

FRANBO LINES CORPORATION
PARENT COMPANY ONLY FINANCIAL
STATEMENTS AND INDEPENDENT AUDITORS’
REPORT
DECEMBER 31, 2023 AND 2022

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, 2023 and 2022, 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 material 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, 2023 and 2022, 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 Financial Statement Audit and Attestation Engagements of 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 2023 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, 2023, subsidiaries included in the balance of the Company's investment accounted by using equity method was NT\$6,720,959 thousand, which presented 94% of total assets of the Company. For the year ended December 31, 2023, the Company recognised gains on investments which presented 97% 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 2023 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 7, 2024

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, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

| Assets | | Notes | December 31, 2023 | | December 31, 2022 | |
|--------------------|--|------------|-------------------|-----|-------------------|-----|
| | | | AMOUNT | % | AMOUNT | % |
| Current assets | | | | | | |
| 1100 | Cash and cash equivalents | 6(1) | \$ 31,541 | 1 | \$ 217,115 | 3 |
| 1110 | Financial assets at fair value through | 6(2) | | | | |
| | profit or loss - current | | 7,778 | - | 7,816 | - |
| 1136 | Current financial assets at amortised | 6(3) and 8 | | | | |
| | cost | | - | - | 242,302 | 4 |
| 1180 | Accounts receivable due from related | 6(4) and 7 | | | | |
| | parties, net | | 19,052 | - | 6,198 | - |
| 1210 | Other receivables due from related | 7 | | | | |
| | parties | | 266,000 | 4 | - | - |
| 1220 | Current tax assets | | - | - | 20 | - |
| 1410 | Prepayments | | 346 | - | 1,128 | - |
| 1470 | Other current assets | | 3 | - | 513 | - |
| 11XX | Current Assets | | 324,720 | 5 | 475,092 | 7 |
| Non-current assets | | | | | | |
| 1510 | Financial assets at fair value through | 6(2) | | | | |
| | profit or loss - non-current | | 397 | - | 880 | - |
| 1550 | Investments accounted for using | 6(5) | | | | |
| | equity method | | 6,720,959 | 94 | 6,425,050 | 92 |
| 1600 | Property, plant and equipment | 6(6) and 8 | 49,403 | 1 | 51,885 | 1 |
| 1780 | Intangible assets | | 513 | - | 382 | - |
| 1840 | Deferred income tax assets | 6(22) | 664 | - | 14,764 | - |
| 1990 | Other non-current assets, others | 8 | 600 | - | 600 | - |
| 15XX | Non-current assets | | 6,772,536 | 95 | 6,493,561 | 93 |
| 1XXX | Total assets | | \$ 7,097,256 | 100 | \$ 6,968,653 | 100 |

(Continued)

FRANBO LINES CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

| Liabilities and Equity | | Notes | December 31, 2023 | | December 31, 2022 | |
|--|---|-----------------|-------------------|-----|-------------------|-----|
| | | | AMOUNT | % | AMOUNT | % |
| Current liabilities | | | | | | |
| 2100 | Current borrowings | 6(7) and 8 | \$ - | - | \$ 120,000 | 2 |
| 2110 | Short-term notes and bills payable | 6(8) | - | - | 29,966 | - |
| 2200 | Other payables | 6(9) | 42,620 | 1 | 59,579 | 1 |
| 2220 | Other payables to related parties | 7 | 189,481 | 3 | 429,019 | 6 |
| 2230 | Current income tax liabilities | | 80,338 | 1 | 5,278 | - |
| 2320 | Long-term liabilities, current portion | 6(10)(11) and 8 | - | - | 402,190 | 6 |
| 2399 | Other current liabilities, others | | 264 | - | 236 | - |
| 21XX | Current Liabilities | | 312,703 | 5 | 1,046,268 | 15 |
| Non-current liabilities | | | | | | |
| 2530 | Bonds payable | 6(10) and 8 | 581,773 | 8 | 565,399 | 8 |
| 2540 | Non-current portion of non-current borrowings | 6(11) and 8 | - | - | 19,700 | - |
| 2570 | Deferred tax liabilities | 6(22) | - | - | 461 | - |
| 25XX | Non-current liabilities | | 581,773 | 8 | 585,560 | 8 |
| 2XXX | Total liabilities | | 894,476 | 13 | 1,631,828 | 23 |
| Equity | | | | | | |
| Share capital | | 6(14) | | | | |
| 3110 | Ordinary share | | 2,924,827 | 41 | 2,391,567 | 34 |
| Capital surplus | | 6(15) | | | | |
| 3200 | Capital surplus | | 1,392,634 | 19 | 1,107,999 | 16 |
| Retained earnings | | 6(16) | | | | |
| 3310 | Legal reserve | | 192,260 | 3 | 64,268 | 1 |
| 3320 | Special reserve | | - | - | 263,295 | 4 |
| 3350 | Unappropriated retained earnings | | 1,604,259 | 23 | 1,403,289 | 20 |
| Other equity interest | | | | | | |
| 3400 | Other equity interest | | 88,800 | 1 | 106,407 | 2 |
| 3XXX | Total equity | | 6,202,780 | 87 | 5,336,825 | 77 |
| Significant contingent liabilities and unrecognised contract commitments | | 9 | | | | |
| Significant events after the balance sheet date | | 11 | | | | |
| 3X2X | Total liabilities and equity | | \$ 7,097,256 | 100 | \$ 6,968,653 | 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, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

| | | | Year ended December 31 | | | |
|---|-------------|--|------------------------|-------|--------------|--------|
| | | | 2023 | | 2022 | |
| Items | Notes | | AMOUNT | % | AMOUNT | % |
| 4000 Operating revenue | 6(17) and 7 | | \$ 131,335 | 100 | \$ 63,261 | 100 |
| 5000 Operating costs | 6(21) | | (22,221) | (17) | (14,945) | (24) |
| 5900 Gross profit from operations | | | 109,114 | 83 | 48,316 | 76 |
| Operating expenses | 6(21) | | | | | |
| 6100 Selling expenses | | | (11,315) | (9) | (9,616) | (15) |
| 6200 General and administrative expenses | | | (72,755) | (55) | (103,377) | (163) |
| 6000 Total operating expenses | | | (84,070) | (64) | (112,993) | (178) |
| 6900 Net operating profit (loss) | | | 25,044 | 19 | 64,677 | 102 |
| Non-operating income and expenses | | | | | | |
| 7100 Interest income | | | 7,013 | 5 | 6,363 | 10 |
| 7010 Other income | | | 82 | - | 61 | - |
| 7020 Other gains and losses | 6(2)(18) | | (3,337) | (2) | 6,575 | 10 |
| 7050 Finance costs | 6(19) | | (14,398) | (11) | (9,383) | (15) |
| 7070 Share of profit of associates and joint ventures accounted for using equity method | 6(5) | | 504,627 | 384 | 1,349,676 | 2134 |
| 7000 Total non-operating income and expenses | | | 493,987 | 376 | 1,353,292 | 2139 |
| 7900 Profit before income tax | | | 519,031 | 395 | 1,288,615 | 2037 |
| 7950 Income tax expense | 6(22) | | (94,629) | (72) | (8,704) | (14) |
| 8200 Profit for the year | | | \$ 424,402 | 323 | \$ 1,279,911 | 2023 |
| Other comprehensive income | | | | | | |
| Components of other comprehensive income that will not be reclassified to profit or loss | | | | | | |
| 8330 Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss | 6(5) | | (\$ 4) | - | \$ - | - |
| Components of other comprehensive income that will be reclassified to profit or loss | | | | | | |
| 8361 Exchange differences on translation | 6(5) | | (17,603) | (13) | 369,688 | 585 |
| 8300 Other comprehensive income(loss) for the year | | | (\$ 17,607) | (13) | \$ 369,688 | 585 |
| 8500 Total comprehensive income for the year | | | \$ 406,795 | 310 | \$ 1,649,599 | 2608 |
| Earnings per share | | | | | | |
| 9750 Basic earnings per share | 6(23) | | \$ 1.69 | | \$ 6.23 | |
| 9850 Diluted earnings per share | | | \$ 1.52 | | \$ 5.86 | |

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, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

| | | Capital surplus | | | | | Retained Earnings | | | Other equity interest | | |
|--|---------------|-----------------|---------------|--------------------------------|---------------|-----------------|-------------------|-----------------|-------------------------------------|--|--|--------------|
| | | | | | | | | | | Exchange differences on translation of foreign financial statements | Unrealised gains (losses) on financial assets measured at fair value through other comprehensive income | Total equity |
| | Notes | Ordinary share | Share premium | Treasury share transactions | Stock options | Expired options | Legal reserve | Special reserve | Unappropriated retained earnings | | | |
| 2022 | | | | | | | | | | | | |
| | | \$ 1,886,358 | \$ 646,904 | \$ - | \$ - | \$ 5,764 | \$ 26,742 | \$ 194,315 | \$ 380,793 | (\$ 263,281) | \$ - | \$ 2,877,595 |
| | | - | - | - | - | - | - | - | 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 |
| Issuance of shares | 6(14) | 500,000 | 414,000 | - | - | - | - | - | - | - | - | 914,000 |
| Conversion of convertible bonds | 6(10)(14)(24) | 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 |
| Disorgement of short-swing profits | | - | - | - | - | 166 | - | - | - | - | - | 166 |
| Balance at December 31, 2022 | | \$ 2,391,567 | \$ 1,071,622 | \$ 5 | \$ 30,399 | \$ 5,973 | \$ 64,268 | \$ 263,295 | \$ 1,403,289 | \$ 106,407 | \$ - | \$ 5,336,825 |
| 2023 | | | | | | | | | | | | |
| | | \$ 2,391,567 | \$ 1,071,622 | \$ 5 | \$ 30,399 | \$ 5,973 | \$ 64,268 | \$ 263,295 | \$ 1,403,289 | \$ 106,407 | \$ - | \$ 5,336,825 |
| Profit for the year | | - | - | - | - | - | - | - | 424,402 | - | - | 424,402 |
| Other comprehensive loss for the year | 6(5) | - | - | - | - | - | - | - | - | (17,603) | (4) | (17,607) |
| Total comprehensive income(loss) | | - | - | - | - | - | - | - | 424,402 | (17,603) | (4) | 406,795 |
| Appropriation and distribution of 2022 retained earnings: | | | | | | | | | | | | |
| Legal reserve | | - | - | - | - | - | 127,992 | - | (127,992) | - | - | - |
| Special reserve | | - | - | - | - | - | - | (263,295) | 263,295 | - | - | - |
| Cash dividends | | - | - | - | - | - | - | - | (358,735) | - | - | (358,735) |
| Due to recognition of equity component of convertible bonds issued | 6(10) | - | - | - | 8,552 | - | - | - | - | - | - | 8,552 |
| Issuance of shares | 6(14) | 300,000 | 125,000 | - | - | - | - | - | - | - | - | 425,000 |
| Conversion of convertible bonds | 6(10)(14)(24) | 233,260 | 159,819 | - | (12,112) | - | - | - | - | - | - | 380,967 |
| Share-based payments | 6(13) | - | 3,376 | - | - | - | - | - | - | - | - | 3,376 |
| Balance at December 31, 2023 | | \$ 2,924,827 | \$ 1,359,817 | \$ 5 | \$ 26,839 | \$ 5,973 | \$ 192,260 | \$ - | \$ 1,604,259 | \$ 88,804 | (\$ 4) | \$ 6,202,780 |

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, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

| | | Year ended December 31 | |
|--|----------|------------------------|---------------|
| | Notes | 2023 | 2022 |
| <u>CASH FLOWS FROM OPERATING ACTIVITIES</u> | | | |
| Profit before tax | | \$ 519,031 | \$ 1,288,615 |
| Adjustments | | | |
| Adjustments to reconcile profit (loss) | | | |
| Depreciation expense | 6(6)(20) | 2,482 | 2,736 |
| Amortisation expense | | 152 | 158 |
| Net (gains) loss on financial assets at fair value through profit or loss | 6(2)(18) | (1,398) | 2,754 |
| Interest expense | 6(19) | 14,398 | 9,383 |
| Interest income | | (7,013) | (6,363) |
| Share-based payments | 6(13) | 3,376 | 5,758 |
| Share of profit of associates and joint ventures accounted for using equity method | 6(5) | (504,627) | (1,349,676) |
| 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 | | 1,813 | (7,219) |
| Accounts receivable due from related parties | | (12,854) | 1,377 |
| Prepayments | | 782 | 839 |
| Other current assets | | 510 | (513) |
| Changes in operating liabilities | | | |
| Other payables | | (4,331) | 40,425 |
| Other current liabilities, others | | 28 | 48 |
| Cash inflow (outflow) generated from operations | | 12,349 | (11,788) |
| Interest received | | 7,013 | 6,363 |
| Dividends received | 6(5) | - | 26,714 |
| Interest paid | | (16,936) | (9,288) |
| Income taxes paid | | (5,922) | (615) |
| Income taxes refund | | 12 | - |
| Net cash flows (used in) from operating activities | | (3,484) | 11,386 |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES</u> | | | |
| Decrease (increase) in current financial assets at amortised cost | | 242,302 | (153,550) |
| (Increase) decrease in other receivables due from related parties | | (266,000) | 1,190 |
| Acquisition of investments accounted for using equity method | 6(5) | (1,343,556) | (1,703,631) |
| Proceeds from capital reduction of investments accounted for using equity method | 6(5) | 1,534,641 | 93,791 |
| Proceeds from liquidation of investments accounted for using equity method | 6(5) | 26 | - |
| Acquisition of property, plant and equipment | 6(6) | - | (1,564) |
| Proceeds from disposal of property, plant and equipment | | - | 210 |
| Acquisition of intangible assets | | (283) | - |
| Net cash flows from (used in) investing activities | | 167,130 | (1,763,554) |
| <u>CASH FLOWS FROM FINANCING ACTIVITIES</u> | | | |
| Increase in short-term loans | 6(25) | 510,000 | 130,000 |
| Decrease in short-term loans | 6(25) | (630,000) | (20,000) |
| (Decrease) increase in short-term notes and bills payable | 6(25) | (30,000) | 30,000 |
| (Decrease) increase in other payable to related parties | | (239,538) | 424,313 |
| Repayments of long-term debt | 6(25) | (21,890) | (2,153) |
| Proceeds from issuance of bonds | 6(25) | 395,943 | 602,381 |
| Repayments of bonds | 6(25) | (400,000) | - |
| Purchase of convertible bonds | 6(25) | - | (1,500) |
| Proceeds from issuing shares (net of issuance cost) | 6(14) | 425,000 | 914,000 |
| Cash dividends paid | 6(16) | (358,735) | (150,909) |
| Disgorgement of short-swing profits | | - | 166 |
| Net cash flows (used in) from financing activities | | (349,220) | 1,926,298 |
| Net (decrease) increase in cash and cash equivalents | | (185,574) | 174,130 |
| Cash and cash equivalents at beginning of year | 6(1) | 217,115 | 42,985 |
| Cash and cash equivalents at end of year | 6(1) | \$ 31,541 | \$ 217,115 |

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, 2023 AND 2022

(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 7, 2024.

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®”) Accounting Standards 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 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 |
| Amendments to IAS 12, ‘International tax reform - pillar two model rules’ | May 23, 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.

(2) Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Company

New standards, interpretations and amendments endorsed by the FSC and will become effective from 2024 are as follows:

| New Standards, Interpretations and Amendments | Effective date by International Accounting Standards Board |
|--|--|
| Amendments to IFRS 16, ‘Lease liability in a sale and leaseback’ | January 1, 2024 |
| Amendments to IAS 1, ‘Classification of liabilities as current or non- | January 1, 2024 |
| Amendments to IAS 1, ‘Non-current liabilities with covenants’ | January 1, 2024 |
| Amendments to IAS 7 and IFRS 7, ‘Supplier finance arrangements’ | 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.

(3) IFRS Accounting Standards 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 Accounting Standards 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 |
| 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 21, 'Lack of exchangeability' | January 1, 2025 |

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 Material 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

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 consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. 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, 2023, 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, 2023</u> | <u>December 31, 2022</u> |
|---------------------------------------|--------------------------|--------------------------|
| Cash: | | |
| Cash on hand and petty cash | \$ 50 | \$ 50 |
| Checking accounts and demand deposits | 31,491 | 96,969 |
| Cash equivalents: | | |
| Time deposits | - | 101,368 |
| Repurchase bonds | - | 18,728 |
| | <u>\$ 31,541</u> | <u>\$ 217,115</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, 2023</u> | <u>December 31, 2022</u> |
|--|--------------------------|--------------------------|
| Current items: | | |
| Financial assets mandatorily measured at fair value through profit or loss | | |
| Beneficiary certificates | \$ 5,635 | \$ 8,844 |
| Callable Bonds | 1,472 | - |
| Foreign corporate bonds | 1,177 | 1,232 |
| Valuation adjustment | (506) | (2,260) |
| | <u>\$ 7,778</u> | <u>\$ 7,816</u> |
| Non-Current items: | | |
| Financial assets mandatorily measured at fair value through profit or loss | | |
| Derivative instruments | <u>\$ 397</u> | <u>\$ 880</u> |

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

| | Year ended December 31 | |
|--|------------------------|-------------------|
| | 2023 | 2022 |
| Financial assets mandatorily measured at fair value through profit or loss | | |
| Beneficiary certificates | \$ 1,568 | (\$ 1,813) |
| Callable Bonds | 40 | - |
| Foreign corporate bonds | 167 | (337) |
| Derivative instruments | (377) | (604) |
| | <u>\$ 1,398</u> | <u>(\$ 2,754)</u> |

The amount of (loss) income was shown as “other gains and losses”, please refer to Note 6(18) 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

On December 31, 2023: No such transactions.

| Items | December 31, 2022 |
|---|-------------------|
| Current items: | |
| Time deposits with maturity over three months | \$ 153,550 |
| Restricted bank deposits | <u>88,752</u> |
| | <u>\$ 242,302</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, 2023 and 2022, 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

| | December 31, 2023 | December 31, 2022 |
|---------------------------------------|-------------------|-------------------|
| Accounts receivable | \$ 19,052 | \$ 6,198 |
| Less: Allowance for doubtful accounts | <u>-</u> | <u>-</u> |
| | <u>\$ 19,052</u> | <u>\$ 6,198</u> |

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

| | December 31, 2023 | December 31, 2022 |
|---------------|-------------------|-------------------|
| Up to 30 days | \$ 16,262 | \$ 4,299 |
| 31 to 90 days | 2,790 | 1,899 |
| | <u>\$ 19,052</u> | <u>\$ 6,198</u> |

The above ageing analysis was based on invoice date.

B. On December 31, 2023, December 31, 2022 and January 1, 2022, the balances of the receivables (including related parties) from the Company's and customers contracts were \$19,052 \$6,198 and \$7,575, respectively.

C. The Company did not hold any collateral for the security of accounts receivable.

D. As at December 31, 2023 and 2022, 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 \$19,052 and \$6,198, 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:

| | 2023 | 2022 |
|---|---------------------|---------------------|
| At January 1 | \$ 6,425,050 | 3,122,560 |
| Addition of investments accounted for using equity method (Note 1, 2, 3) | 1,343,556 | 1,703,631 |
| Capital decrease in investments accounted for using equity method (Note 4 、 5) | (1,534,641) | (93,791) |
| Proceeds from liquidation of investments accounted for using equity method (Note 6) | (26) | - |
| Earnings distribution of investments accounted for using equity method | 504,627 | 1,349,676 |
| Share of profit of investments accounted for using equity method | - | (26,714) |
| Other equity-share of other comprehensive income accounted for using equity method | (4) | |
| Other equity - exchange differences on translation of foreign financial statements | (17,603) | 369,688 |
| At December 31 | <u>\$ 6,720,959</u> | <u>\$ 6,425,050</u> |

| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|--|--------------------------|--------------------------|
| Subsidiaries (Note 7): | | |
| New Lucky Lines S.A. | \$ 5,664,919 | \$ 5,943,353 |
| Uni-Morality Lines Ltd. | 111,245 | 111,307 |
| BCTS Capital Inc. | 70,546 | 69,169 |
| FWF Shipping Ltd. | 446,663 | 2,403 |
| Franbo Asset Management Co., Ltd. | <u>427,586</u> | <u>298,788</u> |
| | 6,720,959 | 6,425,020 |
| Associates: | | |
| Taiwan Offshore Engineering Co., Ltd. (Note 6) | - | 30 |
| | <u>\$ 6,720,959</u> | <u>\$ 6,425,050</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, 2023 and 2022, the carrying amount of the Company's individually immaterial associates amounted to \$0 and \$30, respectively.

| | <u>Year ended December 31</u> | |
|--|-------------------------------|---------------|
| | <u>2023</u> | <u>2022</u> |
| Loss for the year from continuing operations | (\$ 4) (| 1) |
| Other comprehensive income, net of tax | - | - |
| Total comprehensive loss | <u>(\$ 4)</u> | <u>(\$ 1)</u> |

Note 1: For the years ended December 31, 2023 and 2022, the Company acquired 31,827 thousand shares and 45,428 thousand shares of the subsidiary, New Lucky Line S.A., through increasing its investment in the subsidiary amounting to USD31,827 thousand and USD 45,428 thousand, respectively.

Note 2: For the year ended December 31, 2023, the Company increased capital of 6,000 thousand shares in the subsidiary, FWF Shipping Ltd., by USD 6,000 thousand.

Note 3: For the years ended December 31, 2023 and 2022, the Company acquired 15,000 thousand shares and 29,650 thousand shares of the subsidiary, Franbo Asset Management Co., Ltd., through increasing its investment in the subsidiary amounting to NTD 150,000 thousand and NTD 296,500 thousand, respectively.

Note 4: For the year ended December 31, 2023, the subsidiary, Uni-Morality Lines LTD., decreased its capital, and the Company collected the investment proceeds in the amount of USD 43,888 thousand.

Note 5: For the year ended December 31, 2022, the subsidiary, New Lucky Line S.A., decreased its capital, and the Company collected the investment proceeds in the amount of USD 3,050 thousand.

Note 6: In March 2017, the Company invested \$3,000 in Taiwan Offshore Engineering Co., Ltd. and acquired 30% equity interests. In August 2019, Taiwan Offshore Engineering Co., Ltd. decreased its capital, therefore the Company collected investment proceeds in the amount of \$2,970. Additionally, the Company returned proceeds from liquidation of investments amounting to \$26 and completed the liquidation in January 2024.

Note 7: Please refer to Note 4(3)B in the consolidated financial statements for the year ended December 31, 2023 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:

| | December 31, 2023 | December 31, 2022 |
|--------------------------|-------------------|-------------------|
| Land | \$ 19,247 | \$ 19,247 |
| Buildings and structures | 26,809 | 27,540 |
| Transportation equipment | 2,209 | 3,530 |
| Office equipment | 1,138 | 1,568 |
| | <u>\$ 49,403</u> | <u>\$ 51,885</u> |

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

| Cost | 2023 | | | |
|--------------------------|------------------|---------------------|-------------|------------------|
| Assets | January 1 | Additions | Disposals | December 31 |
| Land | \$ 19,247 | \$ - | \$ - | \$ 19,247 |
| Buildings and structures | 42,193 | - | - | 42,193 |
| Transportation equipment | 7,748 | - | - | 7,748 |
| Office equipment | 4,700 | - | - | 4,700 |
| | <u>\$ 73,888</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 73,888</u> |
| Accumulated depreciation | 2023 | | | |
| Assets | January 1 | Depreciation charge | Disposals | December 31 |
| Buildings and structures | \$ 14,653 | \$ 731 | \$ - | \$ 15,384 |
| Transportation equipment | 4,218 | 1,321 | - | 5,539 |
| Office equipment | 3,132 | 430 | - | 3,562 |
| | <u>\$ 22,003</u> | <u>\$ 2,482</u> | <u>\$ -</u> | <u>\$ 24,485</u> |

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

C. For the years ended December 31, 2023 and 2022, 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

On December 31, 2023: No such transactions.

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

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

(8) Short-term notes and bills payable

On December 31, 2023: No such transactions.

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

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

(9) Other payables

| | December 31, 2023 | December 31, 2022 |
|---|-------------------|-------------------|
| Rewards payable | \$ 25,259 | \$ 30,492 |
| Employees' compensation and directors' remuneration payable | 10,620 | 26,316 |
| Others | <u>6,741</u> | <u>2,771</u> |
| | <u>\$ 42,620</u> | <u>\$ 59,579</u> |

(10) Bonds payable

| | December 31, 2023 | December 31, 2022 |
|---|-------------------|-------------------|
| The first domestic secured corporate bonds | \$ - | \$ 400,000 |
| The fifth domestic unsecured convertible bonds | 465,000 | 588,300 |
| The sixth domestic unsecured convertible bonds | 131,500 | |
| Less: Discount on bonds payable | (14,727) | (22,901) |
| | 581,773 | 965,399 |
| Less: current portion | | |
| (shown as long-term liabilities, current portion) | <u>-</u> | <u>(400,000)</u> |
| | <u>\$ 581,773</u> | <u>\$ 565,399</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: Taipei Fubon Commercial Bank Co., Ltd. (The former JihSun International Commercial Bank Co., Ltd. merged with Taipei Fubon Commercial Bank Co., Ltd.)
- (i) The company has repaid the par amount of the bonds on the maturity date using cash capital increase, issuance of new shares and the sixth domestic unsecured conversion of corporate bonds.

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, 2023, the bonds with a face value of \$133,400 had been converted into 7,375 thousand common shares and were transferred to 'ordinary share' of \$73,745.
- (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, 2023, the conversion price of the convertible bonds was adjusted to NT\$17.86.
- (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, 2023, 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, 2023, after conversion, repurchase and writing off of corporate bonds, the balance of the aforementioned ‘capital surplus - share options’ was \$24,027. 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%.

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

- (a) The Company issued \$400,000, 0% the sixth domestic secured convertible bonds and issued at 100% of the face value, as approved by the regulatory authority. The bonds mature 3 years from the issue date (August 23, 2023 ~ August 23, 2026), 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 August 23, 2023.
- (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 (November 24, 2023) of the bonds issue to the maturity date (August 23, 2026), 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, 2023, the bonds with a face value of \$268,500 had been converted into 16,472 thousand common shares and were transferred to ‘ordinary share’ of \$164,724.
- (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\$16.48 per share. As of December 31, 2023, the conversion price of the convertible bonds was adjusted to NT\$16.30.
- (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 (November 24, 2023) of the bonds issue to 40 days before the maturity date (July 14, 2026), 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 (November 24, 2023) of the bonds issue to 40 days before the maturity date (July 14, 2026).
- (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.

(f) Regarding the issuance of the aforementioned convertible bonds, the equity conversion options amounting to \$8,552 were separated from the liability component and were recognised in ‘capital surplus—share options’ in accordance with IAS 32. As of December 31, 2023, after conversion, repurchase and writing off of corporate bonds, the balance of the aforementioned ‘capital surplus - share options’ was \$2,812. 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 1.05%.

(11) Long-term borrowings

On December 31, 2023: No such transactions.

| <u>Type of borrowings</u> | <u>Borrowing period and repayment term</u> | <u>Collateral</u> | <u>December 31, 2022</u> |
|---------------------------|---|--------------------------------|--------------------------|
| 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> |

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, 2023 and 2022, were \$1,843 and \$1,698, respectively.

(13) Share-based payment

A. The Company’s share-based payment arrangements were as follows:

| <u>Type of arrangement</u> | <u>Grant date</u> | <u>Quantity granted (thousand shares)</u> | <u>Vesting conditions</u> |
|--|-------------------|---|---------------------------|
| Cash capital increase reserved for employee preemption | August 15, 2022 | 1,750 thousand shares | Vested immediately |
| Cash capital increase reserved for employee preemption | August 4, 2023 | 1,361 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 | August 15, 2022 | \$ 21.4 | \$ 18.28 | 53.13% (Note 1) | 28 days | \$ - | 0.81% | \$ 3.29 |
| Cash capital increase reserved for employee preemption | August 4, 2023 | 16.5 | 14.20 | 34.63 (Note 2) | 60 days | - | 1.02% | 2.48 |

Note 1: 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 2: Expected price volatility rate was estimated by using the average annualised volatility of return rate of the Company's stock price between August 5, 2022 and August 4, 2023.

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

C. For the years ended December 31, 2023 and 2022, the Company had expenses due to share-based payments transactions in the amounts of \$3,376 and \$5,758, respectively.

(14) Share capital

A. As of December 31, 2023, the Company had authorised capital in the amount of \$3,500,000 and paid-in capital in the amount of \$2,924,827, which consisted of 292,483 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)

| | 2023 | 2022 |
|--|---------|---------|
| At January 1 | 239,157 | 188,636 |
| Cash capital increase | 30,000 | 50,000 |
| Conversion of convertible bonds (Note) | 23,326 | 521 |
| At December 31 | 292,483 | 239,157 |

Note: For the year ended December 31, 2023, the number of common stocks converted from convertible bonds was 23,326 thousand shares with a par value of \$10 (in dollars) per share. As of December 31, 2023, the number of shares of which the registration has not yet been completed amounted to 22,452 thousand shares. On March 7, 2024, the Board of Directors resolved the effective date of conversion and issuance of new shares, and the related registration procedures are in progress. For the year ended December 31, 2022, the number of common stocks converted from convertible bonds was 521 thousand shares with a par value of \$10 (in dollars) per share. As of December 31, 2022, the registration has not yet been completed. On March 3, 2023, the Board of Directors resolved the effective date of conversion and issuance of new shares, and the registration has been completed.

C. On March 4, 2022, 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 September 1, 2022, and the Company increase by issuing 50,000 thousand new shares with a par value of NT\$10, the acquisition price was \$18.28 per share, and the total stock proceeds was \$914,000 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 \$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.

D. On May 4, 2023, 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 August 14, 2023, and the Company increased capital by issuing 30,000 thousand new shares with a par value of NT\$10, the acquisition price was NT\$14.20 per share, and the total stock proceeds was \$426,000 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 \$126,000, and the net premium amount was \$128,376 after deducting necessary cost of increasing capital by issuing new shares and plus actual transference amount which was acquired by employees.

(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 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).
- E. On March 3, 2023, the Board of the Directors of the Company resolved the appropriation of 2022 earnings, and the cash dividends was \$358,735 (NT\$1.5 per share), which was reported to shareholders on June 1, 2023.
- F. On March 7, 2024, the Board of Directors of the Company resolved the appropriation of 2023 earnings, and the cash dividends amounted to \$148,786 (NT\$0.5 per share).

(17) Operating revenue

| | Year ended December 31 | |
|---------------------------------------|------------------------|-----------|
| | 2023 | 2022 |
| Revenue from contracts with customers | \$ 131,335 | \$ 63,261 |

Disaggregation of revenue from contracts with customers

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

| | Transportation | Vessels management | Total |
|--|----------------|--------------------|------------|
| | revenue | revenue | |
| <u>Year ended December 31, 2023</u> | | | |
| Revenue from external customer contracts | \$ 2,041 | \$ 129,294 | \$ 131,335 |
| Timing of revenue-over time | \$ 2,041 | \$ 129,294 | \$ 131,335 |
| | Transportation | Vessels management | Total |
| | revenue | revenue | |
| <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 |

Note: Refer to Note 7 for related information.

(18) Other gains and losses

| | Year ended December 31 | |
|---|------------------------|-----------------|
| | 2023 | 2022 |
| Foreign exchange gains, net | (\$ 4,734) | \$ 10,408 |
| Net gains (losses) on financial assets at fair value through profit or loss | 1,398 | (2,754) |
| Gain on bond redemption | - | 110 |
| Others | (1) | (1,189) |
| | <u>(\$ 3,337)</u> | <u>\$ 6,575</u> |

(19) Finance costs

| | Year ended December 31 | |
|------------------------------------|------------------------|-----------------|
| | 2023 | 2022 |
| Interest expense: | | |
| Bank borrowings | \$ 1,940 | \$ 3,083 |
| Bonds payable | 12,146 | 6,041 |
| Short-term notes and bills payable | 312 | 259 |
| | <u>\$ 14,398</u> | <u>\$ 9,383</u> |

(20) Expenses by nature

| | Year ended December 31 | |
|---|------------------------|-------------------|
| | 2023 | 2022 |
| Employee benefit expense | \$ 65,799 | \$ 99,632 |
| Depreciation charges on property, plant and equipment | 2,482 | 2,736 |
| Other expenses | 38,010 | 25,570 |
| Total operating costs and operating expenses | <u>\$ 106,291</u> | <u>\$ 127,938</u> |

(21) Employee benefit expense

| | Year ended December 31 | |
|----------------------------------|------------------------|------------------|
| | 2023 | 2022 |
| Wages and salaries | \$ 54,319 | \$ 86,996 |
| Share-based payment | 3,376 | 5,758 |
| Labour and health insurance fees | 4,298 | 3,592 |
| Pension costs | 1,843 | 1,698 |
| Other personnel expenses | 1,963 | 1,588 |
| | <u>\$ 65,799</u> | <u>\$ 99,632</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, 2023 and 2022, employees' compensation was accrued at \$5,310 and \$13,158, respectively; while directors' remuneration was accrued at \$5,310 and \$13,158, 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.

Employees' compensation amounting to \$13,158 and directors' remuneration amounting to \$13,158 of 2022 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2022 financial statements. Additionally, employees' remuneration for the previous year has not yet been fully distributed.

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.

(22) Income tax

A. Income tax expense

Components of income tax expense:

| | Year ended December 31 | |
|---|------------------------|----------|
| | 2023 | 2022 |
| Current tax: | | |
| Current tax on profits for the year | \$ 28,166 | \$ - |
| Tax on undistributed earnings | 52,824 | 5,893 |
| Total current tax | 80,990 | 5,893 |
| Deferred tax: | | |
| Origination and reversal of temporary differences | 13,639 | 2,811 |
| Income tax expense | \$ 94,629 | \$ 8,704 |

B. Reconciliation between income tax expense and accounting profit:

| | Year ended December 31 | |
|--|------------------------|-----------------|
| | 2023 | 2022 |
| Tax calculated based on profit before tax and statutory tax rate | \$ 103,806 | \$ 257,723 |
| Effects from items adjusted in accordance with tax regulation | 6,975 | 7,432 |
| Tax on undistributed surplus earnings | 52,824 | 5,893 |
| Temporary difference not recognised as deferred tax assets | - (| 12,556) |
| Temporary difference not recognised as deferred tax liabilities | (59,037) (| 257,619) |
| Change in assessment of realisation of deferred tax assets | (9,939) | 2,346 |
| Taxable loss not recognised as deferred tax assets | - | 5,485 |
| Income tax expense | <u>\$ 94,629</u> | <u>\$ 8,704</u> |

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

| | 2023 | | |
|---------------------------------|------------------|------------------------------|------------------|
| | January 1 | Recognised in profit or loss | December 31 |
| Deferred income tax assets | | | |
| Temporary differences: | | | |
| Exchange losses | \$ - | \$ 664 | \$ 664 |
| Tax losses | <u>14,764</u> | <u>(14,764)</u> | <u>-</u> |
| | <u>\$ 14,764</u> | <u>(\$ 14,100)</u> | <u>\$ 664</u> |
| Deferred income tax liabilities | | | |
| Temporary differences: | | | |
| Exchange gains | <u>(\$ 461)</u> | <u>\$ 461</u> | <u>\$ -</u> |
| | | 2022 | |
| | 2022 | | |
| | January 1 | Recognised in profit or loss | December 31 |
| Deferred income tax assets | | | |
| Temporary differences: | | | |
| Exchange losses | \$ 4 | (\$ 4) | \$ - |
| Tax losses | <u>17,110</u> | <u>(2,346)</u> | <u>14,764</u> |
| | <u>\$ 17,114</u> | <u>(\$ 2,350)</u> | <u>\$ 14,764</u> |
| Deferred income tax liabilities | | | |
| Temporary differences: | | | |
| Exchange gains | <u>\$ -</u> | <u>(\$ 461)</u> | <u>(\$ 461)</u> |

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

On December 31, 2023: No such transactions.

| December 31, 2022 | | | | | | |
|-------------------|-----------------------------|-------------------|-------------|-------------------|-------------------------------------|----------------|
| Year incurred | Amount assessed/filed | Amount | Used amount | Unused amount | Unrecognised deferred tax assets | Expiry year |
| 2013 | Amount assessed | \$ 16,063 | \$ - | \$ 16,063 | \$ - | 2023 |
| 2014 | Amount assessed | 35,774 | - | 35,774 | - | 2024 |
| 2015 | Amount assessed | 15,177 | - | 15,177 | - | 2025 |
| 2020 | Amount assessed | 6,810 | - | 6,810 | - | 2029 |
| 2021 | Amount filed | 22,655 | - | 22,655 | 22,655 | 2030 |
| 2022 | Amount expected to be filed | 27,425 | - | 27,425 | 27,425 | 2031 |
| | | <u>\$ 123,904</u> | <u>\$ -</u> | <u>\$ 123,904</u> | <u>\$ 50,080</u> | |

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

| | December 31, 2023 | December 31, 2022 |
|----------------------------------|-------------------|-------------------|
| Deductible temporary differences | <u>\$ -</u> | <u>\$ 126,513</u> |

F. The Company has not recognised taxable temporary differences associated with investment in subsidiaries as deferred tax liabilities. As of December 31, 2023 and 2022, the amounts of temporary difference unrecognised as deferred tax liabilities were \$2,344,676 and \$2,049,490, 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.

H. The Controlled Foreign Company (CFC) system came into effect on January 1, 2023. The Company recognises investment income related to the CFC and accrued income tax in accordance with the relevant regulations.

(23) Earnings per share

| | Year ended December 31, 2023 | | |
|--|---|----------------|------------------------------------|
| | Weighted average number of ordinary shares outstanding (share in thousands) | | Earnings per share (in dollars) |
| | Amount after tax | | |
| <u>Basic earnings per share</u> | | | |
| Profit attributable to the parent | <u>\$ 424,402</u> | <u>250,992</u> | <u>\$ 1.69</u> |
| <u>Diluted earnings per share</u> | | | |
| Profit attributable to the parent | \$ 424,402 | 250,992 | |
| Assumed conversion of all dilutive potential ordinary shares | | | |
| Convertible bonds | 10,651 | 34,103 | |
| Employees' compensation | - | 377 | |
| Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares | <u>\$ 435,053</u> | <u>285,472</u> | <u>\$ 1.52</u> |

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

(24) Supplemental cash flow information

Financing activities with no cash flow effects:

| | Year ended December 31 | |
|---|------------------------|------------|
| | 2023 | 2022 |
| 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 |
| Convertible bonds converted to share capital and capital surplus | \$ 380,967 | \$ 9,690 |

(25) 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, 2023 | \$ 120,000 | \$ 29,966 | \$ 21,890 | \$ 965,399 | \$ 1,137,255 |
| Changes in cash flow from financing activities | (120,000) | (30,000) | (21,890) | (4,057) | (175,947) |
| Changes in non-financing cash flows | - | - | - | (8,232) | (8,232) |
| Other non-cash changes | - | 34 | - | (371,337) | (371,303) |
| December 31, 2023 | \$ - | \$ - | \$ - | \$ 581,773 | \$ 581,773 |

| | 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 | \$ 120,000 | \$ 29,966 | \$ 21,890 | \$ 965,399 | \$ 1,137,255 |

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. (collectively referred to herein as the “FWF”) | 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. (collectively referred to herein as the “Franbo Asset Management”) | 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 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) |

| Names of related parties | Relationship with the Company |
|---|--|
| Franbo Legion Ltd. (collectively referred to herein as the “Legion”) | The Company’s second tier-subsiidiary (Note 1) |
| FB Pioneer Ltd. | The Company’s second tier-subsiidiary (Note 1) |
| FB Navigation Ltd. | The Company’s second tier-subsiidiary (Note 1) |
| Franbo Legacy Ltd. (collectively referred to herein as the “Legacy”) | The Company’s second tier-subsiidiary (Note 1) |
| Franbo Bright Ltd. | The Company’s second tier-subsiidiary (Note 1) |
| Franbo Ace Ltd. (collectively referred to herein as the “Ace”) | The Company’s second tier-subsiidiary (Note 1) |
| Franbo Cosmos Ltd. (collectively referred to herein as the “Cosmos”) | The Company’s second tier-subsiidiary (Note 1) |
| Franbo Art Ltd. (collectively referred to herein as the “Art”) | The Company’s second tier-subsiidiary (Note 1) |
| Franbo Century Ltd. (collectively referred to herein as the “Century”) | The Company’s second tier-subsiidiary (Note 1) |
| Franbo Brave Ltd. (collectively referred to herein as the “Brave”) | The Company’s second tier-subsiidiary (Note 1) |
| Franbo Bravo Ltd. (collectively referred to herein as the “Bravo”) | The Company’s second tier-subsiidiary (Note 1) |
| Franbo Justice Line Ltd. | The Company’s second tier-subsiidiary (Note 2) |
| Dexin Shipping S.A. | The Company’s second tier-subsiidiary (Note 3) |
| Due Feng Shipping Co., Ltd. (Note 4) | 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 Building Development Co., Ltd. | The Company’s second tier-subsiidiary (Note 5) The Company’s second tier-subsiidiary (Note 6) |
| Franbo Justice Building Development Co., Ltd. | The Company’s second tier-subsiidiary (Note 7) |
| TSAI,PANG-CHUAN 、 TSAI,CHING-CHUNG 、LO,CHUN-YU 、 SHEN,I-WEN 、TAI,CHIH-TSUNG 、 WU,TIEN-MING 、LIU,JUNG-CHIN (Note 8) | 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 FWF Shipping Ltd., and indirectly held 100% equity interest in this company.

Note 3: The Company reinvested in Uni-Morality Lines Ltd. and indirectly held 100% equity interest in this company.

Note 4: The company was declared to be dissolved on September 15, 2023.

Note 5: It was the Company's second-tier subsidiary which was established in April 2022, and the Company had completed the investment of capital in this company in April 2022.

Note 6: It was the Company's second-tier subsidiary which was established in July 2022, and the Company had completed the investment of capital in this company in July 2022.

Note 7: It was the Company's second-tier subsidiary which was established in May 2023, and the Company had completed the investment of capital in this company in May 2023.

Note 8: Since the term of office of the company's directors expired on June 1, 2023, and the general re-election, he is no longer a related person of the company.

(2) Significant related party transactions

A. Operating revenue

(a) ISM vessels management revenue

| | Year ended December 31 | |
|--------------------|------------------------|------------------|
| | 2023 | 2022 |
| Logos | \$ 13,341 | \$ 5,380 |
| Logic | 13,341 | 5,380 |
| Lohas | 13,341 | 5,380 |
| Legion | 13,341 | 5,380 |
| Bright | 12,884 | 4,304 |
| Ace | 12,709 | - |
| Art | 12,161 | - |
| Legacy | 5,603 | 5,380 |
| | 96,721 | 31,204 |
| Other subsidiaries | 18,447 | 16,784 |
| Associates | 672 | 696 |
| | <u>\$ 115,840</u> | <u>\$ 48,684</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 | |
|--------------------|------------------------|------------------|
| | 2023 | 2022 |
| Bright | \$ 1,834 | \$ 1,761 |
| Logos | 1,805 | 1,737 |
| Logic | 1,805 | 1,734 |
| Lohas | 1,805 | 1,734 |
| Legion | 1,805 | 1,734 |
| Ace | 1,758 | - |
| Art | 1,587 | - |
| Way | - | 1,737 |
| Legacy | - | 1,460 |
| Uprightness | - | 1,357 |
| Hornbill | - | 1,150 |
| | 12,399 | 14,404 |
| Other subsidiaries | 1,055 | - |
| | <u>\$ 13,454</u> | <u>\$ 14,404</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. Receivables from related parties

| | December 31, 2023 | December 31, 2022 |
|----------------------|-------------------|-------------------|
| Accounts receivable: | | |
| Ace | \$ 2,053 | \$ - |
| Art | 2,053 | - |
| Cosmos | 2,050 | - |
| Century | 1,879 | - |
| Logos | 1,981 | 906 |
| Logic | 1,981 | 906 |
| Lohas | 1,981 | 906 |
| Legion | 1,981 | 906 |
| Bright | 1,988 | 821 |
| Legacy | - | 634 |
| Way | - | 548 |
| | 17,947 | 5,627 |
| Other subsidiaries | 1,049 | 515 |
| Associates | 56 | 56 |
| | <u>\$ 19,052</u> | <u>\$ 6,198</u> |

C. Loans

| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|---------------------------------------|--------------------------|--------------------------|
| (a) Loans from related parties: | | |
| Other receivables | | |
| Franbo Asset Management | \$ 158,000 | \$ - |
| Franbo Propriety Building Development | <u>108,000</u> | <u>-</u> |
| | <u>\$ 266,000</u> | <u>\$ -</u> |
| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
| (b) Borrowings from related parties: | | |
| Other receivables | | |
| NL | \$ 73,704 | \$ 318,468 |
| FWF | 5,221 | - |
| Uni-Morality | <u>110,556</u> | <u>110,556</u> |
| | <u>\$ 78,925</u> | <u>\$ 429,024</u> |

D. Endorsements and guarantees

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

| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|--------------------|--------------------------|--------------------------|
| Brave | \$ 576,642 | \$ 576,642 |
| Bravo | 576,642 | 576,642 |
| Cosmos | 569,671 | 569,671 |
| Ace | 529,748 | 552,780 |
| Art | 529,748 | 552,780 |
| Century | 552,780 | 552,780 |
| Lohas | <u>-</u> | <u>143,723</u> |
| | 3,335,231 | 3,525,018 |
| Other subsidiaries | <u>577,962</u> | <u>995,618</u> |
| | <u>\$ 3,913,193</u> | <u>\$ 4,520,636</u> |

Note 1: The exchange rates of United States dollars were translated into New Taiwan dollars at the rates of 30.71 on the reporting dates for the years ended December 31, 2023 and 2022.

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.

Note 3: As of December 31, 2023 and 2022, the actual amounts drawn from the endorsements and guarantees for subsidiaries by the Company were \$3,360,413 and \$3,967,856, respectively.

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

| | December 31, 2023 | December 31, 2022 |
|------------------|---------------------|---------------------|
| TSAI,PANG-CHUAN | \$ 829,900 | \$ 709,000 |
| TSAI,CHING-CHUNG | 829,900 | 709,000 |
| | <u>\$ 1,659,800</u> | <u>\$ 1,418,000</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. The potential losses of the exceeding the endorsement/guarantee were jointly guaranteed and signed by directors. The aforementioned guarantees have been cancelled due to the repayment of corporate bonds at maturity. Refer to Note 6(10) A. for details of the repayment of corporate bonds at maturity.

E. For the years ended December 31, 2023 and 2022, 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..

F. 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

| | Year ended December 31 | |
|---|------------------------|------------------|
| | 2023 | 2022 |
| Salaries and other short-term employee benefits | \$ 34,364 | \$ 26,463 |
| Post-employment benefits | 278 | 262 |
| | <u>\$ 34,642</u> | <u>\$ 26,725</u> |

8. Pledged Assets

| Assets | December 31, 2023 | December 31, 2022 | Purpose |
|---|-------------------|-------------------|--|
| Land | \$ 19,247 | \$ 19,247 | Short-term borrowings and long-term borrowings |
| Buildings and structures, net | 26,809 | 27,540 | Short-term borrowings and long-term borrowings |
| Restricted assets - demand deposits (Note) | - | 88,752 | Bonds payable and |
| Guarantee deposits paid | | | Guarantees for Maritime |
| (shown as "other non-current assets, others") | 600 | 600 | Port Bureau |
| | <u>\$ 46,656</u> | <u>\$ 136,139</u> | |

Note: Restricted assets on December 31, 2023 and 2022- 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 May 31, 2023, the Company's second-tier subsidiary, Franbo Ace Ltd., signed a credit facility agreement with Mega International Commercial Bank. The total amount of credit agreement was USD 17,250 thousand, the credit term was 7 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:

Based on the consolidated financial statements which were annually attested by auditors of the joint guarantor of a juridical person, Franbo Lines Corporation, and the second quarter consolidated financial statements which were annually reviewed by auditors as the calculation basis and would be verified once a half-year. 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 (net assets reduce intangible assets): Not be lower than NT\$1 billion. If any of the abovementioned financial ratios cannot be met, they should be improved through a cash capital increase or other methods. Additionally, a lump sum compensation fee of 0.15% of the outstanding balance as of the date of inspection should be paid to the bank.

- (2) On May 31, 2023, the Company's second-tier subsidiary, Franbo Art Ltd., signed a credit facility agreement with Mega International Commercial Bank. The total amount of credit agreement was USD 17,250 thousand, the credit term was 7 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. Based on the consolidated financial statements which were annually attested by auditors of the joint guarantor of a juridical person, Franbo Lines Corporation, and the second quarter consolidated financial statements which were annually reviewed by auditors as the calculation basis and would be verified once a half-year. 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 (net assets reduce intangible assets): Not be lower than NT\$1 billion. If any of the abovementioned financial ratios cannot be met, they should be improved through a cash capital increase or other methods. Additionally, a lump sum compensation fee of 0.15% of the outstanding balance as of the date of inspection should be paid to the bank.
- 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. Since 2023, LTV ratio is reviewed annually, if the LTV ratio exceeds 70%, the borrower should repay the certain excess amount of the borrowings or provide collateral approved by the bank to cover the excess borrowings.
- D. In the duration of the borrowings, directly or indirectly held equity interests in Franbo Art Ltd. by the joint guarantor of a juridical person, Franbo Lines Corporation, should not be lower than 100%. and its operational control over Franbo Art Ltd should not be changed.

(3) On June 28, 2023, the Company's second-tier subsidiary, Franbo Art Ltd., signed a credit facility agreement with E.SUN BANK. The total amount of credit agreement was USD 17,800 thousand, the credit term was 7 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. 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.
- B. Since 2023, the LTV ratio is reviewed annually. If the LTV ratio exceeds 80%, the borrower should repay the certain excess amount of the borrowings or provide collateral approved by the bank to restore the LTV ratio to 60%.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

- A. The distribution of 2023 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 7, 2024. Refer to Notes 6(14) and 6(16) for more details.
- B. On March 7, 2024, the Company passed the resolution of the Board of Directors and planned to convert US\$170,000 debts into capital to increase the capital of its 100% owned subsidiary Franbo Asset Management Co., Ltd.
- C. On March 7, 2024, the Company passed the resolution of the Board of Directors that its subsidiary Franbo Asset Management Co., Ltd. planned to increase its 100% owned sub-sub-subsidiary Franbo Propriety Building Development Co., Ltd. with US\$110,000 in cash.
- D. On March 7, 2024, the Company passed the resolution of the Board of Directors that its subsidiary New Lucky Lines SA planned to convert a debt of US\$3,500,000 into a 100% capital increase in its subsidiary company Franbo Bright Limited.
- E. On March 7, 2024, the Company passed the resolution of the Board of Directors that the subsidiary New Lucky Lines SA plans to establish a joint venture with the Group's existing charterers to operate two shipping companies. The share capital of each company is expected to not exceed US\$32,000. The subsidiary New Lucky Lines SA is expected to hold 70% of the shares and authorize the chairman to handle follow-up matters.

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, 2023, the Company's strategy was the same as that in 2022 and was dedicated to maintaining a stable debt to assets ratio. The Company's debt to assets ratios were as follows:

| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|----------------------|--------------------------|--------------------------|
| Total liabilities | \$ 894,476 | \$ 1,631,828 |
| Total assets | \$ 7,097,256 | \$ 6,968,653 |
| Debt to assets ratio | 13% | 23% |

(2) Financial instruments

A. Financial instruments by category

| | <u>December 31, 2023</u> | <u>December 31, 2022</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 | \$ 7,778 | \$ 7,816 |
| Financial assets at amortised cost/Loans and receivables | | |
| Cash and cash equivalents | 31,541 | 217,115 |
| Accounts receivable due from related parties | 19,052 | 6,198 |
| Other receivables due from related parties | 266,000 | - |
| Guarantee deposits paid (Note 1) | 600 | 600 |
| Other financial assets (Note 2) | - | 242,302 |
| | <u>\$ 324,971</u> | <u>\$ 474,031</u> |
| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
| <u>Financial liabilities</u> | | |
| Financial liabilities at amortised cost | | |
| Short-term borrowings | \$ - | \$ 120,000 |
| Short-term notes and bills payable | - | 29,966 |
| Other payables (including related parties) | 232,101 | 488,598 |
| Corporate bonds payable (including current portion) | 581,773 | 965,399 |
| Long-term borrowings (including current portion) | - | 21,890 |
| | <u>\$ 813,874</u> | <u>\$ 1,625,853</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, 2023 | | |
|--|---|---------------|--|
| | Foreign currency amount (In thousands) | Exchange rate | Carrying amount (New Taiwan dollar) |
| <u>Financial assets</u> | | | |
| <u>Monetary items</u> | | | |
| USD:NTD | \$ 641 | 30.71 | \$ 19,685 |
| <u>Non-monetary items</u> | | | |
| USD:NTD (Note) | 204,929 | 30.71 | 6,293,373 |
| <u>Financial liabilities</u> | | | |
| <u>Monetary items</u> | | | |
| USD:NTD | 6,171 | 30.71 | 189,511 |

Note: Investments accounted for using equity method.

| (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.

- 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, 2023 and 2022, amounted to (\$4,734) and \$10,408, respectively.
- iv. Analysis of foreign currency market risk arising from significant foreign exchange variation:

| Year ended December 31, 2023 | | | | |
|--|---------------------|--------------------------|-----------------------------------|--------|
| 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% | \$ 197 | \$ | - |
| <u>Non-monetary items</u> | | | | |
| USD:NTD | 1% | - | | 62,934 |
| <u>Financial liabilities</u> | | | | |
| <u>Monetary items</u> | | | | |
| USD:NTD | 1% | 1,895 | | - |
| 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 | | - |

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, 2023 and 2022 would have increased/decreased by \$68 and \$69, 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 2023 and 2022, 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, 2023 and 2022 would have increased/decreased by \$0 and \$44, 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, 2023 and 2022, the loss rate methodology is as follows:

| | Expected loss rate | | |
|--------------------------|------------------------|--------------------------------|-----------------------|
| | Up to 30 days past due | 31 days to 90 days past due | Over 90 days past due |
| <u>December 31, 2023</u> | 0.24% | 0.49%~0.73% | 100% |
| | Expected loss rate | | |
| | Not past due | 31 days to 90 days past due | Over 90 days past due |
| <u>December 31, 2022</u> | 0.22% | 0.44%~0.65% | 100% |

vii. The beginning and ending balances for the years ended December 31, 2023 and 2022 of the Company's application of the modified approach on loss allowance for accounts receivable were all \$0. For the years ended December 31, 2023 and 2022, 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:

| | | December 31, 2023 | | |
|---------------------------------------|----|----------------------|------------------------------|---------------------|
| | | <u>Within 1 year</u> | <u>Between 1 and 2 years</u> | <u>Over 2 years</u> |
| Non-derivative financial liabilities: | | | | |
| Short-term borrowings | \$ | - | \$ | - |
| Other payables to related parties | | 232,101 | - | - |
| Long-term borrowings | | - | 465,000 | 131,500 |
| (including current portion) | | | - | - |
| Bonds payable | | - | - | - |
| (including current portion) | | | | |
| | | December 31, 2022 | | |
| | | <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) | | | | |

(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, 2023 | | | | |
|------------------------|------------------------|-------------------|----------------|-------------------|
| | | <u>Fair value</u> | | |
| | <u>Carrying amount</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> |
| Financial liabilities: | | | | |
| Bonds payable | <u>\$ 581,773</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 581,822</u> |
| December 31, 2022 | | | | |
| | | <u>Fair value</u> | | |
| | <u>Carrying amount</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> |

- (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 are as follows:

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

| December 31, 2023 | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|---|-----------------|----------------|----------------|-----------------|
| Assets | | | | |
| <u>Recurring fair value measurements</u> | | | | |
| Financial assets at fair value through profit or loss | | | | |
| Beneficiary certificates | \$ 5,291 | \$ - | \$ - | \$ 5,291 |
| Foreign corporate bond | 1,480 | - | - | 1,480 |
| Option to convert embedded corporate bonds | 1,007 | - | - | 1,007 |
| | <u>-</u> | <u>-</u> | <u>397</u> | <u>397</u> |
| Total | <u>\$ 7,778</u> | <u>\$ -</u> | <u>\$ 397</u> | <u>\$ 8,175</u> |

| 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>\$ 8,696</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, 2023 and 2022, 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, 2023 and 2022:

| | 2023 | 2022 |
|--|------------------------|------------------------|
| | Derivative instruments | Derivative instruments |
| January 1 | \$ 880 | \$ - |
| Issued in the period | 320 | 1,500 |
| Gains and losses recognised in profit or loss (Note) | (377) | (604) |
| Conversion or repurchase in the period | (426) | (16) |
| December 31 | <u>\$ 397</u> | <u>\$ 880</u> |

Note: Accounted as other gains and losses.

F. Except for the content described in the list E, there was no transfer into or out from Level 3 for the years ended December 31, 2023 and 2022.

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, 2023 | technique | unobservable input | (weighted average) | inputs to fair value |
| Convertible bonds | \$ 397 | The Binomial-Tree approach to convertible bonds | Stock price volatility | 27.46%~46.75% | The higher the price volatility, the higher the fair value |
| | 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 |

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, 2023 | | | | | | |
|------------------------|-------------|--------|------------------------------|---------------------|--|---------------------|
| | Input | Change | Recognised in profit or loss | | Recognised in other comprehensive income | |
| | | | Favourable change | Unfavourable change | Favourable change | Unfavourable change |
| Financial assets | | | | | | |
| Derivative instruments | Stock price | ±5% | \$ 60 | (\$ 20) | \$ - | \$ - |
| | volatility | | | | | |
| Derivative instruments | Stock price | ±5% | \$ 100 | (\$ 70) | \$ - | \$ - |
| | volatility | | | | | |
| December 31, 2022 | | | | | | |
| | Input | Change | Recognised in profit or loss | | Recognised in other comprehensive income | |
| | | | Favourable change | Unfavourable change | Favourable change | Unfavourable change |
| Financial assets | | | | | | |
| Derivative instruments | Stock price | ±5% | \$ 40 | (\$ 40) | \$ - | \$ - |
| | volatility | | | | | |

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, 2023, the required disclosure information of each investee was prepared according to the 2023 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: Please refer to table 5.

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, 2023

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, 2023 | December 31, 2023 | | | | | | | Item | Value | | | |
| 0 | Franbo Lines Corporation | Franbo Asset Management Co., Ltd. | Other receivables due from related parties | Y | \$ 200,000 | \$ 200,000 | \$ 158,000 | - | Short-term financing | \$ - | Operating turnover | \$ - | None | - | \$ 620,278 | \$ 1,240,556 | Note 1 ~ 3 |
| 0 | Franbo Lines Corporation | FB Propriety Real Estate Development Co., Ltd. | Other receivables due from related parties | Y | 200,000 | 200,000 | 108,000 | - | Short-term financing | - | Operating turnover | - | None | - | 620,278 | 1,240,556 | Note 1 ~ 3 |
| 1 | New Lucky Lines S.A. | Franbo Lines Corporation | Other receivables due from related parties | Y | 583,490 | 153,550 | 73,704 | - | Short-term financing | - | Operating turnover | - | None | - | 1,699,475 | 5,664,919 | Note 1 ~ 4 |
| 1 | New Lucky Lines S.A. | Franbo Logos S.A. | Other receivables due from related parties | Y | 36,710 | - | - | - | Short-term financing | - | Operating turnover | - | None | - | 1,699,475 | 5,664,919 | Note 1 ~ 4 |
| 1 | New Lucky Lines S.A. | FB Pioneer Ltd. | Other receivables due from related parties | Y | 61,420 | 61,420 | 19,962 | - | Short-term financing | - | Operating turnover | - | None | - | 1,699,475 | 5,664,919 | Note 1 ~ 4 |
| | New Lucky Lines S.A. | FB Navigation Ltd. | Other receivables due from related parties | Y | 61,420 | 61,420 | 5,528 | - | Short-term financing | - | | - | None | - | 1,699,475 | 5,664,919 | |
| 1 | New Lucky Lines S.A. | Franbo Logion S.A. | Other receivables due from related parties | Y | 138,195 | 138,195 | 16,891 | - | Short-term financing | - | Operating turnover | - | None | - | 1,699,475 | 5,664,919 | Note 1 ~ 4 |
| 1 | New Lucky Lines S.A. | Franbo Ocean Ltd. | Other receivables due from related parties | Y | 337,810 | 276,300 | 241,688 | - | Short-term financing | - | Operating turnover | - | None | - | 1,699,475 | 5,664,919 | Note 1 ~ 4 |
| 1 | New Lucky Lines S.A. | Franbo Bright Ltd. | Other receivables due from related parties | Y | 214,970 | 214,970 | 170,748 | - | Short-term financing | - | Operating turnover | - | None | - | 1,699,475 | 5,664,919 | Note 1 ~ 4 |
| 1 | New Lucky Lines S.A. | Franbo Ace Ltd. | Other receivables due from related parties | Y | 122,840 | 92,130 | - | - | Short-term financing | - | Operating turnover | - | None | - | 1,699,475 | 5,664,919 | Note 1 ~ 4 |
| 1 | New Lucky Lines S.A. | Franbo Art Ltd. | Other receivables due from related parties | Y | 122,840 | 92,130 | - | - | Short-term financing | - | Operating turnover | - | None | - | 1,699,475 | 5,664,919 | Note 1 ~ 4 |
| 1 | New Lucky Lines S.A. | Franbo Cosmos Ltd. | Other receivables due from related parties | Y | 30,710 | - | - | - | Short-term financing | - | Operating turnover | - | None | - | 1,699,475 | 5,664,919 | Note 1 ~ 4 |
| 1 | New Lucky Lines S.A. | Franbo Century Ltd. | Other receivables due from related parties | Y | 583,490 | 552,780 | 513,164 | - | Short-term financing | - | Operating turnover | - | None | - | 1,699,475 | 5,664,919 | Note 1 ~ 4 |
| 1 | New Lucky Lines S.A. | Franbo Brave Ltd. | Other receivables due from related parties | Y | 61,420 | 30,710 | - | - | Short-term financing | - | Operating turnover | - | None | - | 1,699,475 | 5,664,919 | Note 1 ~ 4 |
| 1 | New Lucky Lines S.A. | Franbo Bravo Ltd. | Other receivables due from related parties | Y | 61,420 | 30,710 | 3,378 | - | Short-term financing | - | Operating turnover | - | None | - | 1,699,475 | 5,664,919 | Note 1 ~ 4 |
| 1 | New Lucky Lines S.A. | Franbo Legacy Ltd. | Other receivables due from related parties | Y | 30,710 | 30,710 | - | - | Short-term financing | - | Operating turnover | - | None | - | 1,699,475 | 5,664,919 | Note 1 ~ 4 |
| 1 | New Lucky Lines S.A. | Franbo Lohas Ltd. | Other receivables due from related parties | Y | 61,420 | 61,420 | 49,443 | - | Short-term financing | - | Operating turnover | - | None | - | 1,699,475 | 5,664,919 | Note 1 ~ 4 |
| 1 | New Lucky Lines S.A. | Franbo Wind S.A. | Other receivables due from related parties | Y | 153,550 | 153,550 | 18,426 | - | Short-term financing | - | Operating turnover | - | None | - | 1,699,475 | 5,664,919 | Note 1 ~ 4 |
| 1 | New Lucky Lines S.A. | Franbo Shipping S.A. | Other receivables due from related parties | Y | 61,420 | 61,420 | - | - | Short-term financing | - | Operating turnover | - | None | - | 1,699,475 | 5,664,919 | Note 1 ~ 4 |
| 2 | Uni-Morality Lines Ltd. | Franbo Lines Corporation | Other receivables due from related parties | Y | 170,133 | 110,556 | 110,556 | - | Short-term financing | - | Operating turnover | - | None | - | 111,245 | 111,245 | Note 1 ~ 4 |

FRANBO LINES CORPORATION

Loans to others

Year ended December 31, 2023

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, 2023 | December 31, 2023 | | | | | | | Item | Value | | | |
| 3 | FWF Shipping Limited. | New Lucky Lines S.A. | Other receivables due from related parties | Y | 217,120 | 214,970 | 55,094 | - | Short-term financing | - | Operating turnover | - | None | - | 446,663 | 446,663 | Note 1 ~ 4 |
| 3 | FWF Shipping Limited. | Franbo Lines Corporation | Other receivables due from related parties | Y | 30,710 | 30,710 | 5,221 | - | Short-term financing | - | Operating turnover | - | None | - | 446,663 | 446,663 | Note 1 ~ 4 |
| 4 | Franbo Shipping S.A. | New Lucky Lines S.A. | Other receivables due from related parties | Y | 122,840 | 122,840 | 74,011 | - | Short-term financing | - | Operating turnover | - | None | - | 149,740 | 149,740 | Note 1 ~ 4 |
| 5 | Franbo Transportation S.A. | New Lucky Lines S.A. | Other receivables due from related parties | Y | 153,550 | 122,840 | 94,280 | - | Short-term financing | - | Operating turnover | - | None | - | 165,731 | 165,731 | Note 1 ~ 4 |
| 6 | TW Hornbill Lind S.A. | New Lucky Lines S.A. | Other receivables due from related parties | Y | 239,538 | 178,118 | 196,871 | - | Short-term financing | - | Operating turnover | - | None | - | 106,833 | 106,833 | Note 1 ~ 4 |
| 7 | Franbo Logos S.A. | New Lucky Lines S.A. | Other receivables due from related parties | Y | 61,420 | 30,710 | 3,685 | - | Short-term financing | - | Operating turnover | - | None | - | 412,181 | 412,181 | Note 1 ~ 4 |
| 8 | Franbo Logic 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 | - | 474,211 | 474,211 | Note 1 ~ 4 |
| 9 | Franbo Lohas S.A. | New Lucky Lines S.A. | Other receivables due from related parties | Y | 184,260 | 61,420 | - | - | Short-term financing | - | Operating turnover | - | None | - | 357,459 | 357,459 | Note 1 ~ 4 |
| 10 | Franbo Sagacity S.A. | New Lucky Lines S.A. | Other receivables due from related parties | Y | 116,698 | 76,775 | 23,647 | - | Short-term financing | - | Operating turnover | - | None | - | 71,612 | 71,612 | Note 1 ~ 4 |
| 11 | Franbo Way Ltd. | New Lucky Lines S.A. | Other receivables due from related parties | Y | 276,390 | 122,840 | 94,280 | - | Short-term financing | - | Operating turnover | - | None | - | 348,598 | 348,598 | Note 1 ~ 4 |
| 12 | Franbo Uprightness Corp. | New Lucky Lines S.A. | Other receivables due from related parties | Y | 546,638 | - | - | - | Short-term financing | - | Operating turnover | - | None | - | - | - | Note 1 ~ 4 |
| 13 | Franbo Sino Ltd. | New Lucky Lines S.A. | Other receivables due from related parties | Y | 190,402 | - | - | - | Short-term financing | - | Operating turnover | - | None | - | - | - | Note 1 ~ 4 |
| 14 | Franbo Ocean Ltd. | New Lucky Lines S.A. | Other receivables due from related parties | Y | 61,420 | 61,420 | - | - | Short-term financing | - | Operating turnover | - | None | - | 248,201 | 248,201 | Note 1 ~ 4 |
| 15 | FB Pioneer Ltd. | New Lucky Lines S.A. | Other receivables due from related parties | Y | 46,065 | 30,710 | - | - | Short-term financing | - | Operating turnover | - | None | - | 53,328 | 53,328 | Note 1 ~ 4 |
| 16 | FB Navigation Ltd. | New Lucky Lines S.A. | Other receivables due from related parties | Y | 46,065 | 30,710 | - | - | Short-term financing | - | Operating turnover | - | None | - | 62,847 | 62,847 | Note 1 ~ 4 |
| 17 | Franbo Legacy Ltd. | New Lucky Lines S.A. | Other receivables due from related parties | Y | 276,390 | 153,550 | 8,906 | - | Short-term financing | - | Operating turnover | - | None | - | 249,352 | 249,352 | Note 1 ~ 4 |
| 18 | Franbo Ace Ltd. | New Lucky Lines S.A. | Other receivables due from related parties | Y | 61,420 | 61,420 | 25,796 | - | Short-term financing | - | Operating turnover | - | None | - | 395,177 | 395,177 | Note 1 ~ 4 |
| 19 | Franbo Art Ltd. | New Lucky Lines S.A. | Other receivables due from related parties | Y | 61,420 | 61,420 | 14,434 | - | Short-term financing | - | Operating turnover | - | None | - | 370,471 | 370,471 | Note 1 ~ 4 |
| 20 | Franbo Cosoms Ltd. | New Lucky Lines S.A. | Other receivables due from related parties | Y | 182,260 | 182,260 | 105,642 | - | Short-term financing | - | Operating turnover | - | None | - | 486,167 | 486,167 | Note 1 ~ 4 |

FRANBO LINES CORPORATION

Loans to others

Year ended December 31, 2023

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, 2023 | December 31, 2023 | | | | | | | Item | Value | | | |
| 21 | Franbo Brave Ltd. | New Lucky Lines S.A. | Other receivables due from related parties | Y | 61,420 | 61,420 | 33,167 | - | Short-term financing | - | Operating turnover | - | None | - | 240,930 | 240,930 | Note 1 ~ 4 |
| 22 | BCTS Capital Inc. | New Lucky Lines S.A. | Other receivables due from related parties | Y | 61,420 | 61,420 | 44,837 | - | Short-term financing | - | Operating turnover | - | None | - | 70,546 | 70,546 | Note 1 ~ 4 |
| 23 | Dexin Shipping S. A. | Uni-Morality Lines Limited. | Other receivables due from related parties | Y | 115,163 | - | - | - | Short-term financing | - | Operating turnover | - | None | - | 427,586 | 427,586 | Note 1 ~ 4 |
| 24 | Franbo Asset Management Co., Ltd. | FB Propriety Real Estate Development Co., Ltd. | Other receivables due from related parties | Y | 65,000 | 65,000 | - | - | Short-term financing | - | Operating turnover | - | None | - | 427,586 | 427,586 | Note 1 ~ 3 |
| 24 | Franbo Asset Management Co., Ltd. | FB Integrity Real Estate Development Co., Ltd. | Other receivables due from related parties | Y | 30,000 | 30,000 | - | - | Short-term financing | - | Operating turnover | - | None | - | 128,257 | 128,257 | Note 1 ~ 3 |
| 25 | Franbo Justice Buiding Development Co., Ltd. | Franbo Asset Management Co., Ltd. | Other receivables due from related parties | Y | 140,000 | 50,000 | - | - | Short-term financing | - | Operating turnover | - | None | - | 128,257 | 128,257 | Note 1 ~ 3 |
| 26 | FB Propriety Real Estate Development Co., Ltd. | Franbo Asset Management Co., Ltd. | Other receivables due from related parties | Y | 30,000 | 30,000 | - | - | Short-term financing | 1.00 | Operating turnover | 1.00 | None | 1.00 | 106,107 | 106,107 | 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.

Note 5: The Company will set up a plan to improve the situation of excess capital loans and submit the latest plan to the audit committee for review.

FRANBO LINES CORPORATION
Provision of endorsements and guarantees to others
Year ended December 31, 2023

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

| Number | Endorser/guarantor | Party being endorsed/ guaranteed | | | Maximum outstanding endorsement/ guarantee amount as of December 31, 2023 | Outstanding endorsement/ guarantee amount at December 31, 2023 | Actual amount drawn down | Amount of endorsements /guarantees secured with collateral | Ratio of accumulated endorsement/ guarantee amount to net asset value of the Endorser/guarantor company | Ceiling on total amount of endorsements/ guarantees provided | Provision of endorsements/ guarantees by parent company to subsidiary | Provision of endorsements/ guarantees by subsidiary to parent company | Provision of endorsements /guarantees to the party in Mainland China | Footnote |
|--------|--------------------------|----------------------------------|------------------------------------|--|---|--|--------------------------|--|---|--|---|---|--|-----------------|
| | | Company name | Relationship with the counterparty | Limit on endorsements/guarantees provided for a single party | | | | | | | | | | |
| 0 | Franbo Lines Corporation | Franbo Shipping S.A. | Note 2 | \$ 6,202,780 | \$ 95,201 | \$ - | \$ - | \$ - | 0.00% | \$ 31,013,900 | Y | N | N | Note 3, 4 and 5 |
| 0 | Franbo Lines Corporation | Franbo Transportation S.A. | Note 2 | 6,202,780 | 73,704 | - | - | - | 0.00% | 31,013,900 | Y | N | N | Note 3, 4 and 5 |
| 0 | Franbo Lines Corporation | Franbo Lohas S.A. | Note 2 | 6,202,780 | 143,723 | - | - | - | 0.00% | 31,013,900 | Y | N | N | Note 3, 4 and 5 |
| 0 | Franbo Lines Corporation | Franbo Ocean Ltd. | Note 2 | 6,202,780 | 319,998 | 319,998 | 319,998 | - | 5.16% | 31,013,900 | Y | N | N | Note 3, 4 and 5 |
| 0 | Franbo Lines Corporation | FB Pioneer Ltd. | Note 2 | 6,202,780 | 73,704 | 73,704 | 73,704 | - | 1.19% | 31,013,900 | Y | N | N | Note 3, 4 and 5 |
| 0 | Franbo Lines Corporation | FB Navigation Ltd. | Note 2 | 6,202,780 | 64,491 | - | - | - | 0.00% | 31,013,900 | Y | N | N | Note 3, 4 and 5 |
| 0 | Franbo Lines Corporation | Franbo Legacy Ltd. | Note 2 | 6,202,780 | 184,260 | 184,260 | 184,260 | - | 2.97% | 31,013,900 | Y | N | N | Note 3, 4 and 5 |
| 0 | Franbo Lines Corporation | Franbo Bright Ltd. | Note 2 | 6,202,780 | 184,260 | - | - | - | 0.00% | 31,013,900 | Y | N | N | Note 3, 4 and 5 |
| 0 | Franbo Lines Corporation | Franbo Ace Ltd. | Note 2 | 6,202,780 | 552,780 | 529,748 | 529,748 | - | 8.54% | 31,013,900 | Y | N | N | Note 3, 4 and 5 |
| 0 | Franbo Lines Corporation | Franbo Art Ltd. | Note 2 | 6,202,780 | 552,780 | 529,748 | 529,748 | - | 8.54% | 31,013,900 | Y | N | N | Note 3, 4 and 5 |
| 0 | Franbo Lines Corporation | Franbo Cosmos Ltd. | Note 2 | 6,202,780 | 569,671 | 569,671 | 569,671 | - | 9.18% | 31,013,900 | Y | N | N | Note 3, 4 and 5 |
| 0 | Franbo Lines Corporation | Franbo Century Ltd. | Note 2 | 6,202,780 | 552,780 | 552,780 | - | - | 8.91% | 31,013,900 | Y | N | N | Note 3, 4 and 5 |
| 0 | Franbo Lines Corporation | Franbo Brave Ltd. | Note 2 | 6,202,780 | 576,642 | 576,642 | 576,642 | - | 9.30% | 31,013,900 | Y | N | N | Note 3, 4 and 5 |
| 0 | Franbo Lines Corporation | Franbo Bravo Ltd. | Note 2 | 6,202,780 | 576,642 | 576,642 | 576,642 | - | 9.30% | 31,013,900 | Y | N | N | Note 3, 4 and 5 |
| 1 | Franbo Shipping S.A. | Franbo Lines Corporation | Note 2 | 598,960 | 407,200 | - | - | - | 271.94% | 748,700 | 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, 2023

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

| | | | | As of December 31, 2023 | | | | |
|---|---|--|--|----------------------------|-----------------|---------------|------------|------------|
| 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 | \$ 1,007 | - | \$ 1,007 | 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 | 504 | - | 504 | 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 | 3,152 | - | 3,152 | Note 3 |
| Franbo Lines Corporation | Allianz Global Investors Greater China Fund | None | Financial assets at fair value through profit or loss - current | 42,088 | 670 | - | 670 | Note 3 |
| Franbo Lines Corporation | The 1st issuance of Senior Unsecured Callable Range Accrual Interest Rate Linked Financial Debentures Tranche A of Taiwan Cooperative Bank in 2023 | None | Financial assets at fair value through profit or loss - current | 500 | 1,480 | - | 1,480 | Note 1 、 2 |
| Franbo Lines Corporation | BlackRock Global Funds - US Dollar Bond Fund A2 | None | Financial assets at fair value through profit or loss - current | 965 | 965 | - | 965 | Note 1 、 3 |
| FB Integrity Real Estate Development Co., Ltd. | FSITC Taiwan Money Market Fund | None | Financial assets at fair value through profit or loss - current | 5,597 | 1,025 | - | 1,025 | Note 3 |
| Franbo Asset Management Co., Ltd. | YU DING JIANG Construction Co., Ltd. | None | Financial assets at fair value through other comprehensive income - non-current | 300,000 | 2,996 | 14.93 | 2,996 | - |

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, 2023

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, 2023 | | Addition | | Disposal | | | | Balance as at December 31, 2023 | |
|--------------------------|-----------------------|---|--------------|---------------------------------------|-------------------------------|--------------|------------------|-----------------------|------------------|---------------|---------------------|----------------------------|---------------------------------|--------------|
| | | | | | Number of shares | Amount | Number of shares | Amount | 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 | - | Subsidiaries | 123,428,012 | \$ 5,943,353 | 31,826,988 | \$ 1,223,695 (Note 1) | (48,255,000) | \$ - (\$ | 1,502,129) (Note 2) | \$ - | 107,000,000 | \$ 5,664,919 |
| New Lucky Lines S.A. | Franbo Ace Ltd. | Investments accounted for using equity method | - | Subsidiaries | 13,300,000 | 498,577 | 15,500,000 | 502,529 (Note 3) | (16,800,000) | - (| 515,928) (Note 4) | - | 12,000,000 | 395,178 |
| New Lucky Lines S.A. | Franbo Art Ltd. | Investments accounted for using equity method | - | Subsidiaries | 8,675,000 | 266,013 | 20,125,000 | 620,386 (Note 5) | (16,800,000) | - (| 515,928) (Note 6) | - | 12,000,000 | 370,471 |
| New Lucky Lines S.A. | Franbo Cosmos Ltd. | Investments accounted for using equity method | - | Subsidiaries | 11,944,000 | 368,308 | 17,832,000 | 525,565 (Note 7) | (13,276,000) | - (| 407,706) (Note 8) | - | 16,500,000 | 486,167 |

Note 1: From February 2023 to September 2023, the Company newly invested \$1,001,645 in New Lucky Lines S.A., and the investment amount included the investment income (loss) and other comprehensive income recog

Note 2: From March 2023 to August 2023, New Lucky Lines S.A. decreased its capital amounting to \$1,502,129.

Note 3: In March 2023, New Lucky Lines S.A. newly invested \$476,005 in Franbo Ace Ltd., and the investment amount included the investment income (loss) recognised in the year.

Note 4: In August 2023, New Lucky Lines S.A. decreased its capital in Franbo Ace Ltd. amounting to \$515,928.

Note 5: From January 2023 to April 2023, New Lucky Lines S.A. newly invested \$618,039 in Franbo Art Ltd., and the investment amount included the investment income (loss) and recognised in the year.

Note 6: During November 2023, New Lucky Lines S.A. decreased its capital in Franbo Ace Ltd. amounting to \$515,928.

Note 7: From August 2023 to September 2023, New Lucky Lines S.A. newly invested \$547,621 in Franbo Cosmos Ltd., and the investment amount included the investment income (loss) recognised in the year.

Note 8: During December 2023, New Lucky Lines S.A. decreased its capital in Franbo Cosmos Ltd. amounting to \$407,706.

FRANBO LINES CORPORATION

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

December 31, 2023

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

| Creditor | Counterparty | Relationship with the counterparty | Balance as at December 31, 2023 | Turnover rate | Overdue receivables | | Amount collected subsequent to the balance sheet date | Allowance for doubtful accounts |
|----------------------------|--|---------------------------------------|------------------------------------|----------------|---------------------|--------------|---|------------------------------------|
| | | | | | Amount | Action taken | | |
| Franbo Lines Corporation | Franbo Asset Management Co., Ltd. | Subsidiaries | \$ 158,000 | Not applicable | \$ - | \$ - | \$ - | \$ - |
| Franbo Lines Corporation | FB Propriety Real Estate Development Co., Ltd. | Subsidiaries | 108,000 | Not applicable | - | - | - | - |
| New Lucky Lines S.A. | Franbo Ocean Ltd. | Subsidiaries | 241,688 | Not applicable | - | - | 8,292.00 | - |
| New Lucky Lines S.A. | Franbo Bright Ltd. | Subsidiaries | 170,748 | Not applicable | - | - | - | - |
| New Lucky Lines S.A. | Franbo Century Ltd. | Subsidiaries | 513,164 | Not applicable | - | - | - | - |
| Uni-Morality Lines Ltd. | Franbo Lines Corporation | Parent company | 110,556 | Not applicable | - | - | - | - |
| Franbo Transportation S.A. | New Lucky Lines S.A. | Parent company | 106,871 | Not applicable | - | - | - | - |
| TW Hornbill Lines S.A. | New Lucky Lines S.A. | Parent company | 105,642 | Not applicable | - | - | - | - |

FRANBO LINES CORPORATION
Significant inter-company transactions during the reporting periods
Year ended December 31, 2023

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 | | | Percentage of consolidated total operating revenues or total assets (Note 3) |
|--------------------|--------------------------|--|-----------------------|-----------------------------|------------|-------------------|---|
| | | | | General ledger account | Amount | Transaction terms | |
| 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 | Franbo Legacy Ltd. | 1 | Endorsements and guarantees | 184,260 | Note 4 | 2% |
| 0 | Franbo Lines Corporation | Franbo Ace Ltd. | 1 | Endorsements and guarantees | 529,748 | Note 4 | 6% |
| 0 | Franbo Lines Corporation | Franbo Art Ltd. | 1 | Endorsements and guarantees | 529,748 | Note 4 | 6% |
| 0 | Franbo Lines Corporation | Franbo Cosmos Ltd. | 1 | Endorsements and guarantees | 569,671 | Note 4 | 6% |
| 0 | Franbo Lines Corporation | Franbo Brave Ltd. | 1 | Endorsements and guarantees | 576,642 | Note 4 | 6% |
| 0 | Franbo Lines Corporation | Franbo Bravo Ltd. | 1 | Endorsements and guarantees | 576,642 | Note 4 | 6% |
| 0 | Franbo Lines Corporation | Uni-Morality Lines Ltd. | 1 | Other payables | 110,556 | Note 4, 6 | 1% |
| 0 | Franbo Lines Corporation | Franbo Asset Management Co., Ltd. | 1 | Other receivables | 158,000 | Note 6 | 2% |
| 0 | Franbo Lines Corporation | FB Propriety Real Estate Development Co., Ltd. | 1 | Other receivables | 108,000 | Note 6 | 1% |
| 0 | Franbo Lines Corporation | Franbo Logion S.A. | 1 | Vessels management revenue | 13,341 | Note 5 | 1% |
| 0 | Franbo Lines Corporation | Franbo Logic S.A. | 1 | Vessels management revenue | 13,341 | Note 5 | 1% |
| 0 | Franbo Lines Corporation | Franbo Lohas S.A. | 1 | Vessels management revenue | 13,341 | Note 5 | 1% |
| 0 | Franbo Lines Corporation | Franbo Legion Ltd. | 1 | Vessels management revenue | 13,341 | Note 5 | 1% |
| 0 | Franbo Lines Corporation | Franbo Bright Ltd. | 1 | Vessels management revenue | 12,884 | Note 5 | 1% |
| 0 | Franbo Lines Corporation | Franbo Ace Ltd. | 1 | Vessels management revenue | 12,709 | Note 5 | 1% |
| 0 | Franbo Lines Corporation | Franbo Art Ltd. | 1 | Vessels management revenue | 12,161 | Note 5 | 1% |
| 1 | New Lucky Lines S.A. | Franbo Shipping S.A. | 3 | Other payables | 74,011 | Note 4, 6 | 1% |
| 1 | New Lucky Lines S.A. | Franbo Transportation S.A. | 3 | Other payables | 94,280 | Note 4, 6 | 1% |
| 1 | New Lucky Lines S.A. | TW Hornbill Line S.A. | 3 | Other payables | 106,871 | Note 4, 6 | 1% |
| 1 | New Lucky Lines S.A. | Franbo Logic S.A. | 3 | Other payables | 65,412 | Note 4, 6 | 1% |
| 1 | New Lucky Lines S.A. | Franbo Sagacity S.A. | 3 | Other payables | 23,647 | Note 4, 6 | 0% |
| 1 | New Lucky Lines S.A. | Franbo Way Ltd. | 3 | Other payables | 94,280 | Note 4, 6 | 1% |
| 1 | New Lucky Lines S.A. | Franbo Ace Ltd. | 3 | Other payables | 25,796 | Note 4, 6 | 0% |
| 1 | New Lucky Lines S.A. | Franbo Art Ltd. | 3 | Other payables | 14,434 | Note 4, 6 | 0% |
| 1 | New Lucky Lines S.A. | Franbo Cosmos Ltd. | 3 | Other payables | 105,642 | Note 4, 6 | 1% |
| | New Lucky Lines S.A. | Franbo Brave Ltd. | 3 | Other payables | 33,167 | Note 4, 6 | 0% |
| 1 | New Lucky Lines S.A. | BCTS Capital Inc. | 3 | Other payables | 44,837 | Note 4, 6 | 1% |
| 1 | New Lucky Lines S.A. | Franbo Lines Corporation | 3 | Other receivables | 73,704 | Note 4, 6 | 1% |
| 1 | New Lucky Lines S.A. | FB Pioneer Ltd. | 3 | Other receivables | 19,962 | Note 4, 6 | 0% |

FRANBO LINES CORPORATION
Significant inter-company transactions during the reporting periods
Year ended December 31, 2023

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 | | | Percentage of consolidated total operating revenues or total assets (Note 3) |
|--------------------|----------------------|----------------------|-----------------------|------------------------|---------|-------------------|---|
| | | | | General ledger account | Amount | Transaction terms | |
| 1 | New Lucky Lines S.A. | Franbo Legion Ltd. | 3 | Other receivables | 16,891 | Note 4, 6 | 0% |
| 1 | New Lucky Lines S.A. | Franbo Ocean Ltd. | 3 | Other receivables | 241,688 | Note 4, 6 | 3% |
| 1 | New Lucky Lines S.A. | Franbo Bright Ltd. | 3 | Other receivables | 170,748 | Note 4, 6 | 2% |
| 1 | New Lucky Lines S.A. | Franbo Century Ltd. | 3 | Other receivables | 513,164 | Note 4, 6 | 6% |
| 1 | New Lucky Lines S.A. | Franbo Lohas S.A. | 3 | Other receivables | 49,443 | Note 4, 6 | 1% |
| 1 | New Lucky Lines S.A. | Franbo Wind S.A. | 3 | Other receivables | 18,426 | Note 4, 6 | 0% |
| 2 | FWF Shipping Limited | New Lucky Lines S.A. | 3 | Other receivables | 55,094 | Note 4, 6 | 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 amount was converted into New Taiwan dollars using the average of the monthly buying and selling exchange rate of USD during the reporting period.

Note 5: It was a loan in nature.

FRANBO LINES CORPORATION
Information on investees
Year ended December 31, 2023

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, 2023 | | | investee as of | year ended | Footnote |
|--------------------------|---------------------------------------|------------|--------------------------|---------------------------|-------------------|-------------------------------------|---------------|--------------|-------------------|-------------------|---------------------|
| | | | | December 31, 2023 | December 31, 2022 | Number of shares | Ownership (%) | Book value | December 31, 2023 | December 31, 2023 | |
| Franbo Lines Corporation | New Lucky Lines S.A. | Marshall | Investment in other area | \$ 3,309,348 | \$ 3,809,831 | 107,000,000 | 100 | \$ 5,664,919 | \$ 229,309 | \$ 229,309 | Note 1, 8 and 9 |
| | | | Note 5 | | | | | | | | |
| Franbo Lines Corporation | Uni-Morality Lines Ltd. | Hong Kong | Investment in other area | 37,700 | 37,700 | 1,000,000 | 100 | 111,245 (| 63) (| 63) | Note 1, 8 and 9 |
| Franbo Lines Corporation | Franbo Asset Management Co., Ltd. | Taiwan | Note 7 | 450,000 | 300,000 | 45,000,000 | 100 | 427,586 (| 21,198) (| 21,198) | Note 1, 7 and 9 |
| Franbo Lines Corporation | Taiwan Offshore Engineering Co., Ltd. | Taiwan | Note 6 | 4 | 30 | - | - | - (| 13) (| 4) | Note 3, 9 and 10 |
| Franbo Lines Corporation | BCTS Capital Inc. | Marshall | Investment in other area | 57,400 | 57,409 | 2,000,000 | 100 | 70,546 | 1,396 | 1,396 | Note 1, 8 and 9 |
| Franbo Lines Corporation | FWF Shipping Ltd. | Marshall | Investment in other area | 159,682 | 284 | 5,000,000 | 100 | 446,663 | 295,187 | 295,187 | 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 | 149,740 | 13,776 | 13,776 | 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 | 165,731 | 10,354 | 10,354 | Note 2, 8 and 9 |
| New Lucky Lines S.A. | TW Hornbill Line S.A. | Panama | Note 5 | 126,995 | 126,995 | 3,500,000 | 100 | 106,833 | 25 | 25 | Note 2, 8 and 9 |
| New Lucky Lines S.A. | Franbo Logos S.A. | Panama | Note 5 | 291,745 | 291,745 | 9,500,000 | 100 | 412,181 (| 1,668) (| 1,668) | Note 2, 8 and 9 |
| New Lucky Lines S.A. | Franbo Logic S.A. | Panama | Note 5 | 291,745 | 291,745 | 9,500,000 | 100 | 474,211 | 29,622 | 29,622 | 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 | 357,459 | 44,953 | 44,953 | 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 | 71,612 (| 2,779) (| 2,779) | Note 2, 8 and 9 |
| New Lucky Lines S.A. | Prevalent Creation Corp. | Seychelles | Note 4 | 921 | 921 | 30,000 | 100 | 496 (| 27) (| 27) | Note 2, 8 and 9 |
| New Lucky Lines S.A. | Franbo Way Ltd. | Marshall | Note 5 | 153,550 | 153,550 | 5,000,000 | 100 | 348,598 | 18,141 | 18,141 | Note 2, 8 and 9 |
| New Lucky Lines S.A. | Franbo Uprightness Corp. | Marshall | Note 5 | - | 184,260 | - | 100 | - | 621 | 621 | Note 2, 8, 9 and 12 |
| New Lucky Lines S.A. | Franbo Sino Ltd. | Marshall | Note 5 | - | 69,998 | - | 100 | - | 57,553 | 57,553 | Note 2, 8, 9 and 12 |
| New Lucky Lines S.A. | Franbo Ocean Ltd. | Marshall | Note 5 | 153,550 | 153,550 | 5,000,000 | 100 | 248,201 | 40,586 | 40,586 | Note 2, 8 and 9 |
| New Lucky Lines S.A. | Franbo Legion Ltd. | Marshall | Note 5 | 261,035 | 261,035 | 8,500,000 | 100 | 302,076 | 19,723 | 19,723 | Note 2, 8 and 9 |
| New Lucky Lines S.A. | FB Pioneer Ltd. | Marshall | Note 5 | 33,781 | 33,781 | 1,100,000 | 100 | 53,328 (| 2,330) (| 2,330) | Note 2, 8 and 9 |
| New Lucky Lines S.A. | FB Navigation Ltd. | Marshall | Note 5 | 35,624 | 35,624 | 1,160,000 | 100 | 62,847 | 1,287 | 1,287 | Note 2, 8 and 9 |
| New Lucky Lines S.A. | Franbo Legacy Ltd. | Marshall | Note 5 | 122,840 | 122,840 | 4,000,000 | 100 | 249,352 | 8,835 | 8,835 | Note 2, 8 and 9 |
| New Lucky Lines S.A. | Franbo Ace Ltd. | Marshall | Note 5 | 368,520 | 498,443 | 12,000,000 | 100 | 395,177 | 26,904 | 26,904 | Note 2, 8 and 9 |
| New Lucky Lines S.A. | Franbo Bright Ltd. | Marshall | Note 5 | 107,485 | 107,485 | 3,500,000 | 100 | 102,622 (| 14,195) (| 14,195) | Note 2, 8 and 9 |
| New Lucky Lines S.A. | Franbo Cosmos Ltd. | Marshall | Note 5 | 506,715 | 366,800 | 16,500,000 | 100 | 486,167 (| 22,372) (| 22,372) | Note 2, 8 and 9 |
| New Lucky Lines S.A. | Franbo Art Ltd. | Marshall | Note 5 | 368,520 | 266,409 | 12,000,000 | 100 | 370,471 | 2,381 | 2,381 | Note 2, 8 and 9 |
| New Lucky Lines S.A. | Franbo Century Ltd. | Marshall | Note 5 | 429,940 | 275,530 | 14,000,000 | 100 | 417,374 (| 13,161) (| 13,161) | Note 2, 8 and 9 |

FRANBO LINES CORPORATION
Information on investees
Year ended December 31, 2023

Table 7

| | | | | | | | | | | Expressed in thousands of NTD (Except as otherwise indicated) | | |
|-----------------------------------|--|-----------|--------------------------|---------------------------|----------------------|-------------------------------------|---------------|------------|---------------------------------|---|----------------------|---------------------|
| | | | | Initial investment amount | | Shares held as at December 31, 2023 | | | Net income of investee as of | Investment income (loss) recognised by the Company for the | | |
| Investor | Name of investee | Location | Main business activities | December 31, 2023 | December 31, 2022 | Number of shares | Ownership (%) | Book value | December 31, 2023 | year ended December 31, 2023 | December 31, 2023 | Footnote |
| New Lucky Lines S.A. | Franbo Brave Ltd. | Marshall | Note 5 | 240,613 | 193,473 | 7,835,000 | 100 | 240,930 | 393 | | 393 | Note 2, 8 and 9 |
| New Lucky Lines S.A. | Franbo Bravo Ltd. | Marshall | Note 5 | 193,473 | 193,473 | 6,300,000 | 100 | 193,376 (| 22) (| 22) | | Note 2, 8 and 9 |
| FWF Shipping Ltd. | Franbo Wind S.A. | Marshall | Note 5 | 184,200 | - | 600,000 | 100 | 101,374 | 7,216 | 7,216 | | Note 2, 8 and 9 |
| Uni-Morality Lines Ltd. | Dexin Shipping S.A. | Panama | Note 5 | - | 22,592 | - | | - | - | - | | Note 2, 8, 9 and 11 |
| Uni-Morality Lines Ltd. | Due Feng Shipping Co.,Ltd. | Hong Kong | Note 5 | 995 | 1,096 | - | 22 | - (| 16) (| 3) | | Note 3, 8, 9 and 12 |
| Franbo Asset Management Co., Ltd. | FB Propriety Real Estate Development Co., Ltd. | Taiwan | Note 7 | 120,000 | 85,000 | 12,000,000 | 100 | 106,107 (| 13,709) (| 13,709) | | Note 2, 7 and 9 |
| Franbo Asset Management Co., Ltd. | Franbo Justice Buiding Development Co., Ltd. | Taiwan | Note 7 | 130,000 | 130,000 | 13,000,000 | 100 | 128,257 (| 1,624) (| 1,624) | | Note 2, 7 and 9 |
| Franbo Asset Management Co., Ltd. | FB Integrity Real Estate Development Co., Ltd. | Taiwan | Note 7 | 70,000 | - | 7,000,000 | 100 | 69,865 (| 135) (| 135) | | Note 2, 7 and 9 |
| BCTS Capital Inc. | Franbo Courage S.A. | Panama | Note 5 | 12,791 | 12,791 | 416,500 | 49 | 13,566 | 1,606 | 787 | | Note 3, 8 and 9 |
| BCTS Capital Inc. | BCI Loyalty Inc. | Marshall | Note 5 | 10,834 | 10,834 | 352,800 | 49 | 11,712 | 1,286 | 630 | | 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 March 2023

Note 12: The investment company handled the capital reduction in December 2023

FRANBO LINES CORPORATION

Major shareholders information

December 31, 2023

Table 8

| Name of major shareholders | Shares | |
|---|---------------------|---------------|
| | Name of shares held | Ownership (%) |
| Zhengzhan Investment Advisory Co., Ltd. | 48,038,398 | 16.42 |

FRANBO LINES CORPORATION
STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2023

(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) | | 30,862 |
| Foreign currency demand deposits | (USD 20 thousand, conversion rate: 30.71) | <u>628</u> |
| | | <u>\$ 31,541</u> |

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FRANBO LINES CORPORATION
STATEMENT OF CHANGES ON INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

STATEMENT 2

| Name | Beginning balance | | Addition | | Decrease | | Ending balance | | | Market value or net Assets value | | |
|--------------------------------------|--------------------|--------------|--------------------|--------------|--------------------|----------------|--------------------|-----------|-------------------------|----------------------------------|--------------|------------|
| | Shares in thousand | Aomunt | Shares in thousand | Aomunt | Shares in thousand | Aomunt | Percentage of | | Unit Price (in dollars) | | | |
| | | | | | | | Shares in thousand | Ownership | Aomunt | (Note 1) | Total amount | Collateral |
| New Lucky Lines S.A. | 123,428 | \$ 5,943,353 | 31,827 | \$ 1,223,695 | (48,255) | (\$ 1,502,129) | 107,000 | 100% | \$ 5,664,919 | \$ 52.94 | \$ 5,664,919 | None |
| Uni-Morality Lines Ltd. | 1,000 | 111,307 | - | - | - | (62) | 1,000 | 100% | 111,245 | 111.25 | 111,245 | None |
| BCTS Capital Inc. | 2,000 | 69,169 | - | 1,377 | - | - | 2,000 | 100% | 70,546 | 35.27 | 70,546 | None |
| FWF Shipping Ltd. | 10 | 2,403 | 6,000 | 476,772 | (1,010) | (32,512) | 5,000 | 100% | 446,663 | 89.33 | 446,663 | None |
| Franbo Asset Management Co., Ltd. | 30,000 | 298,788 | 15,000 | 128,798 | - | - | 45,000 | 100% | 427,586 | 9.50 | 427,586 | None |
| Taiwan Offshore Engineering Co.,Ltd. | 3 | 30 | - | - | (3) | (30) | - | 100% | - | - | - | None |
| | \$ 156,441 | \$ 6,425,050 | \$ 52,827 | \$ 1,830,642 | (\$ 49,268) | (\$ 1,534,733) | \$ 160,000 | | \$ 6,720,959 | | \$ 6,720,959 | |

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FRANBO LINES CORPORATION
STATEMENT OF BONDS PAYABLE
DECEMBER 31, 2023

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

STATEMENT 3

| Bonds Name | Trustee | Issuance Date | Interest | Coupon | Total Issuance | Amount | Amount | Enging Balance | Unamortised Premiums | Carrying Amount | Repayment | | |
|--|--------------|---------------|--------------|--------|---------------------|-------------------|---------------------|-----------------------|----------------------|-------------------|-----------|------------|------|
| | | | Payment Date | Rate | Amount | repurchased | conversion | | (Discounts) | | Term | Collateral | Note |
| The first domestic secured corporated bonds | Bank SinoPac | 2022.7.28 | - | Note | \$ 600,000 | (\$ 1,600) | (\$ 133,400) | \$ 465,000 | (\$ 11,158) | \$ 453,842 | Note | None | |
| The sixth domestic unsecured convertible bonds | Bank SinoPac | 2023.8.23 | - | Note | 400,000 | - | (268,500) | \$ 131,500 | (3,569) | 127,931 | Note | None | |
| | | | | | <u>\$ 1,000,000</u> | <u>(\$ 1,600)</u> | <u>(\$ 401,900)</u> | <u>\$ 596,500</u> | <u>(\$ 14,727)</u> | <u>\$ 581,773</u> | | | |
| | | | | | | | | Less: Current portion | | - | | | |
| | | | | | | | | | | <u>\$ 581,773</u> | | | |

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

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FRANBO LINES CORPORATION
STATEMENT OF OPERATING REVENUES
FOR THE YEAR ENDED DECEMBER 31, 2023

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

STATEMENT 4

| <u>Item</u> | <u>Quantity</u> | <u>Amount</u> |
|----------------------------|-----------------|-------------------|
| Operating revenue | | |
| Vessels management revenue | | \$ 129,294 |
| Freight revenue | 1,480.64 tons | <u>2,041</u> |
| | | <u>\$ 131,335</u> |

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FRANBO LINES CORPORATION
STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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

STATEMENT 5

| Item | Amount |
|----------------------------|------------------|
| Vessels management cost | |
| Rent expenses for vessels | \$ 1,998 |
| Certificate inspection fee | 1,238 |
| Others (below 5%) | 278 |
| Indirect operating costs | |
| Indirect labor | 14,568 |
| Traveling expense | 1,910 |
| Others (below 5%) | 2,229 |
| Operatubg costs | <u>\$ 22,221</u> |

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FRANBO LINES CORPORATION
STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

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

STATEMENT 6

| Item | Administrative | | Total | Note |
|------------------------------|------------------|------------------|------------------|------|
| | Selling Expenses | Expenses | | |
| Wages and salaries | \$ 8,736 | \$ 34,391 | \$ 43,127 | |
| Traveling expense | 620 | \$ 987 | 1,607 | |
| Entertainment expense | 619 | 3,897 | 4,516 | |
| Professional service expense | - | 3,735 | 3,735 | |
| Other expenses | | | | |
| (each item not exceeding 5%) | <u>1,340</u> | <u>29,745</u> | <u>31,085</u> | |
| | <u>\$ 11,315</u> | <u>\$ 72,755</u> | <u>\$ 84,070</u> | |

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FRANBO LINES CORPORATION
SUMMARY STATEMENT OF CURRENT EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND AMORTISATION EXPENSES BY FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2023

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

STATEMENT 7

| Function Nature | Year ended December 31 | | | | | |
|----------------------------------|-------------------------------|----------------------------------|-----------|-------------------------------|----------------------------------|-----------|
| | 2023 | | | 2022 | | |
| | Classified as Operating Costs | Classified as Operating Expenses | Total | Classified as Operating Costs | Classified as Operating Expenses | Total |
| Employee Benefit Expense (Note) | \$ 16,583 | \$ 49,216 | \$ 65,799 | \$ 13,281 | 86,351 | \$ 99,632 |
| Wages and salaries | 14,568 | 36,697 | 51,265 | 11,587 | 67,094 | 78,681 |
| Labour and health insurance fees | 1,005 | 3,293 | 4,298 | 853 | 2,739 | 3,592 |
| Pension costs | 501 | 1,342 | 1,843 | 431 | 1,267 | 1,698 |
| Directors' remuneration | - | 6,430 | 6,430 | - | 14,073 | 14,073 |
| Other personnel expenses | 509 | 1,454 | 1,963 | 410 | 1,178 | 1,588 |
| Depreciation Expense | - | 2,482 | 2,482 | - | 2,736 | 2,736 |
| Amortisation Expense | - | 152 | 152 | - | 158 | 158 |

Note 1: For the years ended December 31, 2023 and 2022, the Company had 54 and 50 employees, excluding 5 non-employee directors for both years.

Note 2. (1) For the years ended December 31, 2023 and 2022, average employee benefit expense are \$1,211 and \$1,901, respectively. (Including salary expenses and share-based payments in the amount of \$3,376 and \$5,758, respectively)

(2) For the years ended December 31, 2023 and 2022, average employees' salary expenses are \$1,046 and \$1,748, respectively.(Including salary expenses and share-based payments in the amount of \$3,376 and \$5,758, respectively)

(3) Adjustments of average employees salaries: (40.16%).

(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".

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