

**FRANBO LINES CORPORATION**  
**PARENT COMPANY ONLY 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.

## INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Franbo Lines Corporation

### ***Opinion***

We have audited the accompanying parent company only balance sheets of Franbo Lines Corporation (the “Company”) as at December 31, 2022 and 2021, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as at December 31, 2022 and 2021, and its parent company only financial performance and its parent company only 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 parent company only 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 Company's 2022 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

On December 31, 2022, subsidiaries included in the balance of the Company's investment accounted by using equity method was NT\$6,425,020 thousand, which presented 92% of total assets of the Company. For the year ended December 31, 2022, the Company recognised gains on investments which presented 105% of the Company's profit before tax and had significant impacts on the Company's parent company only financial statements. Thus, we listed the subsidiary's key audit matter - the existence of revenue recognition and the impairment assessment of vessels and equipment into the Company's key audit matters.

Key audit matters for the Company's 2022 parent company only financial statements are stated as follows:

### **The existence of revenue recognition of newly top 10 unlisted customers**

#### Description

Please refer to Note 4(24) for the accounting policies on revenue recognition, and Note 6(17) 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(14) 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 Company 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 parent company only 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.

## ***Responsibilities of management and those charged with governance for the parent company only financial statements***

Management is responsible for the preparation and fair presentation of the parent company only 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 parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the Company'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 Company 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 Company's financial reporting process.

### ***Auditors' responsibilities for the audit of the parent company only financial statements***

Our objectives are to obtain reasonable assurance about whether the parent company only 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 parent company only 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 parent company only 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 Company'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 Company'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 parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only 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 Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the 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 parent company only 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 parent company only 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 parent company only 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  
PARENT COMPANY ONLY 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)	\$	217,115	3	\$	42,985	2
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		242,302	4		-	-
1180	Accounts receivable due from related parties, net	6(4) and 7		6,198	-		7,575	-
1210	Other receivables due from related parties	7		-	-		1,190	-
1220	Current tax assets			20	-		20	-
1410	Prepayments			1,128	-		1,967	-
1470	Other current assets			513	-		-	-
11XX	Current Assets			475,092	7		56,485	2
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		-	-		88,752	3
1550	Investments accounted for using equity method	6(5)		6,425,050	92		3,122,560	94
1600	Property, plant and equipment	6(6) and 8		51,885	1		53,267	1
1780	Intangible assets			382	-		540	-
1840	Deferred income tax assets	6(23)		14,764	-		17,114	-
1990	Other non-current assets, others	8		600	-		600	-
15XX	Non-current assets			6,493,561	93		3,282,833	98
1XXX	Total assets		\$	6,968,653	100	\$	3,339,318	100

(Continued)



**FRANBO LINES CORPORATION**  
**PARENT COMPANY ONLY 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(7) and 8	\$ 120,000	2	\$ 10,000	-
2110	Short-term notes and bills payable	6(8)	29,966	-	-	-
2200	Other payables	6(9)	59,579	1	22,786	1
2220	Other payables to related parties	7	429,019	6	4,706	-
2230	Current income tax liabilities		5,278	-	-	-
2320	Long-term liabilities, current portion	6(10)(11) and 8	402,190	6	2,174	-
2399	Other current liabilities, others		236	-	188	-
21XX	Current Liabilities		1,046,268	15	39,854	1
Non-current liabilities						
2530	Bonds payable	6(10) and 8	565,399	8	400,000	12
2540	Long-term borrowings	6(11) and 8	19,700	-	21,869	1
2570	Deferred tax liabilities	6(23)	461	-	-	-
25XX	Non-current liabilities		585,560	8	421,869	13
2XXX	Total liabilities		1,631,828	23	461,723	14
Equity						
Share capital		6(14)				
3110	Share capital - common stock		2,386,358	34	1,886,358	57
3130	Certificate of entitlement to new shares from convertible bond		5,209	-	-	-
Capital surplus		6(15)				
3200	Capital surplus		1,107,999	16	652,668	19
Retained earnings		6(16)				
3310	Legal reserve		64,268	1	26,742	1
3320	Special reserve		263,295	4	194,315	6
3350	Unappropriated retained earnings		1,403,289	20	380,793	11
Other equity interest						
3400	Other equity interest		106,407	2	(263,281)	(8)
3XXX	Total equity		5,336,825	77	2,877,595	86
Significant contingent liabilities and unrecognised contract commitments		9				
Significant events after the balance sheet date		11				
3X2X	Total liabilities and equity		\$ 6,968,653	100	\$ 3,339,318	100

The accompanying notes are an integral part of these parent company only financial statements.

**FRANBO LINES CORPORATION**  
**PARENT COMPANY ONLY 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(17) and 7	\$ 63,261	100	\$ 62,854	100
5000	Operating costs	6(21)(22)	( 14,945)	( 24)	( 12,166)	( 20)
5900	Gross profit		48,316	76	50,688	80
	Operating expenses	6(21)(22)				
6100	Selling expenses		( 9,616)	( 15)	( 5,993)	( 9)
6200	General and administrative expenses		( 103,377)	( 163)	( 66,516)	( 106)
6000	Total operating expenses		( 112,993)	( 178)	( 72,509)	( 115)
6900	Operating loss		( 64,677)	( 102)	( 21,821)	( 35)
	Non-operating income and expenses					
7100	Interest income		6,363	10	194	-
7010	Other income	6(18) and 7	61	-	1,243	2
7020	Other gains and losses	6(2)(19)	6,575	10	1,978	3
7050	Finance costs	6(20)	( 9,383)	( 15)	( 6,559)	( 10)
7070	Share of profit of associates and joint ventures accounted for using equity method	6(5)	1,349,676	2134	398,335	634
7000	Total non-operating income and expenses		1,353,292	2139	395,191	629
7900	Profit before income tax		1,288,615	2037	373,370	594
7950	Income tax(expense) benefit	6(23)	( 8,704)	( 14)	1,892	3
8200	Profit for the year		\$ 1,279,911	2023	\$ 375,262	597
	Other comprehensive income					
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Exchange differences on translation	6(5)	\$ 369,688	585	( \$ 68,966)	( 110)
8300	Other comprehensive income(loss) for the year		\$ 369,688	585	( \$ 68,966)	( 110)
8500	Total comprehensive income for the year		\$ 1,649,599	2608	\$ 306,296	487
	Earnings per share	6(24)				
9750	Basic earnings per share		\$ 6.23		\$ 2.24	
9850	Diluted earnings per share		\$ 5.86		\$ 2.23	

The accompanying notes are an integral part of these parent company only financial statements.

FRANBO LINES CORPORATION  
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY  
YEARS ENDED DECEMBER 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

		Capital		Capital Reserves				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	6(5)	-	-	-	-	-	-	-	-	-	( 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(14)	360,000	-	638,291	-	-	-	-	-	-	-	998,291
Share-based payment transactions	6(13)	-	-	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	6(5)	-	-	-	-	-	-	-	-	-	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(10)	-	-	-	-	31,003	-	-	-	-	-	31,003
Cash capital increase	6(14)	500,000	-	414,000	-	-	-	-	-	-	-	914,000
Conversion of convertible bonds	6(10)(14)(25)	-	5,209	5,003	-	( 522 )	-	-	-	-	-	9,690
Purchase of convertible bonds	6(10)	-	-	-	5	( 82 )	-	-	-	-	-	( 77 )
Share-based payments	6(13)	-	-	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 parent company only financial statements.

**FRANBO LINES CORPORATION**  
**PARENT COMPANY ONLY 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
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		\$ 1,288,615	\$ 373,370
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense	6(6)(21)	2,736	2,113
Amortisation expense		158	96
Net (gains) losses on financial assets at fair value through profit or loss	6(2)(19)	2,754	( 179 )
Interest expense	6(20)	9,383	6,559
Interest income		( 6,363 )	( 194 )
Share-based payments	6(13)	5,758	8,700
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	6(5)	( 1,349,676 )	( 398,335 )
Gains on disposals of property, plant and equipment		-	( 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		-	430
Accounts receivable due from related parties		1,377	( 1,271 )
Prepayments		839	( 695 )
Other current assets		( 513 )	23
Changes in operating liabilities			
Other payables		40,425	15,384
Other current liabilities, others		48	26
Cash (outflow) inflow generated from operations		( 11,788 )	7,426
Interest received		6,363	194
Dividends received	6(5)	26,714	-
Interest paid		( 9,288 )	( 6,777 )
Income taxes paid		( 615 )	( 13 )
Net cash flows from operating activities		11,386	830
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
(Increase) decrease in current financial assets at amortised cost		( 153,550 )	11,501
Decrease in other receivables due from related parties		1,190	6,102
Decrease in non-current financial assets at amortised cost		-	5,010
Acquisition of investments accounted for using equity method	6(5)	( 1,703,631 )	( 834,539 )
Proceeds from capital reduction of investments accounted for using equity method	6(5)	93,791	193,710
Acquisition of property, plant and equipment	6(6)	( 1,564 )	( 4,388 )
Proceeds from disposal of property, plant and equipment		210	53
Acquisition of intangible assets		-	( 453 )
Decrease in refundable deposits		-	1,000
Net cash flows used in investing activities		( 1,763,554 )	( 622,004 )
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Increase in short-term loans	6(26)	130,000	235,000
Decrease in short-term loans	6(26)	( 20,000 )	( 370,500 )
Increase in short-term notes and bills payable	6(26)	30,000	-
(Decrease) increase in other payable to related parties		424,313	( 88,765 )
Proceeds from issuance of bonds	6(26)	602,381	-
Purchase of convertible bonds	6(26)	( 1,500 )	-
Proceeds from long-term debt	6(26)	-	20,000
Repayments of long-term debt	6(26)	( 2,153 )	( 138,152 )
Decrease in guarantee deposits received		-	( 500 )
Cash capital increased (net of issuance cost)	6(14)	914,000	998,291
Cash dividends paid	6(16)	( 150,909 )	-
Disorgement of short-swing profits		166	-
Net cash flows from financing activities		1,926,298	655,374
Net increase in cash and cash equivalents		174,130	34,200
Cash and cash equivalents at beginning of year	6(1)	42,985	8,785
Cash and cash equivalents at end of year	6(1)	\$ 217,115	\$ 42,985

The accompanying notes are an integral part of these parent company only financial statements.

FRANBO LINES CORPORATION  
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS  
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 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 parent company only 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 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 Company’s financial condition and financial performance based on the Company’s assessment.

(2) Effect of new issuances of or amendments to IFRSs 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 Company's financial condition and financial performance based on the Company'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 Company's financial condition and financial performance based on the Company's assessment.

4. Summary of Significant Accounting Policies

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

(1) Compliance statement

The parent company only financial statements of the Company have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

(2) Basis of preparation

- A. Except for financial assets (including derivative instruments) at fair value through profit or loss, the parent company only 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 Company’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) 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 parent company only financial statements are presented in New Taiwan dollar, which is the Company’s functional currency.

- 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’.

(4) 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.

(5) 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.

(6) 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 Company measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.



- D. The Company recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(7) 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 Company'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 Company 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 Company'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.

(8) Accounts receivable

- A. Accounts receivable entitle the Company 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.

(9) 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 Company 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 Company recognises the impairment provision for lifetime ECLs.

(10) Derecognition of financial assets

The Company 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 Company 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 Company has not retained control of the financial asset.

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

- A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company 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.
- B. Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Company are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- C. The Company's share of its subsidiaries' 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 Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognise losses in proportion to its ownership.
- D. In accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers", the profit or loss and other comprehensive income or loss presented on the parent company only financial statements are consistent with the profit or loss and the amortisation of other comprehensive income attributable to owners of the parent company presented on the consolidated financial statements. In addition, owner's equity presented on the parent company only financial statements is consistent with equity attributable to owners of parent presented in the consolidated financial statements.
- E. Associates are all entities over which the Company 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.
- F. The Company'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 Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- G. 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 Company's ownership percentage of the associate, the Company recognises the Company's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.

- H. Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company'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 Company.
- I. When the Company 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.

(12) 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 Company 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
Office equipment	5 years

(13) Intangible assets

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

(14) Impairment of non-financial assets

The Company 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.

(15) 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.

(16) Derecognition of financial liabilities

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

(17) 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.

(18) Bonds payable

Ordinary corporate bonds issued by the Company 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'.

(19) Convertible bonds payable

Convertible bonds issued by the Company contain conversion options (that is, the bondholders have the right to convert the bonds into the Company's common shares by exchanging a fixed amount of cash for a fixed number of common shares), call options and put options. The Company 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'.

(20) 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 Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

### (21) 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. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate 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. 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 parent company only 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 Company 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.
- D. 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.

### (22) 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.

(23) 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.

(24) Revenue recognition

A. Income from vessels management and freight

The Company'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 Company provided vessels management and carriage service of cargo in the contract period, revenue was recognised over time in the accounting period when the Company provided service to customers.

B. The Company 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 Company does not adjust the transaction price to reflect the time value of money. The Company provided charter service and vessels management, service revenue was recognised over time in the accounting period when the Company provided service to customers.

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

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company'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; and the related information is addressed below:

Impairment assessment of investments accounted for using equity method

- (1) As for the impairment assessment of vessels and equipment of investments accounted for using equity method, the main business of the subsidiary held by the Company was ocean freight forwarder. When there were indications showing that the vessels and equipment of some subsidiaries might have been impaired, the appraiser who was appointed by the management measured the recoverable amount of vessels and equipment by using fair values less disposal costs. As the aforementioned estimates of recoverable amount primarily relied on the appraisal report of the appraiser, the data resources and assumptions by the appraiser might have significant influence on the result.
- (2) As of December 31, 2022, the Company did not recognise any impairment loss on the investments accounted for using equity method.

## 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	\$ 50	\$ 30
Checking accounts and demand deposits	96,969	42,955
Cash equivalents:		
Time deposits	101,368	-
Repurchase bonds	18,728	-
	<u>\$ 217,115</u>	<u>\$ 42,985</u>

A. The Company 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 Company'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

<u>Items</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
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(19) for details.

B. The Company 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	\$ 153,550	\$ -
Restricted bank deposits	<u>88,752</u>	<u>-</u>
	<u>\$ 242,302</u>	<u>\$ -</u>
Non-current items:		
Restricted bank deposits	<u>\$ -</u>	<u>\$ 88,752</u>

A. The Company 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 Company’s financial assets at amortised cost pledged to others as collateral are provided in Note 8.

(4) Accounts receivable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accounts receivable	\$ 6,198	\$ 7,575
Less: Allowance for doubtful accounts	-	-
	<u>\$ 6,198</u>	<u>\$ 7,575</u>

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Up to 30 days	\$ 4,299	\$ 5,340
31 to 90 days	<u>1,899</u>	<u>2,235</u>
	<u>\$ 6,198</u>	<u>\$ 7,575</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 (including related parties) from the Company's and customers contracts were \$6,198 \$7,575 and \$6,734, respectively.

C. The Company 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 \$6,198 and \$7,575, respectively.

E. Information relating to credit risk of accounts receivable is provided in Note 12(2).

(5) Investments accounted for using equity method

Changes in the year were as follows:

	<u>2022</u>	<u>2021</u>
At January 1	\$ 3,122,560	2,152,362
Addition of investments accounted for using equity method (Note 1, 2, 3)	1,703,631	834,539
Capital decrease in investments accounted for using equity method (Note 4、5)	( 93,791)	( 193,710)
Earnings distribution of investments accounted for using equity method	1,349,676	398,335
Share of profit of investments accounted for using equity method	( 26,714)	-
Other equity - exchange differences on translation of foreign financial statements	<u>369,688</u>	<u>( 68,966)</u>
At December 31	<u>\$ 6,425,050</u>	<u>\$ 3,122,560</u>

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Subsidiaries (Note 7):		
New Lucky Lines S.A.	\$ 5,943,353	\$ 2,905,827
Uni-Morality Lines Ltd.	111,307	139,997
BCTS Capital Inc.	69,169	60,026
FWF Shipping Ltd.	2,403	13,190
Franbo Asset Management Co., Ltd.	<u>298,788</u>	<u>3,489</u>
	6,425,020	3,122,529
Associates:		
Taiwan Offshore Engineering Co., Ltd. (Note 6)	<u>30</u>	<u>31</u>
	<u>\$ 6,425,050</u>	<u>\$ 3,122,560</u>

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

As of December 31, 2022 and 2021, the carrying amount of the Company's individually immaterial associates amounted to \$30 and \$31, respectively.

	<u>Year ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Loss for the year from continuing operations	(\$ 1)	-
Other comprehensive income, net of tax	-	-
Total comprehensive loss	<u>(\$ 1)</u>	<u>\$ -</u>

Note 1: For the years ended December 31, 2022 and 2021, the Company acquired 45,428 thousand shares and 29,980 thousand shares of the subsidiary, New Lucky Line S.A., through increasing its investment in the subsidiary amounting to USD 45,428 thousand and USD 29,980 thousand, respectively.

Note 2: For the year ended December 31, 2021, the Company established a subsidiary, FWF Shipping Ltd., by USD 10 thousand.

Note 3: For the year ended December 31, 2022, the Company increased capital of 29,650 thousand shares in the subsidiary, New Lucky Line S.A., by NTD 296,500 thousand.

Note 4: On May 27, 2022 and November 4, 2022, Uni-Morality Lines LTD. decreased its capital, and the Company collected the investment proceeds in the amount of USD 3,050 thousand.

Note 5: On September 8, 2021 and October 1, 2021, New Lucky Line S.A. decreased its capital, and the Company collected the investment proceeds in the amount of USD 6,980 thousand.

Note 6: On March 10, 2017, the Company 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.

Note 7: Please refer to Note 4(3)B in the consolidated financial statements for the year ended December 31, 2022 for the information regarding the Company's subsidiaries.

(6) Property, plant and equipment

A. The carrying amount information of property, plant and equipment were as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Land	\$ 19,247	\$ 19,247
Buildings and structures	27,540	28,413
Transportation equipment	3,530	5,303
Office equipment	<u>1,568</u>	<u>304</u>
	<u>\$ 51,885</u>	<u>\$ 53,267</u>

B. Changes of property, plant and equipment in the year were as follows:

<u>Cost</u>	<u>2022</u>			
<u>Assets</u>	<u>January 1</u>	<u>Additions</u>	<u>Disposals</u>	<u>December 31</u>
Land	\$ 19,247	\$ -	\$ -	\$ 19,247
Buildings and structures	42,193	-	-	42,193
Transportation equipment	7,958	-	( 210)	7,748
Office equipment	<u>3,254</u>	<u>1,564</u>	<u>( 118)</u>	<u>4,700</u>
	<u>\$ 72,652</u>	<u>\$ 1,564</u>	<u>(\$ 328)</u>	<u>\$ 73,888</u>
<u>Accumulated depreciation</u>	<u>2022</u>			
<u>Assets</u>	<u>January 1</u>	<u>Depreciation charge</u>	<u>Disposals</u>	<u>December 31</u>
Buildings and structures	\$ 13,780	\$ 873	\$ -	\$ 14,653
Transportation equipment	2,655	1,563	-	4,218
Office equipment	<u>2,950</u>	<u>300</u>	<u>( 118)</u>	<u>3,132</u>
	<u>\$ 19,385</u>	<u>\$ 2,736</u>	<u>(\$ 118)</u>	<u>\$ 22,003</u>

Cost	2021			
Assets	January 1	Additions	Disposals	December 31
Land	\$ 19,247	\$ -	\$ -	\$ 19,247
Buildings and structures	42,193	-	-	42,193
Transportation equipment	4,036	4,258	( 336)	7,958
Office equipment	3,124	130	-	3,254
	<u>\$ 68,600</u>	<u>\$ 4,388</u>	<u>(\$ 336)</u>	<u>\$ 72,652</u>
Accumulated depreciation	2021			
Assets	January 1	Depreciation charge	Disposals	December 31
Buildings and structures	\$ 12,738	\$ 1,042	\$ -	\$ 13,780
Transportation equipment	2,038	953	( 336)	2,655
Office equipment	2,832	118	-	2,950
	<u>\$ 17,608</u>	<u>\$ 2,113</u>	<u>(\$ 336)</u>	<u>\$ 19,385</u>

C. For the years ended December 31, 2022 and 2021, the Company had no borrowing costs capitalised as property, plant and equipment.

D. The significant components of buildings include main plants and decorative accessories, and is/are depreciated over 50 and 5 years, respectively.

E. Information about the property, plant and equipment that were pledged to others as collaterals is provided in Note 8, pledged assets.

(7) 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.

(8) Short-term notes and bills payable

	<u>December 31, 2022</u>
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.

(9) Other payables

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Rewards payable	\$ 30,492	\$ 12,574
Employees' compensation and directors' remuneration payable	26,316	7,630
Others	<u>2,771</u>	<u>2,582</u>
	<u>\$ 59,579</u>	<u>\$ 22,786</u>

(10) Bonds payable

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

(11) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Collateral	December 31, 2022
TAIWAN COOPERATIVE BANK			
Secured borrowings	Borrowing period is from January 2012 to January 2032; principal and interest is payable monthly.	Land, buildings and structures	\$ 21,890
Less: Current portion			( 2,190)
			<u>\$ 19,700</u>
Interest rate range			<u>2.33%</u>
Type of borrowings	Borrowing period and repayment term	Collateral	December 31, 2022
TAIWAN COOPERATIVE BANK			
Secured borrowings	Borrowing period is from January 2012 to January 2032; principal and interest is payable monthly.	Land, buildings and structures	\$ 24,043
Less: Current portion			( 2,174)
			<u>\$ 21,869</u>
Interest rate range			<u>2%</u>

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

(12) 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 contribute 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 \$1,698 and \$1,476, respectively.



(13) Share-based payment

A. The Company'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 Company'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 Company'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.

(14) 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 Company'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.

#### (15) 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.

(16) 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 Company'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 Company'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).

(17) Operating revenue

	Year ended December 31	
	2022	2021
Revenue from contracts with customers	\$ 63,261	\$ 62,854

## Disaggregation of revenue from contracts with customers

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

	Transportation revenue	Vessels management revenue	Total
<u>Year ended December 31, 2022</u>			
Revenue from external customer contracts	\$ -	\$ 63,261	\$ 63,261
Timing of revenue-over time	\$ -	\$ 63,261	\$ 63,261
	Transportation revenue	Vessels management revenue	Total
<u>Year ended December 31, 2021</u>			
Revenue from external customer contracts	\$ 117	\$ 62,737	\$ 62,854
Timing of revenue-over time	\$ 117	\$ 62,737	\$ 62,854

### (18) Other income

	Year ended December 31	
	2022	2021
Fee income (Note)	\$ -	\$ 1,190
Others	61	53
	<u>\$ 61</u>	<u>\$ 1,243</u>

Note: Refer to Note 7 for related information.

### (19) Other gains and losses

	Year ended December 31	
	2022	2021
Foreign exchange gains, net	\$ 10,408	\$ 1,799
Net (losses) gains on financial assets at fair value through profit or loss	( 2,754)	179
Gain on bond redemption	110	-
Others	( 1,189)	-
	<u>\$ 6,575</u>	<u>\$ 1,978</u>

### (20) Finance costs

	Year ended December 31	
	2022	2021
Interest expense:		
Bank borrowings	\$ 3,083	\$ 4,279
Bonds payable	6,041	2,280
Short-term notes and bills payable	259	-
	<u>\$ 9,383</u>	<u>\$ 6,559</u>

(21) Expenses by nature

	Year ended December 31	
	2022	2021
Employee benefit expense	\$ 99,632	\$ 61,866
Depreciation charges on property, plant and equipment	2,736	2,113
Other expenses	25,570	20,696
Total operating costs and operating expenses	<u>\$ 127,938</u>	<u>\$ 84,675</u>

(22) Employee benefit expense

	Year ended December 31	
	2022	2021
Wages and salaries	\$ 86,996	\$ 47,383
Share-based payment	5,758	8,700
Labour and health insurance fees	3,592	2,917
Pension costs	1,698	1,476
Other personnel expenses	1,588	1,390
	<u>\$ 99,632</u>	<u>\$ 61,866</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 \$3815 and \$3815, 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.

(23) 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	<u>5,893</u>	<u>-</u>
Total current tax	<u>5,893</u>	<u>-</u>
Deferred tax:		
Origination and reversal of temporary differences	<u>2,811</u>	<u>(1,892)</u>
Income tax expense (benefit)	<u>\$ 8,704</u>	<u>(\$ 1,892)</u>

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	<u>5,485</u>	<u>4,770</u>
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	\$ -	(\$ 461)	(\$ 461)
2021			
	January 1	Recognised in profit or loss	December 31
Deferred income tax assets			
Temporary differences:			
Exchange losses	\$ -	4	\$ 4
Tax losses	<u>15,258</u>	<u>1,852</u>	<u>17,110</u>
	<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	<u>27,425</u>	<u>-</u>	<u>27,425</u>	<u>27,425</u>	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	<u>23,851</u>	<u>-</u>	<u>23,851</u>	<u>23,851</u>	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 Company'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.

(24) 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	<u>\$ 1,279,911</u>	<u>205,356</u>	<u>\$ 6.23</u>
<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	<u>-</u>	<u>728</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>1,284,154</u>	<u>219,051</u>	<u>\$ 5.86</u>



	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	<u>375,262</u>	<u>167,985</u>	<u>\$ 2.23</u>

(25) Supplemental cash flow information

Financing activities with no cash flow effects:

	Year ended December 31	
	2022	2021
Non-current financial assets at amortised cost		
transferred to current financial assets at amortised cost	\$ 88,752	\$ -
Bonds payable, current portion	\$ 400,000	\$ -
Long-term borrowings, current portion	\$ 2,190	\$ 2,174
Convertible bonds converted to share capital and capital surplus	\$ 9,690	\$ -

(26) 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	\$ -	\$ 24,043	\$ 400,000	\$ 434,043
Changes in cash flow from financing activities	110,000	30,000	( 2,153)	600,881	738,728
Changes in non-financing cash flows	-	-	-	( 29,503)	( 29,503)
Other non-cash changes	-	( 34)	-	( 5,979)	( 6,013)
December 31, 2022	<u>\$ 120,000</u>	<u>\$ 29,966</u>	<u>\$ 21,890</u>	<u>\$ 965,399</u>	<u>\$ 1,137,255</u>

  

	Short-term borrowings	Long-term borrowings	Bonds payable	Liabilities from financing activities-gross
January 1, 2021	\$ 145,500	\$ 142,195	\$ 400,000	\$ 687,695
Changes in cash flow from financing activities	( 135,500)	( 118,152)	-	( 253,652)
December 31, 2021	<u>\$ 10,000</u>	<u>\$ 24,043</u>	<u>\$ 400,000</u>	<u>\$ 434,043</u>

## 7. Related Party Transactions

### (1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
New Lucky Lines S.A. (collectively referred to herein as the “NL”)	The Company’s subsidiary
FWF Shipping Ltd.	The Company’s subsidiary
Uni-Morality Lines Ltd. (collectively referred to herein as the “Uni-Morality”)	The Company’s subsidiary
BCTS Capital Inc.	The Company’s subsidiary
Franbo Asset Management Co., Ltd.	The Company’s subsidiary
Franbo Shipping S.A. (collectively referred to herein as the “Shipping”)	The Company’s second tier-subsubsidiary (Note 1)
Franbo Transportation S.A.	The Company’s second tier-subsubsidiary (Note 1)
Franbo Wind S.A.	The Company’s second tier-subsubsidiary (Note 1)
Franbo Charity S.A.	The Company’s second tier-subsubsidiary (Note 1)
TW Hornbill Line S.A. (collectively referred to herein as the “Hornbill”)	The Company’s second tier-subsubsidiary (Note 1)
Franbo Logos S.A. (collectively referred to herein as the “Logos”)	The Company’s second tier-subsubsidiary (Note 1)
Franbo Logic S.A. (collectively referred to herein as the “Logic”)	The Company’s second tier-subsubsidiary (Note 1)
Franbo Lohas S.A. (collectively referred to herein as the “Lohas”)	The Company’s second tier-subsubsidiary (Note 1)
Prevalent Creation Corp.	The Company’s second tier-subsubsidiary (Note 1)
Franbo Sagacity S.A.	The Company’s second tier-subsubsidiary (Note 1)
Franbo Way Ltd. (collectively referred to herein as the “Way”)	The Company’s second tier-subsubsidiary (Note 1)
Franbo Uprightness Corp. (collectively referred to herein as the “Uprightness”)	The Company’s second tier-subsubsidiary (Note 1)
Franbo Sino Ltd.	The Company’s second tier-subsubsidiary (Note 1)
Franbo Ocean Ltd. (collectively referred to herein as the “Ocean”)	The Company’s second tier-subsubsidiary (Note 1)
Franbo Legion Ltd. (collectively referred to herein as the “Legion”)	The Company’s second tier-subsubsidiary (Note 1, 4)
FB Pioneer Ltd.	The Company’s second tier-subsubsidiary (Note 1, 5)

Names of related parties	Relationship with the Company
FB Navigation Ltd.	The Company's second tier-subsubsidiary (Note 1)
Franbo Legacy Ltd. (collectively referred to herein as the "Legacy")	The Company's second tier-subsubsidiary (Note 1, 3)
Franbo Bright Ltd.	The Company's second tier-subsubsidiary (Note 1, 4)
Franbo Ace Ltd. (collectively referred to herein as the "Ace")	The Company's second tier-subsubsidiary (Note 1, 4)
Franbo Cosmos Ltd. (collectively referred to herein as the "Cosmos")	The Company's second tier-subsubsidiary (Note 1, 5)
Franbo Art Ltd. (collectively referred to herein as the "Art")	The Company's second tier-subsubsidiary (Note 1, 6)
Franbo Century Ltd. (collectively referred to herein as the "Century")	The Company's second tier-subsubsidiary (Note 1, 6)
Franbo Brave Ltd. (collectively referred to herein as the "Brave")	The Company's second tier-subsubsidiary (Note 1, 7)
Franbo Bravo Ltd. (collectively referred to herein as the "Bravo")	The Company's second tier-subsubsidiary (Note 1, 7)
Franbo Justice Line Ltd.	The Company's second tier-subsubsidiary (Note 2, 8)
Dexin Shipping S.A.	The Company's second tier-subsubsidiary (Note 2)
Due Feng Shipping Co., Ltd.	Investments accounted for using equity method of the Company's subsidiary
BCI Loyalty Inc.	Investments accounted for using equity method of the Company's subsidiary
Franbo Courage S.A.	Investments accounted for using equity method of the Company's subsidiary
Franbo Propriety Buiding Development Co., Ltd.	The Company's second tier-subsubsidiary (Note 9) The Company's second tier-subsubsidiary (Note 10)
Franbo Justice Buiding Development Co., Ltd.	
TSAI,PANG-CHUAN 、 TSAI,CHING-CHUNG 、LO,CHUN-YU 、 SHEN,I-WEN 、TAI,CHIH-TSUNG 、 WU,TIEN-MING 、LIU,JUNG-CHIN	Directors

Note 1: The Company reinvested in New Lucky Lines S.A. and indirectly held 100% equity interest in this company.

Note 2: The Company reinvested in Uni-Morality Lines Ltd. and indirectly held 100% equity interest in this company.

Note 3: It was the Company's second-tier subsidiary which was established in March 2021, and the Company had completed the investment of capital in this company in August 2021.

Note 4: It was the Company's second-tier subsidiary which was established in May 2021, and the Company had completed the investment of capital in this company in August 2021.

Note 5: It was the Company's second-tier subsidiary which was established in May 2021, and the Company had completed the investment of capital in this company in November 2021.

Note 6: It was the Company's second-tier subsidiary which was established in August 2021, and the Company had completed the investment of capital in this company in October 2021.

Note 7: It was the Company's second-tier subsidiary which was established in November 2021, and the Company had completed the investment of capital in this company in December 2021.

Note 8: It was the Company's second-tier subsidiary which was established in June 2010 and had been cancelled the registration on July 2, 2021.

Note 9: It was the Company's second-tier subsidiary which was established in April 2022, and the Company had completed the injection of capital in this company in April 2022.

Note 10: It was the Company's second-tier subsidiary which was established in July 2022, and the Company had completed the injection of capital in this company in July 2022.

(2) Significant related party transactions

A. Operating revenue

(a) ISM vessels management revenue

	Year ended December 31	
	2022	2021
Logos	\$ 5,380	\$ 5,032
Logic	5,380	5,032
Lohas	5,380	5,032
Legion	5,380	4,675
Legacy	5,380	1,667
	26,900	21,438
Other subsidiaries	21,088	25,438
Associates	696	1,208
	<u>\$ 48,684</u>	<u>\$ 48,084</u>

The Company signed the vessels management revenue with aforementioned related parties and provided assistance in relation of shipping agent.

(b) Vessels operation escrow revenue

	Year ended December 31	
	2022	2021
Bright	\$ 1,761	\$ -
Way	1,737	1,962
Logos	1,734	1,622
Logic	1,734	1,622
Lohas	1,734	1,622
Legion	1,734	1,484
Legacy	1,460	-
Uprightness	1,357	1,953
Hornbill	1,150	1,457
	14,401	11,722
Other subsidiaries	-	2,511
	<u>\$ 14,401</u>	<u>\$ 14,233</u>

The Company signed vessels operation escrow agreement with aforementioned related parties, respectively, and provided services in relation to vessels operation escrow, and the Company charged vessels operation escrow revenue according to the registered tonnage of vessel.

B. Other income

For the years ended December 31, 2022 and 2021, the Company charged Uprightness for handling fee in the amounts of \$0 and \$1,190, respectively. As of December 31, 2022 and 2021, the balances of other receivables which was generated from that transaction were \$0 and \$1,190, respectively.

C. Receivables from related parties

	December 31, 2022	December 31, 2021
Accounts receivable:		
Logos	\$ 906	\$ 817
Logic	906	817
Lohas	906	817
Legion	906	817
Bright	821	-
Legacy	634	817
Way	548	818
Uprightness	-	816
	5,627	5,719
Other subsidiaries	515	1,756
Associates	56	100
	<u>\$ 6,198</u>	<u>\$ 7,575</u>

#### D. Loans

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Loans from related parties:		
Other payables:		
NL	\$ 318,463	\$ 4,706
Uni-Morality	<u>110,556</u>	<u>-</u>
	<u>\$ 429,019</u>	<u>\$ 4,706</u>

#### E. Receipts under custody

For the year ended December 31, 2021, the amount of the Company's collection of miscellaneous expenses (including conducting business of reaching port) on behalf of subsidiary was \$836, and the ending balance was \$0; On December 31, 2022: None.

#### F. Endorsements and guarantees

(a) The amount endorsed/guaranteed by the Company for related party is as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Brave	\$ 576,642	\$ 525,920
Bravo	576,642	525,920
Cosmos	569,671	498,240
Ace	552,780	498,240
Art	552,780	498,240
Century	552,780	498,240
Lohas	143,723	219,226
Logos	-	284,358
Logic	<u>-</u>	<u>268,358</u>
	3,525,018	3,816,742
Other subsidiaries	<u>995,618</u>	<u>1,636,995</u>
	<u>\$ 4,520,636</u>	<u>\$ 5,453,737</u>

Note 1: The exchange rates of United States dollars were translated into New Taiwan dollars at the rates of 30.7127.68 on the reporting dates for the years ended December 31, 2022 and 2021, respectively.

Note 2: Aforementioned amounts endorsed/guaranteed by the Company for related party were actual facilities on the endorsement and guarantees contracts which were signed by the Company and banks.

Note3: As of December 31, 2022 and 2021, the actual amounts drawn from the endorsements and guarantees for subsidiaries by the Company were \$3,967,856 and \$2,408,937, respectively.

(b) Endorsements and guarantees provided by related parties to the Company

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
TSAI,PANG-CHUAN	\$ 709,000	\$ 649,900
TSAI,CHING-CHUNG	<u>709,000</u>	<u>649,900</u>
	<u>\$ 1,418,000</u>	<u>\$ 1,299,800</u>

(c) 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.

G. The amount of short-term borrowings which was shared by the Company and Logos and was granted by BANK OF TAIWAN was \$30,000, the actual borrowings were as follows:

	<u>December 31, 2021</u>
The Company	\$ 10,000
Logos	-

On December 31, 2022: None.

H. For the years ended December 31, 2022 and 2021, please refer to Note 6(5) for details of the Company's capital increase in the wholly owned subsidiaries, NL company and Franbo Asset Management Co., Ltd..

I. 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 regarding to regulations of short-swing trading.

(3) Key management compensation

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

## 8. Pledged Assets

Assets	December 31, 2022	December 31, 2021	Purpose
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
Restricted assets - demand deposits (Note)	88,752	88,752	Bonds payable and
Guarantee deposits paid			Guarantees for Maritime
(shown as "other non-current assets, others")	<u>600</u>	<u>600</u>	Port Bureau
	<u>\$ 136,139</u>	<u>\$ 137,012</u>	

Note: 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 "

## 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%.

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 Company's Board of Directors on March 3, 2023. Refer to Notes 6(14) and 6(16) for more details.

12. Others

(1) Capital management

The Company'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 Company should maintain or adjust the capital structure, the Company'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 Company's strategy was the same as that in 2021 and was dedicated to maintaining a stable debt to assets ratio. The Company's debt to assets ratios were as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Total liabilities	<u>\$ 1,631,828</u>	<u>\$ 461,723</u>
Total assets	<u>\$ 6,968,653</u>	<u>\$ 3,339,318</u>
Debt to assets ratio	<u>23%</u>	<u>14%</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	217,115	42,985
Accounts receivable due from related parties	6198	7,575
Other receivables due from related parties	-	1,190
Guarantee deposits paid (Note 1)	600	600
Other financial assets (Note 2)	<u>242,302</u>	<u>88,752</u>
	<u>\$ 474,031</u>	<u>\$ 143,850</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	-
Other payables (including related parties)	488,598	27,492
Corporate bonds payable (including current portion)	965,399	400,000
Long-term borrowings (including current portion)	<u>21,890</u>	<u>24,043</u>
	<u>\$ 1,625,853</u>	<u>\$ 461,535</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 Company’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 (Company treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close co-operation with the Company’s operating units.

## C. Significant financial risks and degrees of financial risks

### (a) Market risk

#### Exchange rate risk

- i. The Company operates internationally and is exposed to exchange rate risk arising from the transactions of the Company 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 Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD). 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	\$ 10,570	30.71	\$ 324,605
<u>Non-monetary items</u>			
USD:NTD (Note)	199,487	30.71	6,126,232
<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	\$ 330	27.68	\$ 9,134
<u>Non-monetary items</u>			
USD:NTD (Note)	112,808	27.68	3,119,040
<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 Company for the years ended December 31, 2022 and 2021, amounted to \$10,408 and \$1,799, 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%	\$ 3,246	\$ -
<u>Non-monetary items</u>			
USD:NTD	1%	-	61,262
<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%	\$ 91	\$ -
<u>Non-monetary items</u>			
USD:NTD	1%	-	31,190
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	47	-

Price risk

- i. The Company'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 Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.
- ii. The Company'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 Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. During 2022 and 2021, the Company's borrowings at variable rate were mainly denominated in New Taiwan dollars and US Dollars.
  - ii. The Company'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 \$44 and \$48, 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 Company 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 Company'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 Company 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 Company adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.
  - v. The Company 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 Company applies the modified approach based on the loss rate methodology to estimate the expected credit loss.
  - vi. The Company 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:

<u>December 31, 2022</u>	<u>Expected loss rate</u>		
	<u>Up to 30 days past due</u>	<u>31 days to 90 past due</u>	<u>Over 90 days past due</u>
	0.22%	0.44%~0.65%	100%
<u>December 31, 2021</u>	<u>Expected loss rate</u>		
	<u>Not past due</u>	<u>31 days to 90 past due</u>	<u>Over 90 days past due</u>
	0.01%	0.02%~0.03%	100.00%

vii. The beginning and ending balances for the years ended December 31, 2022 and 2021 of the Company'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 Company 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 Company is financially flexible.
- ii. The table below analyses the Company'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 Company's financial liabilities which were contracted the repayment period:

	<u>December 31, 2022</u>		
	<u>Within 1 year</u>	<u>Between 1 and 2 years</u>	<u>Over 2 years</u>
Non-derivative financial liabilities:			
Short-term borrowings	\$ 121,221	\$ -	\$ -
Other payables to related parties	488,598	-	-
Long-term borrowings	2,676	2,676	18,593
(including current portion)		-	-
Bonds payable	402,090	-	588,300
(including current portion)			
	<u>December 31, 2021</u>		
	<u>Within 1 year</u>	<u>Between 1 and 2 years</u>	<u>Over 2 years</u>
Non-derivative financial liabilities:			
Short-term borrowings	\$ 10,033	\$ -	\$ -
Other payables to related parties	27,492	-	-
Long-term borrowings	2,635	2,635	21,299
(including current portion)			
Bonds payable	2,280	402,090	-



(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 Company'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 (including related parties), other receivables (including related parties), financial assets at amortised cost, guarantee deposits paid (shown as "other non-current assets, others"), short-term borrowings, other payables (including related parties), long-term borrowings (including current portion), guarantee deposits received are approximate to their fair values.

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

(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>\$ 880</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 Company used to measure fair value are as follows:

- i. The instruments the Company 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 Company 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 Company'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 Company'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	Valuation	Significant	Range	Relationship of
Hybrid instrument:	December 31, 2022	technique	unobservable input	(weighted average)	inputs to fair value
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 Company 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)	\$ -	\$ -

On December 31, 2021: None.

(4) Other matters

Starting from 2020, the effects from global Covid-19 pandemic had slow down, and the Company assessed that the 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 Company'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: None.

I. Trading in derivative instruments undertaken during the reporting periods: Please refer to 6(2)、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

Not applicable.

## 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			granted to a single party	loans granted	
					Item	Value											
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/guarantees 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/gua rantees 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/guarantees 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/gua rantees 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. Corporation	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	Note 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, 2021	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		Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount		
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)											
Investment income (loss) recognised by the Company for the year ended											
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	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	
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	December 31, 2022	Footnote	
				December 31, 2022	December 31, 2021	Number of shares	Ownership (%)	Book value				
New Lucky Lines S.A.	Franbo Brave Ltd.	Marshall	Note 5	193,473	193,473	6,300,000	100	199,972	( 68)	( 68)	Note 2, 8 and 9	
New Lucky Lines S.A.	Franbo Bravo Ltd.	Marshall	Note 5	193,473	193,473	6,300,000	100	199,967	( 73)	( 73)	Note 2, 8 and 9	
Uni-Morality Lines Ltd.	Dexin Shipping S.A.	Panama	Note 5	22,592	73,724	540,000	100	115,137	54,364	54,364	Note 2, 8 and 9	
Uni-Morality Lines Ltd.	Due Feng Shipping Co.,Ltd.	Hong Kong	Note 5	1,096	20,351	3,300	22	43	39,115	8,606	Note 3, 8 and 9	
Franbo Asset Management Co., Ltd.	Franbo Propriety Buiding Development Co., Ltd.	Taiwan	Note 7	85,000	-	8,500,000	100	84,816	( 184)	( 184)	Note 2, 7 and 9	
Franbo Asset Management Co., Ltd.	Franbo Justice Buiding Development Co., Ltd.	Taiwan	Note 7	130,000	-	13,000,000	100	129,881	( 119)	( 119)	Note 2, 7 and 9	
BCTS Capital Inc.	Franbo Courage S.A.	Panama	Note 5	12,791	12,791	416,500	49	14,161	2,581	1,265	Note 3, 8 and 9	
BCTS Capital Inc.	BCI Loyalty Inc.	Marshall	Note 5	10,834	12,129	352,800	49	12,129	2,564	1,256	Note 3, 8 and 9	

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%

FRANBO LINES CORPORATION  
STATEMENT OF CASH AND CASH EQUIVALENTS  
DECEMBER 31, 2022

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

STATEMENT 1

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Cash:		
Cash on hand and petty cash		\$ 50
Cash in Bank:		
Chenking accounts		1
Demand deposits (NTD)		33,504
Foreign currency demand deposits	(USD 2,067 thousand, conversion rate: 30.71	63,464
Cash equivalents:		
Foreign currency time deposits	(USD 3,301 thousand, conversion rate: 30.71	101,368
Repurchase bonds		<u>18,728</u>
		<u>\$ 217,115</u>

(Remainder of page intentionally left blank)

FRANBO LINES CORPORATION  
STATEMENT OF FINANCIAL ASSETS MEASURED AT AMORTIZED COST -CURRENT  
DECEMBER 31, 2022  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

STATEMENT 2

Name	Description	Shares	Face Value	Total Amount	Interest Rate	Carrying Amount	Accumulated		Collateral
							Impairment		
Time deposits - foreign currency	(USD5,000 thousand, conversion rate: 30.71)	NA	\$ 153,550	\$ 153,550	3.05%	\$ 153,550	\$ -		
	Maturity date: February, 2023								
Restricted bank	Maturity date: November, 2023	NA	88,752	88,752	0.46%	88,752	-		Bonds payable
Demand deposits - NTD									
						<u>\$ 242,302</u>	<u>\$ -</u>		

(Remainder of page intentionally left blank)

FRANBO LINES CORPORATION  
STATEMENT OF CHANGES ON INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

STATEMENT 3

	Beginning balance		Addition		Decrease		Ending balance		Market value or net Assets value				
Name	Shares in thousand	Aomunt	Shares in thousand	Aomunt	Shares in thousand	Aomunt	Shares in thousand	Percentage of Ownership	Aomunt	Unit Price (in dollars) (Note 1)		Total amount	Collateral
New Lucky Lines S.A.	78,000	\$ 2,905,827	45,428	\$ 3,037,526	\$ -	\$ -	123,428	100%	\$ 5,943,353	\$ 48.15		\$ 5,943,353	None
Uni-Morality Lines Ltd.	4,050	139,997	-	-	( 3,050)	( 28,690)	1,000	100%	111,307	111.31		111,307	None
BCTS Capital Inc.	2,000	60,026	-	9,143	-	-	2,000	100%	69,169	34.58		69,169	None
FWF Shipping Ltd.	10	13,190	-	-	-	( 10,787)	10	100%	2,403	240.30		2,403	None
Franbo Asset Management Co., Ltd.	350	3,489	29,650	295,299	-	-	30,000	100%	298,788	9.96		298,788	None
TAIWAN OFFSHORE ENGINEERING CO.,LTD.	3	31	-	-	-	( 1)	3	100%	30	10.00		30	None
	<u>\$ 84,413</u>	<u>\$ 3,122,560</u>	<u>\$ 75,078</u>	<u>\$ 3,341,968</u>	<u>(\$ 3,050)</u>	<u>(\$ 39,478)</u>	<u>\$ 156,441</u>	30%	<u>\$ 6,425,050</u>			<u>\$ 6,425,050</u>	

(Remainder of page intentionally left blank)

FRANBO LINES CORPORATION  
STATEMENT OF SHORT-TERM BORROWINGS  
DECEMBER 31, 2022

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

STATEMENT 4

Nature	Description	Ending Balance	Contract Period	Ranger of Coupon Rate	Credit line	Collateral	Notes
Unsecured borrowings	Mega Bank	\$ 20,000	2022.3~2023.3	2.37%	\$ 20,000	None	-
Unsecured borrowings	LAND BANK OF TAIWAN	30,000	2022.11~2023.11	2.23%	30,000	None	-
Unsecured borrowings	Chang Hwa Bank	20,000	2022.11~2023.11	2.33%	20,000	None	-
Unsecured borrowings	JihSun Bank	20,000	2022.4~2023.4	2.36%	20,000	None	-
Secured borrowings	Taiwan Cooperative Bank	20,000	2022.8~2023.8	2.19%	20,000	Notes 1 and 3	-
Secured borrowings	First Bank	10,000	2022.11~2023.11	2.28%	20,000	Note 2	-
		<u>\$ 120,000</u>					

Note 1: Land, buildings and structures had been pledged as collaterals according to the contract.

Note 2: Guaranteed by the Small and Medium Enterprise Credit Guarantee Fund of Taiwan.

Note 3: Refer to Note 8, pledged assets, for details of pledges or collaterals.

(Remainder of page intentionally left blank)

FRANBO LINES CORPORATION  
STATEMENT OF SHORT-TERM BILLS PAYABLE  
DECEMBER 31, 2022

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

STATEMENT 5

<u>Item</u>	<u>Guarantor or Accepting Institution</u>	<u>Contract Period</u>	<u>Range of Interest Rate</u>	<u>Amount</u>			<u>Note</u>
				<u>Issurance Amount</u>	<u>Unamortized Discounts</u>	<u>Carrying Amount</u>	
Commercial paper	China Bills Finance Corporation	2022.12.1~2023.1.18	2.44%	<u>\$ 30,000</u>	<u>(\$ 34)</u>	<u>\$ 29,966</u>	

(Remainder of page intentionally left blank)

FRANBO LINES CORPORATION  
STATEMENT OF BONDS PAYABLE  
DECEMBER 31, 2022

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

STATEMENT 6

Bonds Name	Trustee	Issuance Date	Interest	Coupon Rate	Total Issuance	Amount	Amount	Enging Balance	Unamortised Premiums		Repayment		
			Payment Date		Amount	repurchased	conversion		(Discounts)	Carrying Amount	Term	Collateral	Note
The first domestic secured corporated bonds	Jih Sun Bank	2020.11.25	Note 1	Note 1	\$ 400,000	\$ -	\$ -	\$ 400,000	\$ -	\$ 400,000	Note 1	Note 2	
The fifth domestic unsecured convertible bonds	Bank SinoPac	2022.7.28	-	Note 1									
					600,000	( 1,600)	( 10,100)	588,300	( 22,901)	565,399	Note 1	None	
					<u>\$ 1,000,000</u>	<u>(\$ 1,600)</u>	<u>(\$ 10,100)</u>	<u>\$ 988,300</u>	<u>(\$ 22,901)</u>	<u>\$ 965,399</u>			
								Less: Current portion		( 400,000)			
										<u>\$ 565,399</u>			

Note 1: Refer to Note 6(10) corporate bonds payable for details.

Note 2: The corporate bonds were guaranteed by Taiwan Cooperative Bank which was appointed as the guarantor bank. Refer to Note 8, pledged assts for details of pledges or guarantees.

(Remainder of page intentionally left blank)

FRANBO LINES CORPORATION  
STATEMENT OF LONG-TERM BORROWINGS  
DECEMBER 31, 2022

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

STATEMENT 7

<u>Creditor</u>	<u>Description</u>	<u>Amount</u>	<u>Contract Period</u>	<u>Coupon Rate</u>	<u>Collateral</u>	<u>Note</u>
Taiwan Cooperative Bank	Secured borrowings	\$ 21,890	January 2012 ~ January 2032	2.33%	Note 1 and 2	Starting from the date of the first disbursement, the principal and interests were repaid monthly.
Less: Current portion		( 2,190)				
		<u>\$ 19,700</u>				

Note 1 : Land, buildings and structures had been pledged as collaterals according to the contract.

Note 2 : Refer to Note 8, for details of pledges or collaterals.



FRANBO LINES CORPORATION  
STATEMENT OF OPERATING REVENUES  
FOR THE YEAR ENDED DECEMBER 31, 2022

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

STATEMENT 8

<u>Item</u>	<u>Quantity</u>	<u>Amount</u>	<u>Note</u>
Vessels management revenue		\$ <u>63,261</u>	

(Remainder of page intentionally left blank)

FRANBO LINES CORPORATION  
STATEMENT OF OPERATING COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2022

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

STATEMENT 9

Item	Amount
Vessels management cost	
Others (below 5%)	\$ 931
Indirect operating costs	-
Indirect labor	11,587
Others (below 5%)	2,427
Operatubg costs	\$ <u>14,945</u>

(Remainder of page intentionally left blank)

FRANBO LINES CORPORATION  
STATEMENT OF OPERATING EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2022

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

STATEMENT 10

		Administrative		
Item	Selling Expenses	Expenses	Total	Note
Wages and salaries	\$ 8,125	\$ 73,042	\$ 81,167	
Insurance expense	551	2,549	3,100	
Other expenses				
(each item not exceeding 5%)	940	27,786	28,726	
	<u>\$ 9,616</u>	<u>\$ 103,377</u>	<u>\$ 112,993</u>	

(Remainder of page intentionally left blank)

FRANBO LINES CORPORATION  
SUMMARY STATEMENT OF CURRENT EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND AMORTISATION EXPENSES BY FUNCTION  
FOR THE YEAR ENDED DECEMBER 31, 2022

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

STATEMENT 11

Function  Nature	Year ended December 31					
	2022			2021		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee Benefit Expense (Note)	\$ 13,281	\$ 86,351	\$ 99,632	\$ 10,744	51,122	\$ 61,866
Wages and salaries	11,587	67,094	78,681	9,266	41,957	51,223
Labour and health insurance fees	853	2,739	3,592	751	2,166	2,917
Pension costs	431	1,267	1,698	391	1,085	1,476
Directors' remuneration	-	14,073	14,073	-	4,860	4,860
Other personnel expenses	410	1,178	1,588	336	1,054	1,390
Depreciation Expense	-	2,736	2,736	-	2,113	2,113
Amortisation Expense	-	158	158	-	96	96

Note 1: For the years ended December 31, 2022 and 2021, the Company had 50 and 44 employees, excluding 5 non-employee directors for both years.

Note 2. (1) For the years ended December 31, 2022 and 2021, average employee benefit expense are \$1,901 and \$1,462, respectively. ( Including salary expenses and share-based payments in the amount of \$8,700)

(2) For the years ended December 31, 2022 and 2021, average employees' salary expenses are \$1,748 and \$1,313, respectively.( Including salary expenses and share-based payments in the amount of \$8,700)

(3) Adjustments of average employees salaries: 33.13%.

(4) The Company has set up an audit committee to substitute supervisor and does not recognise supervisors' remuneration.

(5) The Company's compensation policy: According to the Article 19-1 of the Company's Articles of Incorporation, directors' remunerations should not be higher than 5%, in addition, taking into consideration the Company's operating result and directors' performance and contributions to the Company to grant reasonable remunerations. The remunerations for general manager, vice general manager and managers were based on the Company's salary payment standards, their academic background and operation performance. The Company's employees' salaries assessment standard was based on their academic background, skills, difficulty degree of jobs and Other environmental hazard. regulations were executed and based on the Company's "regulations of salary management" and "regulations of performance assessment management".

(Remainder of page intentionally left blank)