

## **The operation of the Audit Committee or the participation of supervisors in the operation of the Board of Directors:**

The Audit Committee of the Company is composed of 4 independent directors. The purpose of the Audit Committee is to assist the Board of Directors in the performance of its oversight of the quality and integrity of the Company in the implementation of the relevant accounting, auditing, financial reporting processes and financial controls.

The Audit Committee held eight meetings in 2024, and the items under consideration mainly included:

- Auditing of financial statements and accounting policies and procedures.
- Internal control system and related policies and procedures.
- Significant asset transactions.
- Significant capital loan and endorsement guarantee.
- Whether there are related party transactions and possible conflicts of interest between managers and directors.
- Compliance with regulations and laws.
- Risk management of the Company.
- Qualifications, independence, and performance evaluation of certified public accountant.
- Appointment and remuneration of certified public accountant.
- The performance of the duties of the Audit Committee.

### **1. Review Financial Report:**

The Board of Directors of the Company has prepared individual financial statements and consolidated financial statements, operating report and earnings distribution proposal for the year of 2024, in which the financial statements (including consolidated financial statements) for the year of 2024 have been audited by Certified Public Accountants Wang, Kuo-Hua Accountants and Liao, A-shen of PwC Taiwan and financial report is issued. After examination by the Audit Committee, there is no discrepancy between the lists made by the Board of Directors.

### **2. Assess the effectiveness of the internal control system:**

The Audit Committee evaluated the effectiveness of the Company's internal control system policies and procedures (including financial, operational, risk management, information security, outsourcing, and compliance with laws and regulations controls) and reviewed the Company's audit department and Certified Public Accountant, as well as management's periodic reports, and concluded that the Company's risk management and internal control systems are effective and that the Company has adopted the necessary control mechanisms to monitor and correct infraction.

3. Implementation of proposals related to the appointment of certified public accountant:

| Time of Audit Committee's meeting | Proposal content   | Remarks |
|-----------------------------------|--|---------|
| March 11, 2024                    | Proposal of the certified public accountant's independence evaluation. |         |

4. Operation of the Audit Committee

A total of 8 (A) Audit Committee meetings were held in 2024. The attendance of independent directors is as follows:

| Title                | Name            | Actual number of attendance ( B ) | Attend through proxy | Attendance rate (%) ( B/A ) | Remarks |
|----------------------|-----------------|-----------------------------------|----------------------|-----------------------------|---------|
| Independent Director | Liu, Jung-Chin  | 8                                 | -                    | 100%                        |         |
| Independent Director | Wu, Tien-Ming   | 7                                 | 1                    | 88%                         |         |
| Independent Director | Yen, Shu-Yang   | 8                                 | -                    | 100%                        |         |
| Independent Director | Lin, Shih-Chuan | 8                                 | -                    | 100%                        |         |

Other matters to be recorded:

1. If the Audit Committee operates under any of the following circumstances, the following shall be stated: the date and period of the Audit Committee meeting, the proposal content, the content of items which independent directors react against, reserve opinions on or have major recommendations on, the results of the Audit Committee's resolutions and the Company's handling of the Audit Committee's opinions:

- (1) The matters listed in Paragraph 5, Article 14 of the Securities and Exchange Act.
- (2) Except for the previously mentioned matters, other matters that have not been approved by the Audit Committee but have been approved by more than two-thirds of all directors of Board of Directors.

| Audit Committee meeting date | Session                         | Content of motions and follow-up processing   | Matters set forth in §14-5 of the Securities and Exchange Act | Matters not approved by the Audit Committee but resolved by the Board of Directors with the consent of two thirds or more of all the directors |
|------------------------------|---------------------------------|---|---|--|
| 2024/03/07                   | 1 <sup>st</sup> session of 2024 | <ul style="list-style-type: none"> <li>■ Distribution of employee remuneration and director remuneration for 2023.</li> <li>■ Final accounting books and statements for 2023.</li> <li>■ Earnings distribution for 2023.</li> <li>■ Determination on the base date for the issuance of new shares converted from the Company's fifth domestic unsecured convertible corporate bonds.</li> </ul> | ✓   | None   |

|            |                                 |  |   |      |  |
|------------|---------------------------------|--|---|------|--|
|            |                                 | <ul style="list-style-type: none"> <li>■ Review of the Company's 2023 Effectiveness Assessment of the Internal Control System and the Internal Control System Statement.</li> <li>■ Revision of the Company's Articles of Incorporation.</li> <li>■ Partial revisions and newly added provisions of the Company's guidelines and procedures.</li> <li>■ Earnings distribution and loss appropriation of the Group's wholly-owned subsidiaries and sub-subsidiaries in 2023.</li> <li>■ Capital increase of the sub-subsidiary Franbo Bright Limited.</li> <li>■ Revision of the Articles of Incorporation and capital increase of the subsidiary Franbo Asset Management Co., Ltd.</li> <li>■ Revision of the Articles of Incorporation and cash capital increase of the sub-subsidiary FB Propriety Real Estate Development Co., Ltd.</li> <li>■ The sub-subsidiary proposed an improvement plan due to its lending of funds exceeding the limit.</li> <li>■ Cancellation of lending limits by the Company, the subsidiaries and sub-subsidiaries.</li> <li>■ Newly added lending limits by the subsidiaries and sub-subsidiaries.</li> <li>■ The subsidiary re-invested in the establishment of a sub-subsidiary.</li> </ul> |   |      |  |
| 2024/03/07 | 1 <sup>st</sup> session of 2024 | <ul style="list-style-type: none"> <li>■ Changes in the organization of the ESG Sustainability and Greenhouse Gas Inventory Committee and the establishment of the Risk Management Committee (including the TCFD task force).</li> </ul>   |   |      |  |
| 2024/04/12 | 2 <sup>nd</sup> session of 2024 | <ul style="list-style-type: none"> <li>■ The case of the company's subsidiary FB Navigation Limited disposing of its vessel Christina Ocean.</li> <li>■ The case of investment structure change, capital increase and construction of new ships of subsidiary Franbo Sino Limited.</li> <li>■ Subsidiary Franbo Charity S.A.'s investment structure change, capital increase and new ship construction case.</li> <li>■ The Company's subsidiary adjusted its list of directors, increased investment and built a new ship.</li> <li>■ BCTS Capital Inc., a subsidiary of our company, completed the capital reduction process.</li> <li>■ Proposal to amend the company's Articles of Association.</li> </ul>   | ✓ | None |  |
| 2024/05/08 | 3 <sup>rd</sup> session of 2024 | <ul style="list-style-type: none"> <li>■ Consolidated financial report for the first quarter of 2024.</li> <li>■ Undertaking the issuance of the seventh domestic unsecured convertible corporate bonds to raise funds.</li> <li>■ Determination on the base date for the issuance of new shares converted from the Company's domestic unsecured convertible corporate bonds.</li> <li>■ BCTS Capital Inc., a subsidiary of the Company, purchased 100% of the equity interests in FB</li> </ul>   | ✓ | None |  |

|            |                                 |  |   |      |  |
|------------|---------------------------------|--|---|------|--|
|            |                                 | <p>Navigation Limited, a subsidiary of New Lucky Lines S.A.</p> <ul style="list-style-type: none"> <li>■ Cash capital increase case of sub-subsidiary Prevalent Creation Corp.</li> <li>■ Subsidiary FWF Shipping Limited completed interim capital reduction</li> <li>■ Cancellation of lending limits by the subsidiaries and sub-subsidiaries.</li> <li>■ Newly added lending limits by the subsidiaries and sub-subsidiaries.</li> </ul>   |   |      |  |
| 2024/06/11 | 4 <sup>th</sup> session of 2024 | <ul style="list-style-type: none"> <li>■ Changes to the equity structure of the investment subsidiary Franbo Bravo Limited and the increase in investment amount.</li> <li>■ Cancellation of lending limits by the subsidiaries and sub-subsidiaries.</li> <li>■ Newly added lending limits by the subsidiaries and sub-subsidiaries.</li> </ul>   | ✓ | None |  |
| 2024/08/07 | 5 <sup>th</sup> session of 2024 | <ul style="list-style-type: none"> <li>■ Consolidated financial report for the second quarter of 2024.</li> <li>■ Franbo Wealth Shipping Limited, a subsidiary of our company, applied for a ship financing loan from a financial institution, and our company provided an endorsement guarantee for it.</li> <li>■ Franbo Charity S.A., a subsidiary of our company, applied for a ship financing loan from a financial institution, and our company provided endorsement guarantee for it.</li> <li>■ Franbo Monica Shipping Limited, a subsidiary of our company, applied for a ship financing loan from a financial institution, and our company provided endorsement guarantee for it.</li> <li>■ Franbo Sino Limited, a subsidiary of our company, applied for a ship financing loan from a financial institution, and our company provided an endorsement guarantee for it.</li> <li>■ Our company applied for financing loans from financial institutions, and our subsidiary FB Propriety Real Estate Development Co., Ltd. provided endorsement and guarantee for it</li> <li>■ The Company's subsidiary handled interim profit distribution, cash capital reduction and account deposit settlement.</li> <li>■ Revision of the “Endorsement and Guarantee Operating Procedures”.</li> <li>■ Revision of the “Operating Procedures for Lending Funds to Others”.</li> <li>■ Revision of the “Procedures for Asset Acquisition &amp; Disposal”.</li> <li>■ Partial revisions of the Company’s internal control system.</li> <li>■ Determination on the base date for the issuance of new shares converted from the Company’s domestic unsecured convertible corporate bonds.</li> <li>■ Cancellation of lending limits by the subsidiaries and sub-subsidiaries.</li> <li>■ Newly added lending limits by the subsidiaries and sub-subsidiaries.</li> <li>■ Our subsidiary, Franbo Asset Management Co., Ltd., invested in the development of two plots of</li> </ul> |   |      |  |

|            |                     |   |   |      |  |
|------------|---------------------|---|---|------|--|
|            |                     | land in Jiuhe Section, Jiuru Township, Pingtung County.   |   |      |  |
| 2024/11/06 | 6th session of 2024 | <ul style="list-style-type: none"> <li>■ Consolidated financial statements for the third quarter of 2024.</li> <li>■ Partial revisions and newly added provisions of the Company's guidelines and procedures.</li> <li>■ Partial revisions of the Company's internal control system.</li> <li>■ Determination on the base date for the issuance of new shares converted from the Company's domestic unsecured convertible corporate bonds.</li> <li>■ The subsidiary of the Company handled the interim profit distribution case.</li> <li>■ New Lucky Lines S.A., a subsidiary of our company, processed its interim capital reduction.</li> <li>■ Franbo Bravo Limited, a subsidiary of the company, processed its interim capital reduction.</li> <li>■ The Company provides endorsement guarantee for the medium-term secured loan of its subsidiary Franbo Century Limited.</li> <li>■ Cancellation of lending limits by the subsidiaries and sub-subsidiaries.</li> <li>■ Newly added lending limits by the subsidiaries and sub-subsidiaries.</li> <li>■ New Lucky Lines S.A., a subsidiary of the Company, participated in the bidding for the purchase of three second-hand ships on the Guangzhou Shipping Trading Platform.</li> <li>■ The company's 2024 manager salary increase proposal (proposed by the Compensation Committee)</li> <li>■ Personnel changes of the general manager of the company.</li> </ul> |   |      |  |
| 2024/11/27 | 7th session of 2024 | <ul style="list-style-type: none"> <li>■ The subsidiary of the Company handled the interim profit distribution and cash capital reduction proposal.</li> <li>■ Case of cash capital increase of our subsidiary New Lucky Lines S.A.</li> <li>■ Our subsidiary TW Hornbill Line S.A. applied for a ship financing loan from Entie Commercial Bank, and our company provided endorsement guarantee for it.</li> <li>■ Franbo Way Limited, a subsidiary of our company, applied for a ship financing loan from Taichung Commercial Bank, and our company provided endorsement guarantee for it.</li> <li>■ Our subsidiary FB Navigation Limited S.A. applied for a ship financing loan from a financial institution, and our company provided an endorsement guarantee for it.</li> <li>■ Cancellation of lending limits by the subsidiaries and sub-subsidiaries.</li> <li>■ Newly added lending limits by the subsidiaries and sub-subsidiaries.</li> </ul>  | ✓ | None |  |
| 2024/12/25 | 8th session of 2024 | <ul style="list-style-type: none"> <li>■ Discussion on the 2024 operating plan.</li> <li>■ Discussion on the 2024 audit plan.</li> </ul>  | ✓ | None |  |

|            |                     |  |   |      |  |
|------------|---------------------|--|---|------|--|
|            |                     | <ul style="list-style-type: none"> <li>■ Ratification of the purchase of 100% equity interest in FB Navigation Limited, a subsidiary of our company, by New Lucky Lines S.A., a subsidiary of our company.</li> <li>■ The disposal of dangerous and old land in Ren'ai Section, Sanchong District, New Taipei City by our subsidiary Franbo Asset Management Co., Ltd.</li> <li>■ The company has obtained the land investment and development project of Zhongshan 1st Road in Xinxing District, Kaohsiung City.</li> <li>■ The Company has obtained the land investment and development project in Lingya Liao Section, Lingya District, Kaohsiung City.</li> <li>■ Cancellation of lending limits by the subsidiaries and sub-subsidiaries.</li> <li>■ Newly added lending limits by the subsidiaries and sub-subsidiaries.</li> <li>■ Implementation of ESG sustainability report in 2023 and major issues in 2024.</li> <li>■ Our subsidiary New Lucky Lines S.A. applied for a short-term working capital line from Taishin International Bank, and our company provided an endorsement guarantee for it.</li> <li>■ Adjust the financial institution through which the Company's subsidiary FB Navigation Limited applies for ship financing loans.</li> </ul>  |   |      |  |
| 2025/03/11 | 1st session of 2025 | <ul style="list-style-type: none"> <li>■ Distribution of employee remuneration and director remuneration for 2024. (proposed by the Remuneration Committee)</li> <li>■ Final accounting books and statements for 2024.</li> <li>■ Earnings distribution for 2024.</li> <li>■ The Company's 2024 Effectiveness Assessment of the Internal Control System and the Internal Control System Statement.</li> <li>■ Independence assessment of the attesting accountants.</li> <li>■ Cooperate with the internal rotation of the accounting firm and change the visa accountant</li> <li>■ Partial revisions and newly added provisions of the Company's guidelines and procedures.</li> <li>■ Revision of the Company's Articles of Incorporation.</li> <li>■ To ratify the interim cash capital reduction proposal of the subsidiary of the Company.</li> <li>■ Determination on the base date for the issuance of new shares converted from the Company's domestic unsecured convertible corporate bonds.</li> <li>■ The Company newly invested NT\$130,000,000 in its 100% subsidiary, Franbo Asset Management Co., Ltd.</li> <li>■ Earnings distribution and loss appropriation of the Group's wholly-owned subsidiaries and sub-subsidiaries in 2024.</li> <li>■ Cancellation of lending limits by the subsidiaries and sub-subsidiaries.</li> <li>■ Newly added lending limits by the subsidiaries and sub-subsidiaries.</li> </ul> | ✓ | None |  |

|   |   |  |  |  |  |
|---|---|--|--|--|--|
|   |   | <ul style="list-style-type: none"> <li>■ Case of disposal of its vessels by a subsidiary of our company.</li> <li>■ Case concerning disposal of vessels by Franbo Monica Shipping Ltd., a subsidiary of our Company.</li> <li>■ The Company has redefined the timeline for greenhouse gas inventory and verification.</li> <li>■ Our subsidiary New Lucky Lines S.A. applied to Cathay Commercial Bank for a short-term working capital line, and our company provided an endorsement guarantee for it.</li> </ul> |  |  |  |
| <p>2. For the implementation status of an independent director recusing him/herself from motions with conflicts of interest, state clearly the name of the independent director, the content of the motion, the reasons for his/her refusal and his/her participation in the voting: There are no circumstances of conflicts of interest in the Company's independent directors where they should recuse themselves from the motion concerned.</p> <p>3. Communication status (should include the Company's finance, business status, significant matters being communicated on, the communication methods and results, etc.) between independent directors and internal audit supervisors as well as accountants:</p> <p>Depending on the needs of the agenda content, the Company invites certified public accountants to attend the Audit Committee meeting to conduct a consultation and provide professional opinions on issues relating to financial accounting. It also provides communication channels between independent directors and certified public accountants for independent directors to consult a consultation at any time.</p> <p>Communication status between independent directors and internal audit supervisors:</p> <p>The Company's internal audit unit submits a photocopy of the audit report to each independent director for review every month. The audit supervisor also participates in the quarterly board meeting reporting on the content of audit work, and prepares a report on audit matters to be submitted to each independent director.</p> <p>In 2024 and as of the date of publication of the annual report, the excerpts of the main communication matters at separate meetings between the independent directors and the audit supervisor are as follows:</p> |   |  |  |  |  |
| Date of board meeting   | Communication content   |  |  | Suggestions and results  |  |
| 2024/03/07  | 1. Report on the audit implementations for the fourth quarter of 2023 and first quarter of 2024 as well as the audit deficiencies improvement tracking report for the fourth quarter of 2023.<br>2. Report on the 2024 internal control self-assessment results<br>3. Report on the 2024 internal control system statement.<br>4. Explaining the Company's policies and procedures related to the revision of the internal controls.<br>5. Explaining the quarterly tracking of the implementation progress of the Company's and its subsidiaries' Greenhouse Gas Inventory and Verification Schedule Planning and the 2023 ESG Report Work Schedule Planning on the consolidated financial reports.<br>6. Explaining the latest regulatory changes and their impact on Franbo Lines. |  |  | 1. Passed as proposed after deliberation.<br>2. Passed as proposed after deliberation.<br>3. Passed as proposed after deliberation.<br>4. Passed as proposed after deliberation.<br>5. Acknowledged with consent.<br>6. Acknowledged |  |

|            |  |  |
|------------|--|--|
|            |  | with consent.  |
| 2024/08/07 | <ol style="list-style-type: none"> <li>1. Report on the audit implementation for the first and second quarters of 2024 as well as the audit deficiencies improvement tracking report for the first and second quarters.</li> <li>2. Explaining the quarterly tracking of the implementation progress of the Company's and its subsidiaries' Greenhouse Gas Inventory and Verification Schedule Planning and the 2023 ESG Report Work Schedule Planning on the consolidated financial reports.</li> <li>3. Explaining the latest regulatory changes and their impact on Franbo Lines.</li> </ol>  | <ol style="list-style-type: none"> <li>1 Passed as proposed after deliberation.</li> <li>2. Acknowledged with consent.</li> <li>3. Acknowledged with consent.</li> </ol>   |
| 2024/12/25 | <ol style="list-style-type: none"> <li>1. Report on the audit implementation for the third and fourth quarters of 2024 as well as the audit deficiencies improvement tracking report for the third quarters.</li> <li>2. Explaining the regulatory changes and their impact on Franbo Lines.</li> <li>3. Explaining the Company's policies and procedures related to the revision of the internal controls.</li> <li>4. Explaining the 2025 annual audit plan formulated based on the risk assessment results.</li> </ol>  | <ol style="list-style-type: none"> <li>1. Passed as proposed after deliberation.</li> <li>2. Acknowledged with consent.</li> <li>3. Passed as proposed after deliberation.</li> <li>4. Passed as proposed after deliberation.</li> </ol>   |
| 2025/03/11 | <ol style="list-style-type: none"> <li>1. Report on the audit implementations for the fourth quarter of 2024 and first quarter of 2025 as well as the audit deficiencies improvement tracking report for the fourth quarter of 2024.</li> <li>2. Report on the 2024 internal control self-assessment results</li> <li>3. Report on the 2024 internal control system statement.</li> <li>4. Explaining the quarterly tracking of the implementation progress of the Company's and its subsidiaries' Greenhouse Gas Inventory and Verification Schedule Planning on the consolidated financial reports.</li> <li>5. Explaining the Company's policies and procedures related to the revision of the internal controls.</li> <li>6. Explaining the latest regulatory changes and their impact on Franbo Lines.</li> </ol> | <ol style="list-style-type: none"> <li>1. Passed as proposed after deliberation.</li> <li>2. Passed as proposed after deliberation.</li> <li>3. Passed as proposed after deliberation.</li> <li>4. Acknowledged with consent.</li> <li>5. Passed as proposed after deliberation.</li> <li>6. Acknowledged with consent.</li> </ol> |