10,925
Post-employment benefits	262	238
	<u>\$ 26,725</u>	<u>\$ 11,163</u>

8. Pledged Assets

Assets	December 31, 2022	December 31, 2021	Purpose
Land held for construction site	\$ 520,151	\$ -	Collateral for long-term borrowings
Vessel equipment under finance lease, net (Note 1)	1,243,680	192,385	Long-term borrowings
Land	19,247	19,247	Short-term borrowings and Long-term borrowings
Buildings and structures, net	27,540	28,413	Short-term borrowings and Long-term borrowings
Vessels equipment, net	1,016,085	3,965,654	Long-term borrowings
Non-current assets held for sale, net	-	148,869	Long-term borrowings (Note 3)
Restricted assets - demand deposits (Note 2)	88,752	-	Bonds payable
Restricted assets - demand deposits (shown as "non-current financial assets at amortised cost")	19,057	125,268	Long-term borrowings
Guarantee deposits paid (shown as "other non-current assets, others")	620	625	Guarantees for Maritime Port Bureau
	<u>\$ 2,935,132</u>	<u>\$ 4,480,461</u>	

Note 1: Refer to Notes 6(7) and (8) for details of the Group leasing vessel equipment under finance lease.

Note 2: Restricted assets on December 31, 2022 and 2021 - current deposits are listed in " Current financial assets at amortised cost " and " Non-current financial assets at amortised cost "

Note 3: Because the pledged assets were transferred to non-current assets held for sale, the borrowings were transferred to 'liabilities directly related to non-current assets held for sale'.

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) On July 26, 2022, the Company's second-tier subsidiary, Franbo Ocean Ltd., signed a credit facility agreement with Entie Commercial Bank. The total amount of credit agreement was USD 10,420 thousand, the credit term was 5 years, and the Company and the related parties, TSAI,PANG-CHUAN and TSAI,CHING-CHUNG, were joint guarantors and should keep the commitments which were recorded on the credit agreements, the commitments were as follows:

- A. Every year, the consolidated financial statements of the Company was verified that interest coverage ratio could not be lower than three times (earnings before interest and taxes + interest expenses + depreciations and amortisations/ interest expenses). The net tangible assets value (net assets reduce intangible assets): Not be lower than NT\$1 billion. Each financial ratio restrictions would be verified once a half-year by using consolidated financial statements which were annually attested by auditors and the second quarter consolidated financial statements which were annually reviewed by auditors as the calculation basis.
- B. From the date of the first withdrawal, the collateral, vessels, should be appraised at least once a year by the appraisal company which was admitted by this bank, and the original of appraisal report should be provided to this bank.
- C. From 2023, LTV should be verified every year, if following regulations were not met, Franbo Ocean Ltd. should pledge additional deposits as collaterals in three business days.

Verification year	The ceiling of LTV
2022	55%
2023	50%
2024	45%
2025 - 2027	40%

- D. In the duration of the borrowings, the Company's directly or indirectly held equity interests in Franbo Bright Ltd. should not be lower than 100%.

(2) On October 14, 2021, the Company's second-tier subsidiary, Franbo Bright Ltd., signed a credit facility agreement with O BANK. The total amount of credit agreement was USD 6,000 thousand, the credit term was 5 years, and the Company and related parties, TSAI,PANG-CHUAN and TSAI,CHING-CHUNG, were joint guarantors and should keep the commitments which were recorded on the credit agreements, the commitments were as follows:

- A. Every year, the consolidated financial statements of the Company was verified that interest coverage ratio could not be lower than five times (earnings before interest and taxes + interest expenses + depreciations and amortisations/interest expenses). Net assets (shareholders' equity): Not be lower than NT\$1.5 billion. Financial debt ratio (total financial liabilities/net assets): Not be higher than 185%. Each financial ratio restrictions would be verified once a half-year by using consolidated financial statements which were annually attested by auditors and the second quarter consolidated financial statements which were annually reviewed by auditors as the calculation basis.
- B. From the date of the first withdrawal, the collateral, vessels, should be appraised at least once a year by appraisal company which was admitted by this bank, and the original of appraisal report should be provided to this bank.
- C. From 2022, LTV should be verified every year, if following regulations were not met, Franbo Bright Ltd. should repay the borrowings or requisition and pledge additional deposits as collaterals in five business days.

Verification year	The ceiling of LTV
2022	55%
2023 - 2026	50%

- D. In the duration of the borrowings, the Company's directly or indirectly held equity interests in Franbo Bright Ltd. should not be lower than 100%.

(3) On August 26, 2021, the Company's second-tier subsidiary, Franbo Legacy Ltd., signed a credit facility agreement with BANK OF PANHSIN. The total amount of credit agreement was USD 6,000 thousand, the credit term was 5 years, and the Company and related parties, TSAI,PANG-CHUAN and TSAI,CHING-CHUNG, were joint guarantors and should keep the commitments which were recorded on the credit agreements, the commitments were as follows:

From the date of the first withdrawal, the collateral, vessels, should be appraised at least once a year by appraisal company which was admitted by this bank, and the original of appraisal report should be provided to this bank. If (the credit balance/the appraisal amount) was larger than 60%, the difference should be repaid or the collateral which was admitted by this bank should be requisitioned.

(4) On November 11, 2020, the Company's second-tier subsidiary, FB Navigation Ltd., signed a credit facility agreement with BANK OF PANHSIN. The total amount of credit agreement was USD 2,100 thousand, the credit term was 3.6 years, and the Company and related parties, TSAI,PANG-CHUAN and TSAI,CHING-CHUNG, were joint guarantors and should keep the commitments which were recorded on the credit agreements, the commitments were as follows:

From the date of the first withdrawal, the collateral, vessels, should be appraised at least once a year by appraisal company which was admitted by this bank, and the original of appraisal report should be provided to this bank. If (the credit balance/the appraisal amount) was larger than 40%, the difference should be repaid or the collateral which was admitted by this bank should be requisitioned.

(5) On November 11, 2020, the Company's second-tier subsidiary, FB Pioneer Ltd., signed a credit facility agreement with BANK OF PANHSIN. The total amount of credit agreement was USD 2,400 thousand, the credit term was 4 years, and the Company and related parties, TSAI,PANG-CHUAN and TSAI,CHING-CHUNG, were joint guarantors and should keep the commitments which were recorded on the credit agreements, the commitments were as follows:

From the date of the first withdrawal, the collateral, vessels, should be appraised at least once a year by appraisal company which was admitted by this bank, and the original of appraisal report should be provided to this bank. If (the credit balance/the appraisal amount) was larger than 40%, the difference should be repaid or the collateral which was admitted by this bank should be requisitioned.

(6) On August 26, 2015, the Company's second-tier subsidiary, Franbo Lohas S.A., signed a credit facility agreement with Mega Bank, the total amount of credit agreement was USD 12,000 thousand. Additionally, on May 6, 2016, the second-tier subsidiary signed a credit facility agreement with Mega Bank, the total amount of credit agreement was USD 1,000 thousand., the credit terms both were 5 years, and the Company and related parties, TSAI,PANG-CHUAN and TSAI,CHING-CHUNG, were joint guarantors and should keep the commitments which were recorded on the credit agreements, the commitments were as follows:

- A. The interest coverage ratio could not be lower than three times (earnings before interest and taxes interest expenses + depreciations and amortisations/ interest expenses). The net tangible assets value (shareholders' equity reduce intangible assets): Not be lower than NT\$1 billion. Each financial ratio restrictions would be verified once a half-year by using consolidated financial statements which were annually attested by auditors and the second quarter consolidated financial statements which were annually reviewed by auditors as the calculation basis.
- B. The debt ratio should not be higher than 75% for 2016, 70% for 2017, 65% for 2018, 60% for 2019 (including years after) and should be verified once a year by using annual non-consolidated financial statements which were attested by auditors as the calculation basis.
- C. From the date of the first withdrawal, the collateral, vessels, should be appraised at least once a year by appraisal company which was admitted by this bank, and the original of appraisal report should be provided to this bank. If (the credit balance/the appraisal amount) was larger than 65%, the difference should be repaid or the collateral which was admitted by this bank should be requisitioned.
- D. In the duration of the borrowings, the Company's directly or indirectly held equity interests in Franbo Lohas S.A. should not be lower than 100%.

(7) The major contractual commitments of the Group's vessels for charter are as follows:

Renters	Vessel Equipment	Charterers	Lease Period	Rent Calculation	Main Terms
Franbo Logos S.A.	ULTRA DURBAN	Non-relative	From February 2022 to February 2024, 2 years	Note1	Note 3,4,5
Franbo Logic S.A.	THORCO LOGIC	Non-relative	From May 2021 to February 2024, 2.75 years	Note1	Note 3,4,5
Franbo Lohas S.A.	THORCO LOHAS	Non-relative	From August 2021 to November 2023, 2.25 years	Note1	Note 3,4,5
Franbo Sagacity S.A.	STL HARVEST	Non-relative	From January 2018 to January 2025, 7 years	Note2	-
Franbo Sino Ltd.	LAUREN OCEAN	Non-relative	From April 2019 to April 2023, 4 years	Note2	-
Franbo Legion Ltd.	FAIRWIND LEGION	Non-relative	From May 2021 to February 2024, 2.75 years	Note1	Note 3,4
FB Pioneer Ltd.	SINOWAY LILY	Non-relative	From August 2019 to April 2026, 6.67 years	Note2	-
FB Navigation Ltd.	CHRISTINA OCEAN	Non-relative	From September 2019 to September 2024, 5 years	Note2	-
Franbo Bright Ltd.	IMARI	Non-relative	From December 2021 to December 2023, 2 years	Note2	Note 3,4

Note 1: Rent was calculated daily according to the actual days of sailing and was charged twice a month.

Note 2: Rent was calculated daily according to the actual days of sailing and was charged once a month.

Note 3: The lessor shall afford all of employees' board expenses, wages and consular fees when embarkation and disembarkation, as well as insurance expense of vessels and materials for all cabins, deck, engine room and other necessary materials, which including freshwater for boiler and normal freshwater. The lessor shall maintain the ship class and keep the hull, ship engine and equipment in sufficiently effective status during the lease period.

Note 4: The lessee shall pay for fuels (except otherwise regulated), terminal handling charge, pilotage fee, agency fee, commissions, consular fees (except consular fees for sailors) and regular necessary expenses other than the aforementioned expenses. However, if the current vessel entering port for the reason of its own responsibilities, the owner of the vessel shall pay for all incurring expenses.

Note 5: In response to the operating requirement of the lessee and the Group's financial plan, the reasonable compensation was generated from the conditionally earlier termination of the lease contract based on mutual agreement. The three vessels which were terminated renting were returned in the second half of 2020, and the aforementioned compensation for terminating contract and rents receivable arose from continuously renting vessels after terminating contract were used in offsetting the price for purchasing the vessel, FAIRWIND LEGION. The successor lessee had been determined after terminating vessels lease contract.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

The distribution of 2022 earnings and the effective date of the conversion and issuance of the fifth unsecured convertible bonds were resolved by the Group's Board of Directors on March 3, 2023. Refer to Notes 6(13) and 6(19) for more details.

12. Others

(1) Capital management

The Group's capital management objective was to secure the ability of going-concern in order to return to the shareholders and maintain optimal capital structure. Because the Group should maintain or adjust the capital structure, the Group's objectives when managing capital are to secure necessary financial resources and operating plans to meet the needs of operating funds for the next 12 months, capital expenditure, debt repayment and dividend payment.

For the year ended December 31, 2022, the Group's strategy was the same as that in 2021 and was dedicated to maintaining a stable debt to assets ratio. The Group's debt to assets ratios were as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Total liabilities	<u>\$ 2,675,467</u>	<u>\$ 2,840,889</u>
Total assets	<u>\$ 8,012,292</u>	<u>\$ 5,718,484</u>
Debt to assets ratio	<u>33%</u>	<u>50%</u>

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	\$ 7,816	\$ 2,748
Financial assets at amortised cost/Loans and receivables		
Cash and cash equivalents	1,597,253	494,465
Accounts receivable	56	3,173
Finance lease receivables	1,326,826	159,597
Guarantee deposits paid (Note 1)	620	625
Other financial assets (Note 2)	<u>261,727</u>	<u>125,268</u>
	<u>\$ 3,194,298</u>	<u>\$ 785,876</u>

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Short-term borrowings	\$ 120,000	\$ 10,000
Short-term notes and bills payable	29,966	-
Accounts payable	377	5,155
Other payables (including related parties)	188,116	74,239
Other current liabilities, others	53,804	48,495
Corporate bonds payable	965,399	400,000
(including current portion)		
Long-term borrowings	1,032,329	1,943,659
(including current portion and transfers to liabilities directly related to non-current assets held for sale)		
Guarantee deposits received	125,291	151,872
Other non-current liabilities, others	<u>109,180</u>	<u>146,904</u>
	<u>\$ 2,624,462</u>	<u>\$ 2,780,324</u>

Note 1: Shown as “other non-current assets - others”.

Note 2: Shown as “current financial assets at amortised cost” and “non-current financial assets at amortised cost”.

B. Financial risk management policies

- (a) The Group’s activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk.
- (b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group’s operating units.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Exchange rate risk

- i. The Group operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD. Foreign exchange rate risk arises from future commercial transactions and recognised assets and liabilities.
- ii. The Group’s businesses involve some non-functional currency operations (the Group’s functional currency: NTD; subsidiaries’ functional currency: USD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

(Foreign currency: functional currency)	December 31, 2022		
	Foreign currency amount (In thousands)	Exchange rate	Carrying amount (New Taiwan dollar)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 10,368	30.71	\$ 318,401
<u>Non-monetary items</u>			
USD:NTD (Note)	857	30.71	26,333
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	13,971	30.71	429,049

Note: Investments accounted for using equity method.

(Foreign currency: functional currency)	December 31, 2021		
	Foreign currency amount (In thousands)	Exchange rate	Carrying amount (New Taiwan dollar)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 57	27.68	\$ 1,578
<u>Non-monetary items</u>			
USD:NTD (Note)	1,571	27.68	43,447
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	170	27.68	4,706

Note: Investments accounted for using equity method.

- iii. Total exchange gain, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2022 and 2021, amounted to \$10,903 and \$1,665, respectively.
- iv. Analysis of foreign currency market risk arising from significant foreign exchange variation:

Year ended December 31, 2022			
Sensitivity analysis			
(Foreign currency: functional currency)	Degree of variation	Effect on profit or loss	Effect on comprehensive income
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 3,184	\$ -
<u>Non-monetary items</u>			
USD:NTD	1%	-	263
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	4,290	-
Year ended December 31, 2021			
Sensitivity analysis			
(Foreign currency: functional currency)	Degree of variation	Effect on profit or loss	Effect on comprehensive income
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 16	\$ -
<u>Non-monetary items</u>			
USD:NTD	1%	-	434
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	47	-

Price risk

- i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.
- ii. The Group's investments in equity securities comprise domestic beneficiary certificates of equity instruments and foreign corporate bonds. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2022 and 2021 would have increased/decreased by \$69 and \$16, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss.

Cash flow and fair value interest rate risk

- i. The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. During 2022 and 2021, the Group's borrowings at variable rate were mainly denominated in New Taiwan dollars and US Dollars.
- ii. The Group's borrowings are measured at amortised cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.
- iii. If the borrowing interest rate had increased/decreased by 0.25% with all other variables held constant, profit, net of tax for the years ended December 31, 2022 and 2021 would have increased/decreased by \$2,440 and \$4,847, respectively. The main factor is that changes in interest expense result in floating-rate borrowings.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at fair value through profit or loss.
- ii. According to the Group's credit policy, each local entity in the Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and service terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors.
- iii. The Group adopts following assumptions under IFRS 9, if the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- iv. The Group adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.
- v. The Group classifies customer's accounts receivable, contract assets and rents receivable in accordance with geographic area, credit rating of customer, credit risk on trade and customer types. The Group applies the modified approach based on the loss rate methodology to estimate the expected credit loss.
- vi. The Group used the forecastability of adjust historical and timely information to assess the default possibility of accounts receivable. On December 31, 2022 and 2021, the loss rate methodology is as follows:

		Expected loss rate	
		31 days to 90 past due	Over 90 days past due
<u>December 31, 2022</u>	<u>Up to 30 days past due</u>	0.44%~0.65%	100%
	0%~0.22%		
		Expected loss rate	
		31 days to 90 past due	Over 90 days past due
<u>December 31, 2021</u>	<u>Not past due</u>	0.02%~0.03%	100%
	0%~0.01%		

- vii. The beginning and ending balances for the years ended December 31, 2022 and 2021 of the Group's application of the modified approach on loss allowance for accounts receivable were all \$0. For the years ended December 31, 2022 and 2021, the Group had no impairment loss or benefit of receivables which were generated contracting with customers.

(c) Liquidity risk

- i. The objectives for managing liquidity risk are maintaining cash and deposits needed for operations and adequate borrowing credits to ensure the Group is financially flexible.
- ii. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity and undiscounted amount groups and aggregately listed the Group's financial liabilities which were contracted the repayment period:

	December 31, 2022		
	Within 1 year	Between 1 and 2 years	Over 2 years
Non-derivative financial liabilities:			
Short-term borrowings	\$ 121,221	\$ -	\$ -
Account payable	377		
Other payables to related parties	188,116	-	-
Other current liabilities, others	53,804		
Long-term borrowings	238,032	322,092	631,044
(including current portion)			
Bonds payable	402,090	-	588,300
(including current portion)			
Other non-current liabilities, others	-	53,804	55,376
	December 31, 2021		
	Within 1 year	Between 1 and 2 years	Over 2 years
Non-derivative financial liabilities:			
Short-term borrowings	\$ 10,033	\$ -	\$ -
Account payable	5,155	-	-
Other payables	74,239	-	-
Other current liabilities, others	48,495	-	-
Long-term borrowings	427,613	432,056	1,142,704
(including current portion and to liabilities directly related to non-current assets held for sale)			
Bonds payable	2,280	402,090	-
Other non-current liabilities, others	-	48,495	98,409

(3) Fair value information

- A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in beneficiary certificates is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

B. Financial instruments not measured at fair value:

- (a) Except for those listed in the table below, the carrying amounts of cash and cash equivalents, accounts receivable. Finance lease receivable financial assets at amortised cost, guarantee deposits paid (shown as "other non-current assets, others"), short-term borrowings. Account payable other payables (including related parties), long-term borrowings (including current portion) and to liabilities directly related to non-current assets held for sale, guarantee deposits and other non-current liabilities-others received are approximate to their fair values.

		December 31, 2022		
		Fair value		
	Carrying amount	Level 1	Level 2	Level 3
Financial liabilities:				
Bonds payable	\$ 965,399	\$ -	\$ -	\$ 966,651
		December 31, 2021		
		Fair value		
	Carrying amount	Level 1	Level 2	Level 3
Financial liabilities:				
Bonds payable	\$ 400,000	\$ -	\$ -	\$ 400,000

- (b) The methods and assumptions of fair value estimate are as follows:

Bonds payable: They are measured at present value, which is calculated based on the cash flow expected to be paid and discounted using a market rate prevailing at balance sheet date.

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities is as follows:

(a) The related information of natures of the assets and liabilities is as follows:

December 31, 2022	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value				
through profit or loss				
Beneficiary certificates	\$ 6,920	\$ -	\$ -	\$ 6,920
Foreign corporate bond	896	-	-	896
Option to convert embedded				
corporate bonds	-	-	880	880
Total	<u>\$ 7,816</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,816</u>
December 31, 2021	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value				
through profit or loss				
Beneficiary certificates	\$ 1,580	\$ -	\$ -	\$ 1,580
Foreign corporate bond	1,168	-	-	1,168
Total	<u>\$ 2,748</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,748</u>

(b) The methods and assumptions the Group used to measure fair value are as follows:

- i. The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	Open-end fund	Corporate bond
Market quoted price	Net asset value	Referable redemption price

- ii. For high-complexity financial instruments, the fair value is measured by using self-developed valuation model based on the valuation method and technique widely used within the same industry. The valuation model is normally applied to derivative financial instruments, debt instruments with embedded derivatives or securitised instruments. Certain inputs used in the valuation model are not observable at market, and the Group must make reasonable estimates based on its assumptions.
- iii. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

D. For the years ended December 31, 2022 and 2021, there was no transfer between Level 1 and Level 2.

E. The following chart is the movement of Level 3 for the year ended December 31, 2022:

	2022
	<u>Derivative instruments</u>
January 1	\$ -
Issued in the period	1,500
Gains and losses recognised in profit or loss (Note)	(604)
Conversion or repurchase in the period	(16)
December 31	<u>\$ 880</u>

Note: Accounted as other gains and losses.

For the year ended December 31, 2021: None.

F. The following chart is the movement of Level 3 for the years ended December 31, 2022 and 2021:

G. Treasury segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

H. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Hybrid instrument:					
Convertible bonds	\$ 880	The Binomial-Tree approach to convertible bonds	Stock price volatility	46.94%~51.35%	The higher the price volatility , the higher the fair value

On December 31, 2021: None.

I. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed:

		December 31, 2022			
		Recognised in profit or loss		Recognised in other comprehensive income	
Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets					
Derivative instruments	Stock price volatility	±5%	\$ 40	(\$ 40)	\$ -

For the year ended December 31, 2021: None.

(4) Other matters

Starting from 2020, the effects from global Covid-19 pandemic had slow down, and the Company assessed overall business and finance was not significantly affected by the pandemic.

13. Supplementary Disclosures

(1) Significant transactions information

According to the current regulatory requirements, the Company is only required to disclose the information for the year ended December 31, 2022, the required disclosure information of each investee was prepared according to the 2022 financial statements which were attested by auditors and was disclosed according to each consolidated entities, and the consolidated write-offs and adjustment would not be included into consideration.

A. Loans to others: Please refer to table 1.

B. Provision of endorsements and guarantees to others: Please refer to table 2.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.

D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Group's paid-in capital: Please refer to table 4.

E. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: None.

H. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: Please refer to table 5.

I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Note 6(2) and 12(3).

J. Significant inter-company transactions during the reporting periods: Please refer to table 6.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China) : Please refer to table 7.

(3) Information on investments in Mainland China

A. Basic information: None.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

(4) Major shareholders information

Major shareholders information: Please refer to table 8.

14. Segment Information

(1) General information

The Group operates business only in a single industry. The chief operating decision-maker, who allocates resources and assesses performance of the Group as a whole, has identified that the Group has only one reportable operating segment.

(2) Measurement of segment information

The Group is the only one reportable operating segment, and the reportable operating segment information which is provided to the chief operating decision-maker is the financial statements prepared under generally accepted auditing standards.

(3) Segment information

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

	Year ended December 31	
	2022	2021
Revenue from external customers	\$ 1,466,949	\$ 1,226,139
Inter-segment revenue	-	-
Interest income	18,816	362
Interest expense	61,900	42,806
Depreciation and amortisation	256,669	305,064
Reportable segments income before tax	1,288,615	373,370
Assets of reportable segments	8,012,292	5,718,484
Capital expenditure of non-current assets of reportable segment	26,374	720,908
Liabilities of reportable segments	2,675,467	2,840,889

(4) Reconciliation for segment income (loss)

The revenue reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income. The amounts provided to the chief operating decision maker with respect to reportable segments income/(loss) before tax, total assets and total liabilities are measured in a manner consistent with that of the financial statements.

(5) Information on products and services

	Year ended December 31	
	2022	2021
Income from lease and management of vessels	\$ 1,466,949	\$ 1,226,139

(6) Geographical information

Geographical information for the years ended December 31, 2022 and 2021 is as follows:

	Year ended December 31, 2022		Year ended December 31, 2021	
	Revenue (Note 1)	Non-current assets (Note 2)	Revenue (Note 1)	Non-current assets (Note 2)
Japan	\$ 139,257	\$ -	\$ 57,793	\$ -
China	874,504	-	773,466	-
Denmark	422,166	-	253,898	-
Singapore	30,246	-	91,725	-
Ireland	(45)	-	48,116	-
Taiwan	175	52,267	537	53,807
Panama	323	1,658,512	302	2,236,506
Marshall	323	3,502,796	302	2,521,294
	<u>\$ 1,466,949</u>	<u>\$ 5,213,575</u>	<u>\$ 1,226,139</u>	<u>\$ 4,811,607</u>

Note 1: The revenue is classified by the country where the customer is located.

Note 2: Non-current assets excluded non-current financial assets at fair value through profit or loss, non-current financial assets at amortised cost, investments accounted for using the equity method, deferred income tax assets and other non-current assets, others.

(7) Major customer information

Major customer information of the Group for the years ended December 31, 2022 and 2021 is as follows:

	Year ended December 31, 2022			Year ended December 31, 2021		
	Revenue	Percentages in operating revenue	Segment	Revenue	Percentages in operating revenue	Segment
T	\$ 346,646	\$ 24	All companies and subsidiaries	\$ 195,653	\$ 16	All companies and subsidiaries
V	199,429	14	All companies and subsidiaries	32,251	3	All companies and subsidiaries
A	189,212	13	All companies and subsidiaries	157,039	13	All companies and subsidiaries
S	141,059	10	All companies and subsidiaries	229,559	19	All companies and subsidiaries

FRANBO LINES CORPORATION

Loans to others

Year ended December 31, 2022

Expressed in thousands of NTD

(Except as otherwise indicated)

Table 1

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended	Balance at	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for Creditor	Collateral		Limit on loans	Ceiling on total	Footnote
					December 31, 2022	December 31, 2022						Counterparty doubtful accounts		Value	granted to a single party	loans granted	
													Item				
1	New Lucky Lines S.A.	Franbo Lines Corporation	Other receivables due from related parties	Y	\$ 429,940	\$ 429,940	\$ 318,463	-	Short-term financing	-	Operating turnover	-	None	-	\$ 1,783,005	\$ 5,943,353	Note 1 ~ 4
1	New Lucky Lines S.A.	Franbo Shipping S.A.	Other receivables due from related parties	Y	61,420	-	-	-	Short-term financing	-	Operating turnover	-	None	-	1,783,005	5,943,353	Note 1 ~ 4
1	New Lucky Lines S.A.	Franbo Wind S.A.	Other receivables due from related parties	Y	30,710	-	-	-	Short-term financing	-	Operating turnover	-	None	-	1,783,005	5,943,353	Note 1 ~ 4
1	New Lucky Lines S.A.	TW Hornbill Lind S.A.	Other receivables due from related parties	Y	61,420	-	-	-	Short-term financing	-	Operating turnover	-	None	-	1,783,005	5,943,353	Note 1 ~ 4
1	New Lucky Lines S.A.	Franbo Logos S.A.	Other receivables due from related parties	Y	30,710	30,710	3,685	-	Short-term financing	-	Operating turnover	-	None	-	1,783,005	5,943,353	Note 1 ~ 4
1	New Lucky Lines S.A.	Franbo Logic S.A.	Other receivables due from related parties	Y	30,710	-	-	-	Short-term financing	-	Operating turnover	-	None	-	1,783,005	5,943,353	Note 1 ~ 4
1	New Lucky Lines S.A.	Franbo Logion S.A.	Other receivables due from related parties	Y	107,485	107,485	98,886	-	Short-term financing	-	Operating turnover	-	None	-	1,783,005	5,943,353	Note 1 ~ 4
1	New Lucky Lines S.A.	Franbo Uprightness Corp.	Other receivables due from related parties	Y	30,710	-	-	-	Short-term financing	-	Operating turnover	-	None	-	1,783,005	5,943,353	Note 1 ~ 4
1	New Lucky Lines S.A.	Franbo Ocean Ltd.	Other receivables due from related parties	Y	307,100	61,420	31,017	-	Short-term financing	-	Operating turnover	-	None	-	1,783,005	5,943,353	Note 1 ~ 4
1	New Lucky Lines S.A.	Franbo Bright Ltd.	Other receivables due from related parties	Y	122,840	122,840	98,579	-	Short-term financing	-	Operating turnover	-	None	-	1,783,005	5,943,353	Note 1 ~ 4
1	New Lucky Lines S.A.	Franbo Ace Ltd.	Other receivables due from related parties	Y	30,710	30,710	3,992	-	Short-term financing	-	Operating turnover	-	None	-	1,783,005	5,943,353	Note 1 ~ 4
1	New Lucky Lines S.A.	Franbo Art Ltd.	Other receivables due from related parties	Y	30,710	30,710	2,764	-	Short-term financing	-	Operating turnover	-	None	-	1,783,005	5,943,353	Note 1 ~ 4
1	New Lucky Lines S.A.	Franbo Cosmos Ltd.	Other receivables due from related parties	Y	30,710	30,710	3,071	-	Short-term financing	-	Operating turnover	-	None	-	1,783,005	5,943,353	Note 1 ~ 4
1	New Lucky Lines S.A.	Franbo Century Ltd.	Other receivables due from related parties	Y	30,710	30,710	7,985	-	Short-term financing	-	Operating turnover	-	None	-	1,783,005	5,943,353	Note 1 ~ 4
1	New Lucky Lines S.A.	Franbo Brave Ltd.	Other receivables due from related parties	Y	30,710	30,710	2,150	-	Short-term financing	-	Operating turnover	-	None	-	1,783,005	5,943,353	Note 1 ~ 4
1	New Lucky Lines S.A.	Franbo Bravo Ltd.	Other receivables due from related parties	Y	30,710	30,710	3,378	-	Short-term financing	-	Operating turnover	-	None	-	1,783,005	5,943,353	Note 1 ~ 4
2	Uni-Morality Lines Ltd.	Franbo Lines Corporation	Other receivables due from related parties	Y	170,133	170,133	110,556	-	Short-term financing	-	Operating turnover	-	None	-	111,307	111,307	Note 1 ~ 4
2	Uni-Morality Lines Ltd.	New Lucky Lines S.A.	Other receivables due from related parties	Y	116,698	-	-	-	Short-term financing	-	Operating turnover	-	None	-	111,307	111,307	Note 1 ~ 4
2	Uni-Morality Lines Ltd.	Dexin Shipping S.A.	Other receivables due from related parties	Y	30,710	-	-	-	Short-term financing	-	Operating turnover	-	None	-	111,307	111,307	Note 1 ~ 4

FRANBO LINES CORPORATION

Loans to others

Year ended December 31, 2022

Expressed in thousands of NTD

(Except as otherwise indicated)

Table 1

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended	Balance at	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for Creditor Counterparty doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
					December 31, 2022	December 31, 2022							Item	Value			
3	Franbo Shipping S.A.	New Lucky Lines S.A.	Other receivables due from related parties	Y	92,130	92,130	65,412	-	Short-term financing	-	Operating turnover	-	None	-	136,159	136,159	Note 1 ~ 4
4	Franbo Transportation S.A.	New Lucky Lines S.A.	Other receivables due from related parties	Y	122,840	122,840	115,163	-	Short-term financing	-	Operating turnover	-	None	-	155,524	155,524	Note 1 ~ 4
5	Franbo Wind S.A.	New Lucky Lines S.A.	Other receivables due from related parties	Y	219,884	-	-	-	Short-term financing	-	Operating turnover	-	None	-	-	-	Note 1 ~ 4
6	Franbo Hornbill Lind S.A.	New Lucky Lines S.A.	Other receivables due from related parties	Y	261,035	239,538	237,081	-	Short-term financing	-	Operating turnover	-	None	-	243,815	243,815	Note 1 ~ 4
7	Franbo Logos S.A.	New Lucky Lines S.A.	Other receivables due from related parties	Y	30,710	30,710	-	-	Short-term financing	-	Operating turnover	-	None	-	413,826	413,826	Note 1 ~ 4
8	Franbo Logic S.A.	New Lucky Lines S.A.	Other receivables due from related parties	Y	61,420	61,420	23,954	-	Short-term financing	-	Operating turnover	-	None	-	445,007	445,007	Note 1 ~ 4
9	Franbo Lohas S.A.	New Lucky Lines S.A.	Other receivables due from related parties	Y	122,840	122,840	93,358	-	Short-term financing	-	Operating turnover	-	None	-	389,916	389,916	Note 1 ~ 4
10	Franbo Sagacity S.A.	New Lucky Lines S.A.	Other receivables due from related parties	Y	39,923	39,923	12,837	-	Short-term financing	-	Operating turnover	-	None	-	74,353	74,353	Note 1 ~ 4
11	Franbo Way Ltd.	New Lucky Lines S.A.	Other receivables due from related parties	Y	214,970	214,970	189,788	-	Short-term financing	-	Operating turnover	-	None	-	499,618	499,618	Note 1 ~ 4
12	Franbo Uprightness Corp.	New Lucky Lines S.A.	Other receivables due from related parties	Y	546,638	546,638	546,638	-	Short-term financing	-	Operating turnover	-	None	-	564,858	564,858	Note 1 ~ 4
13	Franbo Sino Ltd.	New Lucky Lines S.A.	Other receivables due from related parties	Y	83,531	61,420	31,017	-	Short-term financing	-	Operating turnover	-	None	-	93,514	93,514	Note 1 ~ 4
14	Franbo Ocean Ltd.	New Lucky Lines S.A.	Other receivables due from related parties	Y	47,293	-	-	-	Short-term financing	-	Operating turnover	-	None	-	208,188	208,188	Note 1 ~ 4
15	Franbo Logion S.A.	New Lucky Lines S.A.	Other receivables due from related parties	Y	61,420	-	-	-	Short-term financing	-	Operating turnover	-	None	-	282,632	282,632	Note 1 ~ 4
16	FB Pioneer Ltd.	New Lucky Lines S.A.	Other receivables due from related parties	Y	15,355	15,355	5,835	-	Short-term financing	-	Operating turnover	-	None	-	55,625	55,625	Note 1 ~ 4
17	FB Navigation Ltd.	New Lucky Lines S.A.	Other receivables due from related parties	Y	15,355	15,355	8,292	-	Short-term financing	-	Operating turnover	-	None	-	61,578	61,578	Note 1 ~ 4
18	Franbo Legacy Ltd.	New Lucky Lines S.A.	Other receivables due from related parties	Y	245,680	245,680	182,110	-	Short-term financing	-	Operating turnover	-	None	-	409,547	409,547	Note 1 ~ 4
19	Franbo Bright Ltd.	New Lucky Lines S.A.	Other receivables due from related parties	Y	27,639	-	-	-	Short-term financing	-	Operating turnover	-	None	-	116,616	116,616	Note 1 ~ 4
20	BCTS Capital Inc.	New Lucky Lines S.A.	Other receivables due from related parties	Y	61,420	61,420	42,687	-	Short-term financing	-	Operating turnover	-	None	-	69,169	69,169	Note 1 ~ 4

FRANBO LINES CORPORATION

Loans to others

Year ended December 31, 2022

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended	Balance at	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for Creditor Counterparty doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
					December 31, 2022	December 31, 2022							Item	Value			
21	FWF Shipping Ltd.	New Lucky Lines S.A.	Other receivables due from related parties	Y	11,363	2,150	1,843	-	Short-term financing	-	Operating turnover	-	None	-	2,403	2,403	Note 1 ~ 4
22	Dexin Shipping S.A.	Uni-Morality Lines Ltd.	Other receivables due from related parties	Y	115,163	115,163	114,855	-	Short-term financing	-	Operating turnover	-	None	-	115,137	115,137	Note 1 ~ 4
23	Franbo Asset Management Co., Ltd.	Franbo Propriety Buiding Development Co.,	Other receivables due from related parties	Y	35,000	35,000	5,000	-	Short-term financing	-	Operating turnover	-	None	-	298,788	298,788	Note 1 ~ 3
24	Franbo Justice Buiding Development Co., Ltd.	Franbo Asset Management Co.,	Other receivables due from related parties	Y	90,000	90,000	50,000	1	Short-term financing	1	Operating turnover	-	None	-	129,881	129,881	Note 1 ~ 3

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1)The Company is '0'.

(2)The subsidiaries are numbered in order starting from '1'.

Note 2: According to the Company's directions of loans to others, the limit of the Company's loan to individuals could not exceed 10% of the Company's net assets. Except for the limit of the Group's subsidiary, New Lucky Lines S.A., loans to individuals could not exceed 30% of its net assets, other subsidiaries in the Group all could not exceed 100% of the subsidiary's net assets.

Note 3: According to the Company's directions of loans to others, the limit of total loans to others by the Company could not exceed 20% of the Company's net assets, and the limit of total loans to others by the Group's subsidiaries could not exceed 100% of the subsidiary's net assets.

Note 4: The exchange rates of United States dollars were translated into New Taiwan dollars at the rate of 30.71 on the reporting date.

FRANBO LINES CORPORATION
Provision of endorsements and guarantees to others
Year ended December 31, 2022

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number	Endorser/guarantor	Party being endorsed/ guaranteed		Limit on endorsements/guarantee s provided for a single party	Maximum outstanding endorsement/ guarantee amount as of December 31, 2022	Outstanding endorsement/ guarantee amount at December 31, 2022	Actual amount drawn down	Amount of endorsements /guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the Endorser/guarantor company	Ceiling on total amount of endorsements/ guarantees provided	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements /guarantees to the party in Mainland China	Footnote
		Company name	Relationship with the counterparty											
0	Franbo Lines Corporation	Franbo Shipping S.A.	Note 2	\$ 5,336,825	\$ 95,201	\$ 95,201	\$ 95,201	\$ -	1.78%	\$ 26,684,125	Y	N	N	Note 3, 4 and 5
0	Franbo Lines Corporation	Franbo Transportation S.A.	Note 2	5,336,825	73,704	73,704	73,704	-	1.38%	26,684,125	Y	N	N	Note 3, 4 and 5
0	Franbo Lines Corporation	Franbo Wind S.A.	Note 2	5,336,825	420,727	-	-	-	-	26,684,125	Y	N	N	Note 3, 4 and 5
0	Franbo Lines Corporation	TW Hornbill Line S.A.	Note 2	5,336,825	110,556	-	-	-	-	26,684,125	Y	N	N	Note 3, 4 and 5
0	Franbo Lines Corporation	Franbo Logos S.A.	Note 2	5,336,825	313,733	-	-	-	-	26,684,125	Y	N	N	Note 3, 4 and 5
0	Franbo Lines Corporation	Franbo Logic S.A.	Note 2	5,336,825	297,733	-	-	-	-	26,684,125	Y	N	N	Note 3, 4 and 5
0	Franbo Lines Corporation	Franbo Lohas S.A.	Note 2	5,336,825	386,946	143,723	143,723	-	2.69%	26,684,125	Y	N	N	Note 3, 4 and 5
0	Franbo Lines Corporation	Franbo Way Ltd.	Note 2	5,336,825	110,556	-	-	-	-	26,684,125	Y	N	N	Note 3, 4 and 5
0	Franbo Lines Corporation	Franbo Sagacity S.A.	Note 2	5,336,825	73,704	-	-	-	-	26,684,125	Y	N	N	Note 3, 4 and 5
0	Franbo Lines Corporation	Franbo Sino Ltd.	Note 2	5,336,825	88,445	-	-	-	-	26,684,125	Y	N	N	Note 3, 4 and 5
0	Franbo Lines Corporation	Franbo Ocean Ltd.	Note 2	5,336,825	542,032	319,998	319,998	-	6.00%	26,684,125	Y	N	N	Note 3, 4 and 5
0	Franbo Lines Corporation	Franbo Legion Ltd.	Note 2	5,336,825	101,937	-	-	-	-	26,684,125	Y	N	N	Note 3, 4 and 5
0	Franbo Lines Corporation	FB Pioneer Ltd.	Note 2	5,336,825	73,704	73,704	73,704	-	1.38%	26,684,125	Y	N	N	Note 3, 4 and 5
0	Franbo Lines Corporation	FB Navigation Ltd.	Note 2	5,336,825	64,491	64,491	64,491	-	1.21%	26,684,125	Y	N	N	Note 3, 4 and 5
0	Franbo Lines Corporation	Dexin Shipping S.A.	Note 2	5,336,825	75,547	-	-	-	-	26,684,125	Y	N	N	Note 3, 4 and 5
0	Franbo Lines Corporation	Franbo Legacy Ltd.	Note 2	5,336,825	184,260	184,260	184,260	-	3.45%	26,684,125	Y	N	N	Note 3, 4 and 5
0	Franbo Lines Corporation	Franbo Bright Ltd.	Note 2	5,336,825	184,260	184,260	184,260	-	3.45%	26,684,125	Y	N	N	Note 3, 4 and 5
0	Franbo Lines Corporation	Franbo Uprightness Ltd.	Note 2	5,336,825	110,556	-	-	-	-	26,684,125	Y	N	N	Note 3, 4 and 5
0	Franbo Lines Corporation	Franbo Ace Ltd.	Note 2	5,336,825	552,780	552,780	552,780	-	10.36%	26,684,125	Y	N	N	Note 3, 4 and 5
0	Franbo Lines Corporation	Franbo Art Ltd.	Note 2	5,336,825	552,780	552,780	552,780	-	10.36%	26,684,125	Y	N	N	Note 3, 4 and 5

FRANBO LINES CORPORATION
Provision of endorsements and guarantees to others
Year ended December 31, 2022

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number	Endorser/guarantor	Party being endorsed/ guaranteed		Limit on endorsements/guarantee s provided for a single party	Maximum outstanding endorsement/ guarantee amount as of December 31, 2022	Outstanding endorsement/ guarantee amount at December 31, 2022	Actual amount drawn down	Amount of endorsements /guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the Endorser/guarantor company	Ceiling on total amount of endorsements/ guarantees provided	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements /guarantees to the party in Mainland China	Footnote
		Company name	Relationship with the counterparty											
0	Franbo Lines Corporation	Franbo Cosmos Ltd.	Note 2	5,336,825	569,671	569,671	569,671	-	10.67%	26,684,125	Y	N	N	Note 3, 4 and 5
0	Franbo Lines Corporation	Franbo Century Ltd.	Note 2	5,336,825	552,780	552,780	-	-	10.36%	26,684,125	Y	N	N	Note 3, 4 and 5
0	Franbo Lines Corporation	Franbo Brave Ltd.	Note 2	5,336,825	583,490	576,642	576,642	-	10.80%	26,684,125	Y	N	N	Note 3, 4 and 5
0	Franbo Lines Corporation	Franbo Bravo Ltd.	Note 2	5,336,825	583,490	576,642	576,642	-	10.80%	26,684,125	Y	N	N	Note 3, 4 and 5
0	Franbo Lines Corporation	New Lucky Lines S.A.	Note 2	5,336,825	92,130	-	-	-	-	26,684,125	Y	N	N	Note 3, 4 and 5
2	Franbo Shipping S.A.	Franbo Lines Corporation	Note 2	544,636	407,200	407,200	407,200	-	299.06%	680,795	N	Y	N	Note 3, 4 and 5

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1)The Company is '0'.

(2)The subsidiaries are numbered in order starting from '1'.

Note 2: Above 50% of equity interests with voting rights of this company were held by the parent company and subsidiaries.

Note 3: According to the Company's directions of endorsement and guarantees, the limit of total endorsed and guaranteed amounts to single affiliated company by the Company, New Lucky Lines S.A. and Uni-Morality Lines Ltd. was 100% of that company's net assets, and other subsidiaries of the Group all could not exceed 400% of that company's net assets.

Note 4: According to the Company's directions of endorsement and guarantees, the total endorsed and guaranteed amount of the Company and the Group's subsidiaries, except for New Lucky Lines S.A. and Uni-Morality Lines Ltd. could not exceed 200% and 300% of that company's net assets, the Company and other subsidiaries of the Group all could not exceed 500% of that company's net assets.

Note 5: The exchange rates of United States dollars were translated into New Taiwan dollars at the rate of 30.71 on the reporting date.

FRANBO LINES CORPORATION
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
December 31, 2022

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

				As of December 31, 2022				
Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	Number of shares (unit)	Carrying amount	Ownership (%)	Fair value	Footnote
Franbo Lines Corporation	Corporate bonds with call option(Capable of being called by the issuer) corporate bonds	None	Financial assets at fair value through profit or loss - current	450	\$ 896	-	\$ 896	Note 1 、2
Franbo Lines Corporation	Neuberger Berman Disruptive Innovation Equity Securities Investment Trust Fund	None	Financial assets at fair value through profit or loss - current	2,000	371	-	371	Note 1 、3
Franbo Lines Corporation	Yuanta Taiwan High-yield Leading Company Fund A	None	Financial assets at fair value through profit or loss - current	194,427	2,094	-	2,094	Note 3
Franbo Lines Corporation	Allianz Global Investors Greater China Fund	None	Financial assets at fair value through profit or loss - current	42,088	752	-	752	Note 3
Franbo Lines Corporation	UPAMC Ben Teng Fund	None	Financial assets at fair value through profit or loss - current	6,883	843	-	843	Note 3
Franbo Lines Corporation	Franklin Technology Fund Class A(acc) USD	None	Financial assets at fair value through profit or loss - current	936	762	-	762	Notes 1 、3
Franbo Lines Corporation	Taishin Future Health Fund A-USD	None	Financial assets at fair value through profit or loss - current	30,000	297	-	297	Note 3
Franbo Lines Corporation	Allianz Income and Growth - Class AT Acc (USD)	None	Financial assets at fair value through profit or loss - current	1,551	972	-	972	Note 3
Franbo Lines Corporation	Neuberger Berman US Short Duration Non-Investment Grade Bond Fund	None	Financial assets at fair value through profit or loss - current	2,700	829	-	829	Note 1 、3

Note 1: The exchange rates of United States dollars were translated into New Taiwan dollars at the rate of 30.71 on the reporting date.
Note 2: The market price of the corporate bonds referred to referable redemption price at the balance sheet date.
Note 3: The market price of the open-end funds referred to the net value at the balance sheet date.

FRANBO LINES CORPORATION
Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital
Year ended December 31, 2022

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Marketable securities	General ledger account	Counterparty	Relationship with the counterparty	Balance as at January 1, 2022		Addition		Disposal				Balance as at December 31, 2022	
					Number of shares	Amount	Number of shares	Amount (Note)	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount
Franbo Lines Corporation	New Lucky Lines S.A.	Investments accounted for using equity method	New Lucky Lines S.A.	Subsidiaries	78,000,000	\$ 2,905,827	45,428,012	\$ 3,037,526	-	\$ -	\$ -	\$ -	123,428,012	\$ 5,943,353

Note: In 2022, the Company newly invested \$1,407,131 in New Lucky Lines S.A., and the investment amount included the investment income (loss) and other comprehensive income recognised in the period.

FRANBO LINES CORPORATION

Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more

December 31, 2022

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2022	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
New Lucky Lines S.A.	Franbo Lines Corporation	Parent company	\$ 318,463	Not applicable	\$ -	-	\$ -	\$ -
Uni-Morality Lines Ltd.	Franbo Lines Corporation	Parent company	110,556	Not applicable	-	-	-	-
Franbo Transportation S.A.	New Lucky Lines S.A.	Subsidiaries	115,163	Not applicable	-	-	-	-
TW Hornbill Lines S.A.	New Lucky Lines S.A.	Subsidiaries	237,081	Not applicable	-	-	-	-
Franbo Way Ltd.	New Lucky Lines S.A.	Subsidiaries	180,788	Not applicable	-	-	-	-
Franbo Uprightness Corp.	New Lucky Lines S.A.	Subsidiaries	546,638	Not applicable	-	-	-	-
Franbo Legacy Limited	New Lucky Lines S.A.	Subsidiaries	182,110	Not applicable	-	-	-	-
Dexin Shipping S.A.	Uni-Morality Lines Ltd.	Subsidiaries	114,855	Not applicable	-	-	-	-

FRANBO LINES CORPORATION
Significant inter-company transactions during the reporting periods
Year ended December 31, 2022

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Transactions amount between the parent company and subsidiaries or inter-subsidiaries transactions reaching \$10 million were as follows:

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	Franbo Lines Corporation	Franbo Shipping S.A.	1	Endorsements and guarantees	\$ 95,201	Note 4	1%
0	Franbo Lines Corporation	Franbo Transportation S.A.	1	Endorsements and guarantees	73,704	Note 4	1%
0	Franbo Lines Corporation	Franbo Lohas S.A.	1	Endorsements and guarantees	143,723	Note 4	2%
0	Franbo Lines Corporation	Franbo Ocean Ltd.	1	Endorsements and guarantees	319,998	Note 4	4%
0	Franbo Lines Corporation	FB Pioneer Ltd.	1	Endorsements and guarantees	73,704	Note 4	1%
0	Franbo Lines Corporation	FB Navigation Ltd.	1	Endorsements and guarantees	64,491	Note 4	1%
0	Franbo Lines Corporation	Franbo Legacy Ltd.	1	Endorsements and guarantees	184,260	Note 4	2%
0	Franbo Lines Corporation	Franbo Bright Ltd.	1	Endorsements and guarantees	184,260	Note 4	2%
0	Franbo Lines Corporation	Franbo Ace Ltd.	1	Endorsements and guarantees	552,780	Note 4	7%
0	Franbo Lines Corporation	Franbo Art Ltd.	1	Endorsements and guarantees	552,780	Note 4	7%
0	Franbo Lines Corporation	Franbo Cosmos Ltd.	1	Endorsements and guarantees	569,671	Note 4	7%
0	Franbo Lines Corporation	Franbo Brave Ltd.	1	Endorsements and guarantees	576,642	Note 4	7%
0	Franbo Lines Corporation	Franbo Brav0 Ltd.	1	Endorsements and guarantees	576,642	Note 4	7%
1	Franbo Shipping S.A.	Franbo Lines Corporation	2	Endorsements and guarantees	407,200	Note 4	5%
2	New Lucky Lines S.A.	Franbo Shipping S.A.	3	Other payables	65,412	Note 4 、 5	1%
2	New Lucky Lines S.A.	Franbo Transportation S.A.	3	Other payables	115,163	Note 4 、 5	1%
2	New Lucky Lines S.A.	TW Hornbill Line S.A.	3	Other payables	237,081	Note 4 、 5	3%
2	New Lucky Lines S.A.	Franbo Logic S.A.	3	Other payables	23,954	Note 4 、 5	0%
2	New Lucky Lines S.A.	Franbo Lohas S.A.	3	Other payables	93,358	Note 4 、 5	1%
2	New Lucky Lines S.A.	Franbo Sagacity S.A.	3	Other payables	12837	Note 4 、 5	0%
2	New Lucky Lines S.A.	Franbo Way Ltd.	3	Other payables	189,788	Note 4 、 5	2%
2	New Lucky Lines S.A.	Franbo Uprightness Corp.	3	Other payables	546,638	Note 4 、 5	7%
2	New Lucky Lines S.A.	Franbo Sinot Ltd.	3	Other payables	31,017	Note 4 、 5	0%
2	New Lucky Lines S.A.	Franbo Legacy Ltd.	3	Other payables	182,110	Note 4 、 5	2%
2	New Lucky Lines S.A.	BCTS Capital Inc.	3	Other payables	42687	Note 4 、 5	1%
2	New Lucky Lines S.A.	Franbo Lines Corporation	3	Other payables	318,463	Note 4 、 5	4%
2	New Lucky Lines S.A.	Franbo Legion Ltd.	3	Other payables	98,886	Note 4 、 5	1%
2	New Lucky Lines S.A.	Franbo Ocean Ltd.	3	Other payables	31,017	Note 4 、 5	0%
2	New Lucky Lines S.A.	Franbo Bright Ltd.	3	Other payables	98,579	Note 4 、 5	1%
3	Uno-Morality Lines Ltd.	Franbo Lines Corporation	2	Other payables	110,556	Note 4 、 5	1%
4	Dexin Shipping S.A.	Uno-Morality Lines Ltd.	3	Other payables	114,855	Note 4 、 5	1%
5	Franbo Justice Buiding Development Co., Ltd.	Franbo Asset Management Co., Ltd.	3	Other payables	50,000	Note 5	1%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

- (1)Parent company is ‘0’.
- (2)The subsidiaries are numbered in order starting from ‘1’.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose repeatedly. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

- (1)Parent company to subsidiary.
- (2)Subsidiary to parent company.
- (3)Subsidiary to subsidiary.

Note 3: Regarding the percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on the ending balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the current year to consolidated total operating revenues for income statement accounts.

Note 4: The exchange rates of United States dollars were translated into New Taiwan dollars at the rate of 30.71 on the reporting date.

Note 5: It was a loan in nature.

FRANBO LINES CORPORATION

Information on investees

Year ended December 31, 2022

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Name of investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2022			Net income of investee as of December 31, 2022	Investment income (loss) recognised by the Company for the year ended December 31, 2022	Footnote
				December 31, 2022	December 31, 2021	Number of shares	Ownership (%)	Book value			
Franbo Lines Corporation	New Lucky Lines S.A.	Panama	Investment in other area, Note 5	\$ 3,809,831	\$ 2,402,700	123,428,012	100	\$ 5,943,353	\$ 1,285,102	\$ 1,285,102	Note 1, 8 and 9
Franbo Lines Corporation	Uni-Morality Lines Ltd.	Hong Kong	Investment in other area	37,700	131,490	1,000,000	100	11,307	62,781	62,781	Note 1, 8 and 9
Franbo Lines Corporation	Franbo Asset Management Co., Ltd.	Taiwan	Note 7	300,000	3,500	30,000,000	100	298,788 (	1,201) (	1,201)	Note 1, 7 and 9
Franbo Lines Corporation	Taiwan Offshore Engineering Co., Ltd.	Taiwan	Note 6	30	30	3,000	30	30 (	1) (	1)	Note 3, 9 and 10
Franbo Lines Corporation	BCTS Capital Inc.	Marshall	Investment in other area	57,409	57,409	2,000,000	100	69,169	2,496	2,496	Note 1, 8 and 9
Franbo Lines Corporation	FWF Shipping Ltd.	Marshall	Investment in other area	284	284	10,000	100	2,403	499	499	Note 1, 8 and 9
New Lucky Lines S.A.	Franbo Shipping S.A.	Panama	Note 5	184,260	184,260	6,000,000	100	136,159	19,865	19,865	Note 2, 8 and 9
New Lucky Lines S.A.	Franbo Transportation S.A.	Panama	Note 5	195,670	195,670	6,371,535	100	155,524	7,689	7,689	Note 2, 8 and 9
New Lucky Lines S.A.	Franbo Wind S.A.	Panama	Note 5	-	116,698	-	100	-	127,142	127,142	Note 2, 8, 9 and 11
New Lucky Lines S.A.	TW Hornbill Line S.A.	Panama	Note 5	126,995	126,995	3,500,000	100	243,815 (	13,029) (	13,029)	Note 2, 8 and 9
New Lucky Lines S.A.	Franbo Logos S.A.	Panama	Note 5	291,745	46,065	9,500,000	100	413,826	8,794	8,794	Note 2, 8 and 9
New Lucky Lines S.A.	Franbo Logic S.A.	Panama	Note 5	291,745	46,065	9,500,000	100	445,007	30,843	30,843	Note 2, 8 and 9
New Lucky Lines S.A.	Franbo Lohas S.A.	Panama	Note 5	98,272	98,272	3,200,000	100	389,916	104,233	104,233	Note 2, 8 and 9
New Lucky Lines S.A.	Franbo Sagacity S.A.	Panama	Note 4 and 5	61,420	61,420	2,000,000	100	74,353	8,106	8,106	Note 2, 8 and 9
New Lucky Lines S.A.	Prevalent Creation Corp.	Seychelles	Note 4	921	921	30,000	100	523 (	33) (	33)	Note 2, 8 and 9
New Lucky Lines S.A.	Franbo Way Ltd.	Marshall	Note 5	153,550	153,550	5,000,000	100	499,618	291,370	291,370	Note 2, 8 and 9
New Lucky Lines S.A.	Franbo Uprightness Corp.	Marshall	Note 5	184,260	184,260	6,000,000	100	564,858	327,430	327,430	Note 2, 8 and 9
New Lucky Lines S.A.	Franbo Sino Ltd.	Marshall	Note 5	69,098	69,098	2,250,000	100	93,514	10,536	10,536	Note 2, 8 and 9
New Lucky Lines S.A.	Franbo Ocean Ltd.	Marshall	Note 5	153,550	28,791	5,000,000	100	208,188	49,822	49,822	Note 2, 8 and 9
New Lucky Lines S.A.	Franbo Legion Ltd.	Marshall	Note 5	261,035	184,260	8,500,000	100	282,632	2,333	2,333	Note 2, 8 and 9
New Lucky Lines S.A.	FB Pioneer Ltd.	Marshall	Note 5	33,781	33,781	1,100,000	100	55,625	9,752	9,752	Note 2, 8 and 9
New Lucky Lines S.A.	FB Navigation Ltd.	Marshall	Note 5	35,624	35,624	1,160,000	100	61,578	12,301	12,301	Note 2, 8 and 9
New Lucky Lines S.A.	Franbo Legacy Ltd.	Marshall	Note 5	122,840	122,840	4,000,000	100	409,547	269,346	269,346	Note 2, 8, 9 and 13
New Lucky Lines S.A.	Franbo Ace Ltd.	Marshall	Note 5	408,443	178,118	13,300,000	100	408,577	203	203	Note 2, 8, 9 and 14
New Lucky Lines S.A.	Franbo Bright Ltd.	Marshall	Note 5	107,485	107,485	3,500,000	100	116,616	11,573	11,573	Note 2, 8, 9 and 14
New Lucky Lines S.A.	Franbo Cosmos Ltd.	Marshall	Note 5	366,800	184,260	11,944,000	100	368,308	1,528	1,528	Note 2, 8, 9 and 15
New Lucky Lines S.A.	Franbo Art Ltd.	Marshall	Note 5	266,409	178,118	8,675,000	100	266,013 (	324) (	324)	Note 2, 8, 9 and 16
New Lucky Lines S.A.	Franbo Century Ltd.	Marshall	Note 5	275,530	184,260	8,972,000	100	275,940	444	444	Note 2, 8, 9 and 16

FRANBO LINES CORPORATION

Information on investees

Year ended December 31, 2022

Table 7

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Investment
income (loss)
recognised by
the Company for
the year ended

December 31,

December 31,

Footnote

Initial investment amount

December 31,

December 31,

Shares held as at December 31, 2022

Number of shares

Ownership (%)

Book value

Net income of
investee as of
December 31,

December 31,

Investor

Name of investee

Location

Main business
activities

December 31,
2022

December 31,
2021

December 31,
2022

December 31,
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Note 1: The relationship between this investee and the Company was subsidiary company.

Note 2: The relationship between this investee and the Company was second-tier subsidiary company.

Note 3: The relationship between this investee and the Company was investment accounted for using equity method.

Note 4: The main business activities was domestic and foreign management consulting service of steamship.

Note 5: The main business activities were domestic and foreign shipping business and ocean freight transportation forwarding services.

Note 6: The main business activities were plumbing engineering and energy technical service.s

Note 7: The main business activities was property investment trading.

Note 8: The exchange rates of United States dollars were translated into New Taiwan dollars at the rate of 30.71 on the reporting date and at the average rate of 29.80 in the financial statements period.

Note 9: Valuations were based on each investee's financial statements which were attested by auditors.

Note 10: It was an investee which was invested by the Group in March 2017. In August 2019, TAIWAN OFFSHORE ENGINEERING CO.,LTD. decreased its capital, and the Group collected the investment proceeds in the amount of \$2,970.

As of December 31, 2022, this company had not formally operated.

Note 11: The investment company handled the capital reduction in November 2022

FRANBO LINES CORPORATION

Major shareholders information

December 31, 2022

Table 8

Name of major shareholders	Shares	
	Name of shares held	Ownership (%)
Zhengzhan Investment Advisory Co., Ltd.	41,020,836	17.15%