



Franbo Lines Corp.

2023 Annual Meeting of Shareholders (Translation) Meeting Handbook

Time: June 1, 2023 (Thursday) at 9:00 a.m.

Location: 3F, No. 31, Haibian Rd., Lingya Dist., Kaohsiung 802, Taiwan.(R.O.C)

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This English Handbook For 2023 Annual Meeting Of Shareholders Is Translated From The Chinese Version. It Is Intended For Reference Only. The Company Hereby Disclaims Any And All Liabilities For The Translation. The Chinese Handbook Shall Govern Any And All Matters Related To The Interpretation Of The Subject Matter Stated Herein.



Franbo Lines Corp. (the “Company”)
2023 Annual Meeting of Shareholders

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Franbo Lines Corp.

Meeting Procedures for the 2023 Annual Meeting of Shareholders

1. Call the Meeting to Order
2. Chairman's Address
3. Report Items
4. Ratification Items
5. Discussion and Election Items
6. Extempore Motion
7. Meeting Adjourned



Franbo Lines Corp.

Agenda for 2023 Annual Meeting of Shareholders

Time: June 1, 2023 (Thursday) at 9:00 a.m.

Location: 3F, No. 31, Haibian Rd., Lingya Dist., Kaohsiung 802, Taiwan.(R.O.C)

1. Call the Meeting to Order

2. Chairman's Address

3. Report Items

- (1)Business Report of the year 2022.
- (2)Audit Committee's Review Report of the year 2022.
- (3)2022 Employees' Compensation, and Remuneration of Directors report.
- (4)2022 Earnings Distribution of Cash Dividend
- (5)Implementation of Endorsements and Guarantees & Loaning of Funds to Others Parties..
- (6)Implementation of Fifth Domestic Unsecured Convertible Corporate Bond.
- (7)Implementation of Fundraising Plan Project And Utilization Progress Revision Report of the year 2022

4. Ratification Items

- (1)To ratify the Business Report and Financial Statements for 2022.
- (2)To ratify the Proposal for Distribution of 2022 Profits.

5. Discussion and Election Items

- (1)Discussion of the Revisions of the" Procedure of making Endorsement or Guarantees of The Company".
- (2)Discussion of the amendments to the Company's "Procedures for Lending Funds to Others."
- (3)Reelection of the Company's Directors and Independent Directors.
- (4)Deletion of the non-competition promise ban imposed upon the independent directors.

6. Extempore Motion

7. Meeting Adjourned

Report Items

1. Business Report of the year 2022.

Explanation:

Please refer to **Attachment I** of this handbook for the 2022 Business Report.

2. Audit Committee's Review Report of the year 2022.

Explanation:

Please refer to **Attachment IV** of this handbook for the Audit Committee's Review Report.

3. 2022 Employees' Compensation, and Remuneration of Directors report.

Explanation:

- (1) Distributed in accordance with the Company's "Articles of Association", "Employee Remuneration Management Measures" and "Directors' Remuneration Payment Measures".
- (2) According to the articles of association of the company and the remuneration policy for directors, the monthly remuneration for directors is set at NT\$10,000, and the board of directors will evaluate the operating performance of the current year and the results of directors' performance evaluation to determine the remuneration of directors.
- (3) The remuneration of general directors and independent directors of the company is stipulated in Article 19 of the company's articles of association: "The company shall distribute the remuneration of employees and not more than 5% of the remuneration of directors with the profit status of the current year not less than 1%. However, if the company still has accumulated losses, it should make up for it." And according to the "Measures for the Performance Evaluation of Directors and Managers" as the basis for evaluation, authorize the board of directors based on their participation in the company's operations and the value of their contributions, as well as taking into account the industry's usual standards to negotiate.
- (4) The relevant performance evaluation and remuneration of directors and managers must be reviewed and approved by the Company's Remuneration Committee and the Board of Directors, and the remuneration system shall be reviewed at any time in accordance with the actual operating conditions and relevant laws and regulations. The distribution of bonuses is based on the overall operational performance of the company, the achievement rate of individual performance and future risks, as a reference for payment.
- (5) The Company distributed NT\$13,158,000 in cash to employees and NT\$13,158,000 for directors in 2022.
- (6) The above distribution proposal has been reviewed and approved by the Salary and Remuneration Committee on February 20, 2023.
- (7) The details of the individual remuneration of directors are as follows:

Unit: NT\$ thousand; Thousand shares;

Title	Name	Directors' remuneration								A+B+C+D as a percentage of net income after tax		Remuneration from concurrent positions as employees								A+B+C+D+E+F+ G as a percentage of net income after tax		Compensation received from Non-Consolidated affiliates of Parent Company
		Remuneration (A)		Pension (B)		Remuneration to directors(C)		Allowances(D)				Salaries, Bonuses and allowances (E)		Pension (F)		Profit distribution for employee compensation (G)						
		The company	Consolidated Entities	The company	Consolidated Entities	The company	Consolidated Entities	The company	Consolidated Entities	The company	Consolidated Entities	The company	Consolidated Entities	The company	Consolidated Entities	Franbo		Consolidated Entities		Franbo	Consolidated Entities	
																cash	stock	cash	stock			
Chairman	Prosperity Investment and Consulting Co., Ltd. Representative: Pang Chuan, Tsai	120	120	-	-	2,924	2,924	27	27	0.24%	0.24%	3,821	3,821	-	-	1,234	-	1,234	-	0.63%	0.63%	—
Director	Prosperity Investment and Consulting Co., Ltd. Representative: Ching-Chuang, Tsai	120	120	-	-	2,924	2,924	27	27	0.24%	0.24%	3,302	3,302	99	99	1,234	-	1,234	-	0.60%	0.60%	—
Director	Chun Yu, Lo	120	120	-	-	1,462	1,462	27	27	0.13%	0.13%	-	-	-	-	-	-	-	-	0.13%	0.13%	—
Director	Yi-Wen, Shen	120	120	-	-	1,462	1,462	24	24	0.13%	0.13%	-	-	-	-	-	-	-	-	0.13%	0.13%	—
Independent Director	Rong-Qin, Liu	120	120	-	-	1,462	1,462	42	42	0.13%	0.13%	-	-	-	-	-	-	-	-	0.13%	0.13%	—
Independent Director	Chih-Tsung, Tai	120	120	-	-	1,462	1,462	42	42	0.13%	0.13%	-	-	-	-	-	-	-	-	0.13%	0.13%	—
Independent Director	Tian-Ming, Wu,	120	120	-	-	1,462	1,462	39	39	0.13%	0.13%	-	-	-	-	-	-	-	-	0.13%	0.13%	—

4. 2022 Earnings Distribution of Cash Dividend

Explanation:

On March 3, 2023, the company's board of directors resolved to distribute a cash dividend of NT\$358,735,160, and set April 7, 2023 as the ex-dividend base date. And on March 14, 2023, the chairman was authorized to adjust the dividend rate to distribute 1.49661129 yuan per share (calculated up to 1 yuan, rounded up below 1 yuan, and the total amount of abnormal payments less than 1 yuan will be included in the company's other income).

5. Implementation of Endorsements and Guarantees & Loaning of Funds to Others Parties.

Explanation:

(1) As of December 31, 2022, the guaranteed amount endorsed by the company is as follows:

Unit: NT\$ thousand;

Endorsement Guarantor	Endorsement Guarantor Company Name	Endorsement guarantee object relationship with the company	Endorsement guarantee amount	Actual Endorsement guarantee amount	Endorsement Guarantee Reason
Franbo Lines Corp.	Franbo Shipping S.A.	100% Sub-subsidiary	95,201	95,201	Ship Loan
	Franbo Transportation S.A.		73,704	73,704	Ship Loan
	Franbo Lohas S.A.		143,723	143,723	Ship Loan
	Franbo Ocean Limited		319,998	319,998	Ship Loan
	FB Pioneer Limited		73,704	73,704	Ship Loan
	FB Navigation Limited		64,491	64,491	Ship Loan
	Franbo Legacy Limited		184,260	184,260	Ship Loan
	Franbo Bright Limited		184,260	184,260	Ship Loan
	Franbo Ace Limited		552,780	552,780	Ship Loan
	Franbo Art Limited		552,780	552,780	Ship Loan
	Franbo Cosmos Limited		569,671	569,671	Ship Loan
	Franbo Century Limited		552,780	0	Ship Loan
	Franbo Brave Limited		576,642	576,642	Ship Loan
	Franbo Bravo Limited		576,642	576,642	Ship Loan
Total			4,520,636	3,967,856	
Franbo Shipping S.A.	Franbo Lines Corp.	100% parent company	407,200	407,200	Corporate bonds
Total			407,200	407,200	

Note 1: The company's individual target loan and limit shall not exceed 10% of the company's net value. The group subsidiary's individual target loan and limit shall not exceed 30% of the subsidiary's net value except for New Lucky Lines S.A. 30% of the subsidiary's net value, other group subsidiaries are shall not exceed 100% of the net worth of the subsidiary.

Note 2: The total amount of funds lent by the company shall not exceed 20% of the net value of the company, and the total amount of funds lent by a group subsidiary shall not exceed 100% of the net value of the subsidiary

(2)As of December 31, 2022, the amount of funds loaned by the company to others is as follows:

Unit: NT\$ thousand

Lending company name	Fund loan and object	relationship	Fund loan and reason	Ending balance	Actual amount
New Lucky Lines S.A.	Franbo Lines Corp.	100% parent company	working capital	429,940	318,463
	Franbo Logos S.A.		working capital	30,710	3,685
	Franbo Legion Limited		working capital	107,485	98,886
	Franbo Ocean Limited		working capital	61,420	31,017
	Franbo Bright Limited		working capital	122,840	98,579
	Franbo Ace Limited		working capital	30,710	3,992
	Franbo Art Limited		working capital	30,710	2,764
	Franbo Cosmos Limited		working capital	30,710	3,071
	Franbo Century Limited		working capital	30,710	7,985
	Franbo Brave Limited		working capital	30,710	2,150
	Franbo Bravo Limited		working capital	30,710	3,378
	Franbo Shipping S.A.		100% Sub-subsidiary	working capital	92,130	65,412
Franbo Transportation S.A.	working capital			122,840	115,163
TW Hornbill Lines S.A.	working capital	239,538		237,081	
Franbo Logos S.A.	working capital	30,710		0	
Franbo Logic S.A.	working capital	61,420		23,954	
Franbo Lohas S.A.	working capital	122,840		93,358	
Franbo Sagacity S.A.	working capital	39,923		12,837	
Franbo Way Limited	working capital	214,970		189,788	
Franbo Uprightness Corp.	working capital	546,638		546,638	
Franbo Sino Limited	working capital	61,420		31,017	
FB Pioneer Limited	working capital	15,355		5,835	
FB Navigation Limited	working capital	15,355		8,292	
Franbo Legacy Limited	working capital	245,680	182,110		
BCTS Capital Inc.	working capital	61,420	42,687		
FWF Shipping Limited	working capital	2,150	1,843		
Uni-Morality Lines Limited	Franbo Lines Corp.		working capital	170,133	110,556
Dexin Shipping S.A.	Uni-Morality Lines Limited		working capital	115,163	114,855
Franbo Asset Management Co., Ltd.	FB Propriety Construction and Development Co., Ltd.		working capital	35,000	5,000
FB Justice Construction and Development Co., Ltd.	Franbo Asset Management Co., Ltd.		working capital	90,000	50,000

Note 1: The company's individual target loan and limit shall not exceed 10% of the company's net value. The group subsidiary's individual target loan and limit shall not exceed 30% of the subsidiary's net value except for New Lucky Lines S.A. 30% of the subsidiary's net value, other group subsidiaries are shall not exceed 100% of the net worth of the subsidiary.

Note 2: The total amount of funds lent by the company shall not exceed 20% of the net worth of the company, and the total amount of funds lent by a group subsidiary shall not exceed 100% of the net worth of the subsidiary.

6. Implementation of Fifth Domestic Unsecured Convertible Corporate Bond.

Explanation:

- (1) This case was approved by the board of directors on March 4, 2022, and the fifth unsecured convertible corporate bond in 2022 was issued. The total amount of issuance was NT\$600 million, which was used to pay for the construction of six new bulk cargo ships with a deadweight of 40,000 tons.
- (2) This case has been submitted to the Over-the-Counter Securities Trading Center of the Republic of China for approval and declaration on July 25, 2022, Zhenggui Bond Zi No. 11100081941, and it will be listed on the OTC Trading Center from July 28, 2022. The issuance conditions are as follows:

Bond Name	The Fifth Domestic Unsecured Convertible Corporate Bond in 2022 (Bond code: 26415)
Issuance	NT\$600 million
Book Value	NT 100,000 dollars, issued in full denomination
Coupon Rate	Fixed annual interest rate of 0%
Repayment Method	The principal is repaid once after three years from the date of issue
Conversion price at issue	NT\$19.99 元
Latest conversion price	NT\$18.06 元
Issue period	Three-year period, issued on July 28, 2022, and expired on July 28, 2025
Amount of ordinary shares converted	NT\$18,700,000
Outstanding principal	NT\$579,700,000

7. Implementation of Fundraising Plan Project And Utilization Progress Revision Report of the year 2022.

Explanation:

- (1) The company has been approved by the Financial Supervision and Administration Commission on June 24, 2022 by Jinguanzhengfazi No. 1110346749 and No. 11103467491. Issued the fifth unsecured convertible corporate bond in China, with a denomination of NT\$100,000 each, 6,000 bonds issued, and a total issuance amount of NT\$600,000,000. The issuance period is 3 years, and the coupon rate is 0%. The public underwriting is handled by bidding and auction, the actual underwriting price is 101% of the face value, the actual total issuance amount is NT\$606,431,000, and the debt has been fully collected on July 26; 50,000,000 new shares are issued for cash capital increase, per share The denomination is NT\$10, the actual underwriting price per share is NT\$18.28, and the raised amount is NT\$914,000,000. The full amount has been collected on September 1, 2022, and the total raised amount is NT\$1,520,431,000.
- (2) In 2022, due to the Russian-Ukrainian War and rising global inflation, the United States will raise interest rates to curb inflation and then push up the exchange rate, which will strengthen the US dollar. This will be in line with the overall operation of the Group while measuring the improvement of capital utilization efficiency and related timeliness and protection of shareholders' rights and interests. Considering the fleet planning, the company will make appropriate use of the total amount raised. Therefore, on November 4, 2022, the board of directors resolved to amend the planned items of the original fundraising proposal.
- (3) Estimated planned projects before and after the revision, the estimated progress of fund utilization, completion date, and estimated possible benefits. Please refer to Attachment 5 of f this handbook.

Ratification Items

Item 1: To ratify the Business Report and Financial Statements for 2022.

(Proposed by the Board of Directors)

Explanation:

- (1) The compilation of the Company's 2022 Business Report and Financial Statements are completed. The Financial Statements have been audited and certified by independent certified public accountants, Wang, Kuo-Hua, and Liao, A-shen, of PricewaterhouseCoopers Taiwan, and reviewed by the Audit Committee of the Company. Adoption Requested
- (2) Please refer to Attachment I, Attachment II and Attachment III of this handbook.

Resolution:

Item 2: To ratify the Proposal for Distribution of 2022 Profits.

(Proposed by the Board of Directors)

Explanation:

- (1) The unappropriated earnings at the beginning of the year is NT\$ 123,378,413, after adding up the 2022 net income of NT\$ 1,279,911,314 and the legal reserve (10%) of NT\$ 127,991,131 and the reversal of special surplus reserve of NT\$ 263,295,118, therefore the total amount of earnings available for distribution is NT\$ 1,538,593,714.
- (2) Attached the earnings distribution table for the year 2022 is as follows :

Franbo Lines Corp.
2022 Earnings distribution table

Unit: NT\$

Item	Amount
Ratified earnings in the beginning of 2022	\$ 123,378,413
Add: Net profit after tax for the year 2022	1,279,911,314
Subtract: Setting aside 10% legal reserve	(127,991,131)
Reversal of special surplus reserve	263,295,118
Earnings available for distribution by the end of the fiscal year	1,538,593,714
Distribution Items	
Shareholders' dividends – Cash (NT\$1.5 per share) (Note)	(358,735,160)
Undistributed earnings by the end of 2022	\$ 1,179,858,554

- (3) The cash dividend in this case has been authorized to be resolved by the board of directors in accordance with Article 20 of the company's articles of association.

Resolution:

Discussion And Election Items

Item 1: Discussion of the Revisions of the” Procedure of making Endorsement or Guarantees of The Company”.

(Proposed by the Board of Directors)

Explanation:

- (1) In response to the company's internal practical needs, the company intends to revise some of the provisions of "CX06 Endorsement and Guarantee Operation Procedures". For the comparison table of the provisions before and after the revision, please refer to **Attachment VI** of this handbook.
- (2) Discussion requested.

Resolution:

Item 2: Discussion of the amendments to the Company’s “Procedures for Lending Funds to Others”.

(Proposed by the Board of Directors)

Explanation:

- (1) In response to the requirements of the competent authority and actual operational needs, the company intends to revise some of the provisions of the "CX8 Fund Loan Operation Procedures with Others". For the comparison table of the provisions before and after the revision, please refer to **Attachment VII** of this handbook.
- (2) Discussion requested.

Resolution:

Item 3: Reelection of the Company’s Directors and Independent Directors.

(Proposed by the Board of Directors)

Explanation:

- (1) The company plans to re-election of directors (including independent directors) at the general meeting of shareholders in 2023. In this re-election, 8 directors (including 4 independent directors) should be elected, and a candidate nomination system will be adopted.
- (2) The term of office of the new directors is 3 years from June 1, 2023 to May 31, 2026. The term of office of the original director will end when the new director takes office.
- (3) The list of director candidates approved by the board of directors on March 3, 2023 is as follows:

Title	Name	Shares actually held in share register
Director	Prosperity Investment And Consulting Co., Ltd. Representative: Tsai Pang Chuan	41,020,836
Director	Prosperity Investment And Consulting Co., Ltd. Representative: Tsai Ching Chuang	41,020,836
Director	Lo, Chun-Yu	6,839,429
Director	Shen, Yi-Wen	275,945
INED	Wu, Tien-Ming	358,430
INED	Liu, Jung-Chin	-
INED	Yan, shu-yang	-
INED	Lin, shi-chuan	-

Election results:

Resolution:

**Item 4: Deletion of the non-competition promise ban imposed upon the independent directors.
(Proposed by the Board of Directors)**

Explanation:

- (1) According to Article 209 of the Company Law, directors should explain the important content of their actions to the shareholders' meeting and obtain permission for actions that fall within the scope of the company's business for themselves or others.
- (2) Request for consent to lift the restrictions on non-competition for the following director candidates

Title	Name	Company Name and Concurrent Position
INED	Wu, Tien-Ming	Morgan Shipping Agency Corp. Chairman Kaohsiung Marine Shiptservice Corp. Director Kaochun Logistics & Stevedoring Co., Ltd. Director Allegro Shipping Agency Corp General manager

- (3) Discussion requested.

Resolution:

Extempore Motion

Meeting Adjourned

Franbo Lines Corp
Business Report of the Year 2022

At the beginning of 2022, the Russia-Ukraine war will impact the global food and energy supply. Although the war has reduced the global iron ore and food trade volume, the mileage of sea transportation and the demand for some commodities have not decreased but increased. In addition, due to the sanctions imposed on Russian coal by many countries, triggered a global rush for coal, and greatly increased coal transportation volume. Due to this wave of supply chain turnaround in the global shipping industry, the shipping capacity of bulk shipping has been tightened, which has driven up freight rates, and has also led to an unexpected "off-season" of bulk shipping in Q1. Afterwards, China gradually unblocked and resumed work, and the accumulation of empty containers in the United States and the crisis in Hong Kong did not ease. As a result, the Baltic Dry Index (BDI) reached 3,369 points in May. However, in the second half of 2022, the inflation rate of various countries will rise, and the inflation rate of the United States will even hit a 40-year high. The Biden administration pointed out that high freight rates need to be strengthened. As a result, terminal demand fell, and port congestion was greatly eased, resulting in a rapid decline in container and bulk freight rates. In August, the BDI index reached a low of 965 points. Although the global inflation remains high, and the US Federal Reserve is aggressively raising interest rates, the economic outlook is uncertain. However, in the fourth quarter, EU countries began to increase winter coal storage, and China experienced city closures and power cuts, and many inventories were gradually depleted. , Pushing up the global shipments of grain, coal, and iron ore have increased significantly, driving the recovery of shipping demand, and slightly pushing up the market at the end of 2022. The BDI index will close at 1,515 points at the end of December 2022.

Looking back on the past year, China has been the most important driving point for global bulk shipping trade. Since 2022, the demand has been sluggish, which has greatly affected the scale of global shipping trade. Although industrial orders have recovered slightly recently, the quantity and speed are lower than expected. The reduction in large orders is reflected in the consolidation of full container shipments, making it difficult to prevent the continuous decline in freight rates in early 2023. Looking forward to 2023, with the gradual moderate recovery of China's economy and the gradual implementation of policies to stabilize growth, it is expected to promote the gradual recovery of global demand and support the return of freight rates to the seasonal peak season in Q2~Q3 of 2023.

In response to the rapid changes in the economy and the company's long-term operating layout, the company has successively signed six 40,000-ton new ships in compliance with future environmental protection regulations with Japanese trading companies from September to December 2021, and will deliver the ships in succession from 2023 to 2024. I also believe that these cooperation The expansion of the fleet size under the market demand and development will have positive benefits for the company's future revenue growth, profit increase, company value enhancement, and long-term development. The company's operating status in the past year is reported as follows:

2022 Years of Business Results

1. Achievements of business plan implementation:

As the shipping boom continues to rise in 2022, the company's consolidated revenue for 2022 will be NT\$1,466,949,000, an increase of NT\$240,810,000 or 19.64% from NT\$1,226,139,000 in 2021, and the operating gross profit margin will increase from 38.52% to 52.35 %, the net profit after tax was NT\$1,279,911 thousand, and the earnings per share was NT\$6.23.

2. Budget execution: The company has not disclosed its financial forecast in 2022.

3. Analysis of financial revenue and expenditure and profitability

As of the end of 2022, the company's paid-in capital is 2,391,567 thousand yuan, shareholders' equity is 5,336,825 thousand yuan, accounting for 66.61% of the total assets of 8,012,292 thousand yuan, and the ratio of long-term funds to fixed assets is 278.71%. The financial structure and solvency continue to maintain steady. The consolidated pre-tax net profit for 2022 is NT\$1,288,615,000, an increase of NT\$915,245,000 from the 2021 net profit before tax of NT\$373,370,000. The financial structure is stable and profitability has improved.

2022 Business Policy

1. Management policy

The company operates bulk cargo transportation services. The operating model is mainly based on long-term and short-term renting, renting by time, and cooperation with lessors. Maintain the relationship with the existing charterers and provide high-efficiency and stable charter services. In addition, with regard to the plan to speed up the replacement of the fleet, in addition to the Japanese trading company that has signed 6 new ships of 40,000 tons, because it is judged that there will be a boom in the first half of 2022, 5 old ships will be disposed of, and the interests of the ships and funds can be obtained. Help increase profits and strengthen the company's financial structure.

2. Important production and marketing strategies

The company's group fleet has a total of 16 self-owned ships. The operation mode is on time charter and ship bare charter. The age of the fleet is about 12.53 years, and the total deadweight tonnage is about 588,800 tons. The charterer's operation covers global routes. Among them, 4 new ships are expected to be delivered in 2023-2024, all of which are environmentally friendly ships built by Japan's first-class shipyards and meet the third phase of nitrogen oxide emission standards. The company will maintain its original operating strategy in 2023, and its revenue is expected to be comparable to that in 2022. The market believes that the key to the international bulk shipping market in 2023 lies in the recovery of Chinese demand and whether the increase in iron ore in Brazil can meet expectations. Weaker than 2022.

Future company development strategy

The company's operations are mainly based on shipping bulk business and ship management.

In the direction of shipping business expansion, the purchase plan of new energy-saving and environmentally friendly ships, the increase in the deadweight tonnage of the fleet, the strengthening of safety management and risk control, and the improvement of ship management quality, focus on global environmental protection and sustainable development. Continue to operate, strengthen the development of high-quality charterers, increase stable income, and continue to maintain the long-term competitive advantage of the fleet with low cost and high service quality.

Affected by the external competitive environment, regulatory environment and overall business environment

The current market volume is affected by factors such as interest rate hikes, inflation, the Russian-Ukrainian war, and the energy crisis. It is expected that the growth momentum of the demand side in 2023 should be slower than that in 2022. As for the supply of ships, since the major countries in the world have expressed their intention to implement carbon reduction measures, the International Maritime Organization (IMO) announced on January 1, 2023 the two major carbon emission environmental protection measures: the Ship Efficiency Index (EEXI) and the Operational Carbon Intensity Index (CII). When the new regulations come into effect, most existing ships will be required to slow down by about 20% in order to achieve the emission reduction target. However, the market capacity will also be reduced by about 20% due to the reduced emissions of ships. Therefore, shipping companies must actively replace old ships with new ones and build energy-saving ships. Only by updating the main engine and engine of the ship can more than 100,000 merchant ships around the world achieve the goal of reducing carbon dioxide emissions. However, it takes more than two years from ordering to completion of a new ship, especially for large ships. The docks are almost full within two years. Ship orders will be released gradually after the second half of 2023 at the earliest, so the short-term ship market will not experience the past situation of oversupply and price-cutting competition. This year is the first year after the epidemic. Although the global economy and trade declined at the beginning of the year, all bad news is expected. For example, the International Monetary Fund (IMF) or other research institutions have conservative views on global Interest rates have been raised by one yard to 4.75%, economic growth after the unblocking of the mainland still needs time to observe, layoffs in technology and other industries, clearing inventories, etc., you can feel that the market panic has decreased. If the overall economic environment continues to improve, consumer demand will return. The market expects that the shipping market conditions will improve in the second half of 2023 compared to the first half of the year. Looking forward to the future, after adjusting the fleet and adding new ships to the operation this year, Zhengdehai will gain more room for growth in the industry, create the maximum benefit for shareholders and maintain the company's sustainable operation and growth, in order to repay the love and support of shareholders.

Chairman B.C. Tsai

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Franbo Lines Corporation

Opinion

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

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as at December 31, 2022 and 2021, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China.

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the parent company only financial statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

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

The existence of revenue recognition of newly top 10 unlisted customers

Description

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

Operating revenue were the main index of managements' operating performance, 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 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 counterparty were in agreement.
4. Confirmed vessels were actually working by searching rutters on the internet and verified related documents.

Impairment assessment of vessels and equipment

Description

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

The main business of the subsidiary held by the Company was ocean freight forwarder. Because of the external competitive environment of bulk shipments and the effect of worse macroeconomic, there were indications which were identified by the management showed the vessels and equipment of some subsidiaries might have impaired, the appraiser who was appointed by the management measured the recoverable amounts of vessels and equipment by using fair values reducing disposal costs. The a forementioned estimates of recoverable amount primarily relied on the appraisal report of the appraiser who was appointed by the management, 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.

Other matter – Parent company only financial reports

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

Responsibilities of management and those charged with governance for the 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 company audit. We remain solely responsible for our audit opinion.

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

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

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

Wang, Kuo-Hua

Liao, A-Shen

For and on behalf of PricewaterhouseCoopers, Taiwan

March 3, 2023

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

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

FRANBO LINES CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021

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

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

(Continued)

FRANBO LINES CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021

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

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

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

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

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

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

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

FRANBO LINES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2022 AND 2021

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

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

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

FRANBO LINES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021

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

		Year ended December 31	
	Notes	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 1,288,615	\$ 373,370
Adjustments			
Income and expenses having no effect on cash flows			
Depreciation expense	6(7)	256,511	304,968
Amortization expense		158	96
Net (gains) loss on financial assets at fair value through profit or loss	6(2)(22)	2,754	(179)
Interest expense		61,900	42,806
Interest income		(18,816)	(362)
Share-based payments	6(16)	5,758	8,700
Share of profit or loss of associates and joint ventures accounted for using equity method	6(6)	11,126	(7,025)
Gain on disposal of non-current assets held for sale	6(9)(22)	(671,211)	(206)
Loss (gain) on proceeds from disposal of property, plant and equipment	6(22)	29,960	(53)
Gain on proceeds from issuance of bonds		(110)	-
Changes in assets/liabilities relating to operating activities			
Changes in operating assets			
Current financial assets at fair value through profit or loss		(7,219)	1,452
Accounts receivable		3,352	1,556
Finance lease receivable		70,469	38,436
Inventories		(599,793)	(2,703)
Prepayments		(15,680)	(8,394)
Other current assets, others		(42,257)	(8,993)
Net changes in liabilities relating to operating activities			
Accounts payable		(5,184)	1,927
Other payable		104,474	(15,670)
Other payable to related parties		1,881	-
Other current liabilities, others		(18,274)	35,390
Other non-current liabilities, others		(52,211)	(49,074)
Cash inflow generated from operations		383,951	716,042
Interest received		18,816	362
Dividends received	6(6)	12,408	4,439
Interest paid		(56,903)	(43,043)
Income tax paid		-	(13)
Net cash flows from operating activities		358,272	677,787

(Continued)

FRANBO LINES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021

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

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

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

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Franbo Lines Corporation

Opinion

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

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as at December 31, 2022 and 2021, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China.

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the parent company only financial statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

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

and the impairment assessment of vessels and equipment into the Company's key audit matters.

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

The existence of revenue recognition of newly top 10 unlisted customers

Description

Please refer to Note 4(23) for the accounting policies on revenue recognition, and Note 6(15) for details of accounting item of operating revenue.

Operating revenue were the main index of managements' operating performance, 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 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 counterparty were in agreement.
4. Confirmed vessels were actually working by searching rutters on the internet and verified related documents.

Impairment assessment of vessels and equipment

Description

Please refer to Note 4(13) 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 worse macroeconomic, there were indications which were identified by the management showed the vessels and equipment of some subsidiaries might have impaired, the appraiser who was appointed by the management measured the recoverable amounts of vessels and equipment by using fair values reducing disposal costs. The a forementioned estimates of recoverable amount primarily relied on the appraisal report of the appraiser who was appointed by the management, 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 company audit. We remain solely responsible for our audit opinion.
7. 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.
8. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Wang, Kuo-Hua

Liao, A-Shen

For and on behalf of PricewaterhouseCoopers, Taiwan

March 3, 2023

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

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

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

Assets		Notes	December 31, 2022		December 31, 2021	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 217,115	3	\$ 42,985	2
1110	Current financial assets at fair value through profit or loss	6(2)	7,816	-	2,748	
1136	Current financial assets at amortised cost	6(3) and 8	242,302	4	-	-
1180	Accounts receivable due from related parties, net	6(4) and 7	6,198	-	7,575	-
1210	Other receivables due from related parties	7	-	-	1,190	-
1220	Current income tax assets		20	-	20	-
1410	Prepayments		1,128	-	1,967	-
1470	Other current assets		513	-	-	-
11XX	Total current Assets		475,092	7	56,485	2
Non-current assets						
1510	Financial assets at fair value through profit or loss - noncurrent	6(2)	880	-	-	-
1535	Non-current financial assets at amortised cost	6(3) and 8	-	-	88,752	3
1550	Investments accounted for using equity method	6(5)	6,425,050	92	3,122,560	94
1600	Property, plant and equipment	6(6) and 8	51,885	1	53,267	1
1780	Intangible assets		382	-	540	-
1840	Deferred income tax assets	6(23)	14,764	-	17,114	-
1990	Other non-current assets, others	8	600	-	600	-
15XX	Total non-current assets		6,493,561	93	3,282,833	98
1XXX	Total assets		\$ 6,968,653	100	\$ 3,339,318	100

(Continued)

FRANBO LINES CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021

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

Liabilities and Equity		Notes	December 31, 2022		December 31, 2021	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(7) and 8	\$ 120,000	2	\$ 10,000	-
2110	Short-term notes and bills payable	6(8)	29,966	-	-	-
2200	Other payables	6(9)	59,579	1	22,786	1
2220	Other payables to related parties	7	429,019	6	4,706	-
2230	Current income tax liabilities		5,278	-	-	-
2320	Long-term liabilities, current portion	6(10)(11) and 8	402,190	6	2,174	-
2399	Other current liabilities, others		236	-	188	-
21XX	Total current Liabilities		1,046,268	15	39,854	1
Non-current liabilities						
2530	Bonds payable	6(10) and 8	565,399	8	400,000	12
2540	Long-term borrowings	6(11) and 8	19,700	-	21,869	1
2570	Deferred tax liabilities	6(23)	461	-	-	-
25XX	Non-current liabilities		585,560	8	421,869	13
2XXX	Total liabilities		1,631,828	23	461,723	14
Equity						
	Share capital	6(14)				
3110	Ordinary share		2,386,358	34	1,886,358	57
3130	Certificate of entitlement to new shares from convertible bond		5,209	-	-	-
	Capital surplus	6(15)				
3200	Capital surplus		1,107,999	16	652,668	19
	Retained earnings	6(16)				
3310	Legal reserve		64,268	1	26,742	1
3320	Special reserve		263,295	4	194,315	6
3350	Unappropriated retained earnings		1,403,289	20	380,793	11
	Other equity interest					
3400	Other equity interest		106,407	2	(263,281)	(8)
3XXX	Total equity		5,336,825	77	2,877,595	86
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	Total liabilities and equity		\$ 6,968,653	100	\$ 3,339,318	100

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

FRANBO LINES CORPORATION
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021

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

				Year ended December 31			
				2022		2021	
Items	Notes			AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(17) and 7		\$	63,261	100	\$ 62,854	100
5000 Operating costs	6(21)(22)		(	14,945)	(24)	(12,166)	(20)
5900 Gross profit				48,316	76	50,688	80
Operating expenses	6(21)(22)						
6100 Selling expenses			(	9,616)	(15)	(5,993)	(9)
6200 General & administrative expenses			(	103,377)	(163)	(66,516)	(106)
6000 Total operating expenses			(	112,993)	(178)	(72,509)	(115)
6900 Operating loss			(	64,677)	(102)	(21,821)	(35)
Non-operating income and expenses							
7100 Interest income				6,363	10	194	-
7010 Other income	6(18) and 7			61	-	1,243	2
7020 Other gains and losses	6(2)(19)			6,575	10	1,978	3
7050 Finance costs	6(20)		(	9,383)	(15)	(6,559)	(10)
7070 Share of profit of associates and joint ventures accounted for using equity method	6(5)			1,349,676	2134	398,335	634
7000 Total non-operating income and expenses				1,353,292	2139	395,191	629
7900 Profit before income tax				1,288,615	2037	373,370	594
7950 Income tax benefit	6(23)		(	8,704)	(14)	1,892	3
8200 Profit (loss) for the year			\$	1,279,911	2023	\$ 375,262	597
Other comprehensive income							
Components of other comprehensive income that will be reclassified to profit or loss							
8361 Exchange differences on translation	6(5)		\$	369,688	585	(\$ 68,966)	(110)
8300 Other comprehensive income for the year			\$	369,688	585	(\$ 68,966)	(110)
8500 Total comprehensive income for the year			\$	1,649,599	2608	\$ 306,296	487
Earnings per share							
9750 Basic	6(24)		\$	6.23		\$ 2.24	
9850 Diluted			\$	5.86		\$ 2.23	

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

FRANBO LINES CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars)

(Expressed in thousands of New Taiwan dollars)												
		Capital		Capital Reserves				Retained Earnings			Exchange differences on translation of foreign financial statements	Total
	Notes	Ordinary share	Certificate of entitlement to new shares from convertible bond	Share premium	Treasury share transactions	Stock options	Expired options	Legal reserve	Special reserve	Unappropriated retained earnings		
2021												
Balance at January 1, 2021		\$ 1,526,358	\$ -	\$ -	\$ -	\$ -	\$ 5,677	\$ 17,246	\$ 85,111	\$ 124,231	(\$ 194,315)	\$ 1,564,308
Profit for the year		-	-	-	-	-	-	-	-	375,262	-	375,262
Other comprehensive income for the year 6(5)		-	-	-	-	-	-	-	-	-	(68,966)	(68,966)
Total comprehensive income		-	-	-	-	-	-	-	-	375,262	(68,966)	306,296
Appropriation and distribution of 2020 retained earnings:												
Legal reserve		-	-	-	-	-	-	9,496	-	(9,496)	-	-
Special reserve		-	-	-	-	-	-	-	109,204	(109,204)	-	-
Cash capital increase	6(14)	360,000	-	638,291	-	-	-	-	-	-	-	998,291
Share-based payment transactions	6(13)	-	-	8,613	-	-	87	-	-	-	-	8,700
Balance at December 31, 2021		\$ 1,886,358	\$ -	\$ 646,904	\$ -	\$ -	\$ 5,764	\$ 26,742	\$ 194,315	\$ 380,793	(\$ 263,281)	\$ 2,877,595
2022												
Balance at January 1, 2022		\$ 1,886,358	\$ -	\$ 646,904	\$ -	\$ -	\$ 5,764	\$ 26,742	\$ 194,315	\$ 380,793	(\$ 263,281)	\$ 2,877,595
Profit for the year		-	-	-	-	-	-	-	-	1,279,911	-	1,279,911
Other comprehensive income for the year 6(5)		-	-	-	-	-	-	-	-	-	369,688	369,688
Total comprehensive income		-	-	-	-	-	-	-	-	1,279,911	369,688	1,649,599
Appropriation and distribution of 2021 retained earnings:												
Legal reserve		-	-	-	-	-	-	37,526	-	(37,526)	-	-
Special reserve		-	-	-	-	-	-	-	68,980	(68,980)	-	-
Cash dividends		-	-	-	-	-	-	-	-	(150,909)	-	(150,909)
Due to recognition of equity component of convertible bonds issued	6(10)	-	-	-	-	31,003	-	-	-	-	-	31,003
Cash capital increase	6(14)	500,000	-	414,000	-	-	-	-	-	-	-	914,000
Conversion of convertible bonds	6(10)(14)(25)	-	5,209	5,003	-	(522)	-	-	-	-	-	9,690
Purchase of convertible bonds	6(10)	-	-	-	5	(82)	-	-	-	-	-	(77)
Share-based payments	6(13)	-	-	5,715	-	-	43	-	-	-	-	5,758
行使歸入權		-	-	-	-	-	166	-	-	-	-	166
Balance at December 31, 2022		\$ 2,386,358	\$ 5,209	\$ 1,071,622	\$ 5	\$ 30,399	\$ 5,973	\$ 64,268	\$ 263,295	\$ 1,403,289	\$ 106,407	\$ 5,336,825

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

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

	Notes	Year ended December 31	
		2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 1,288,615	\$ 373,370
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense	6(6)(21)	2,736	2,113
Amortisation expense		158	96
Net (gains) losses on financial assets at fair value through profit or loss	6(2)(19)	2,754 (	179)
Interest expense	6(20)	9,383	6,559
Interest income		(6,363 ) (	194)
Share-based payments	6(13)	5,758	8,700
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	6(5)	(1,349,676 ) (	398,335)
Gains on disposals of property, plant and equipment		- (	53)
NewItem		(110)	-
Changes in operating assets and liabilities			
Changes in operating assets			
Current financial assets at fair value through profit or loss		(7,219)	1,452
Accounts receivable		-	430
Accounts receivable due from related parties		1,377 (	1,271)
Prepayments		839 (	695)
Other current assets		(513)	23
Changes in operating liabilities			
Other payables		40,425	15,384
Other current liabilities, others		48	26
Cash (outflow) inflow generated from operations		(11,788)	7,426
Interest received		6,363	194
Dividends received	6(5)	26,714	-
Interest paid		(9,288 ) (	6,777)
Income taxes paid		(615 ) (	13)
Net cash flows from operating activities		11,386	830
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease in current financial assets at amortised cost		(153,550)	11,501
Decrease in other receivables due from related parties		1,190	6,102
Decrease (increase) in no-current financial assets at amortised cost		-	5,010
Acquisition of investments accounted for using equity method	6(5)	(1,703,631 ) (	834,539)
Proceeds from capital reduction of investments accounted for using equity method	6(5)	93,791	193,710
Acquisition of property, plant and equipment	6(6)	(1,564 ) (	4,388)
Gains on disposals of property, plant and equipment		210	53
Acquisition of intangible assets		- (	453)
Decrease (increase) in refundable deposits		-	1,000
Net cash flows used in investing activities		(1,763,554 ) (	622,004)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term borrowings	6(26)	130,000	235,000
Decrease in short-term borrowings	6(26)	(20,000 ) (	370,500)
Decrease in short-term notes and bills payable	6(26)	30,000	-
(Decrease) increase in other payable to related parties		424,313 (	88,765)
Proceeds from issuance of bonds	6(26)	602,381	-
Purchase of convertible bonds	6(26)	(1,500)	-
Proceeds from long-term debt	6(26)	-	20,000
Repayments of long-term debt	6(26)	(2,153 ) (	138,152)
(Decrease) increase in guarantee deposits received		- (	500)
Cash capital increased (net of issuance cost)	6(14)	914,000	998,291
Cash dividends paid	6(16)	(150,909)	-
NewItem		166	-
Net cash flows from financing activities		1,926,298	655,374
Net increase in cash and cash equivalents		174,130	34,200
Cash and cash equivalents at beginning of year	6(1)	42,985	8,785
Cash and cash equivalents at end of year	6(1)	\$ 217,115	\$ 42,985

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

Audit Committee's Review Report

The board of directors prepared the company's individual financial statements and consolidated financial statements for the year 2022, the business report and the proposal for distribution of earnings. By PricewaterhouseCoopers Wang, Kuo-Hua, and Liao, A-shen, accountant completed the audit and issued a financial report. The various forms and books prepared by the board of directors of the Company have been reviewed by the audit committee and found that there is no inconsistency. Please check in accordance with the provisions of Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Sincerely,

The Company's 2023 Annual General Meeting of Shareholders

Franbo Lines Corp.

Chairman of the Audit Committee: Chih-Tsung, Tai

March 4th, 2022

Franbo Lines Corp

The Change Use Contents of Capital Increase Issuance of New Shares of 2022

Item		Content	Note		
Board Approval Date		Board Approval Date111 年 11 月 4 日			
Amendment reason		<p>In 2022, the case of cash capital increase, issuance of new shares and the fifth domestic convertible corporate bond financing case has been approved by the Financial Regulatory Commission on June 24, 2022, Jinguanzhengfazi No. 1110346749, and the declaration has become effective.</p> <p>Issued the fifth unsecured convertible corporate bond in China, with a total of 6,000 bonds, each with a denomination of NT\$100,000, a total face value of NT\$600,000, and an annual coupon rate of 0%. The period is 3 years. This time, the public underwriting is handled through competitive bidding. The actual issue price is based on 101% of the face value, and the actual raised amount is NT\$606,431,000.</p> <p>Cash capital increase issued 50,000,000 new shares, with a face value of 10 yuan per share, and each share was issued at NT\$18.28, and the actual raised funds were NT\$914,000,000.</p> <p>The company's cash capital increase in 2022, the issuance of new shares and the issuance of the fifth domestic convertible corporate bond were originally planned to be used for reinvestment in subsidiaries. The overall capital utilization progress was originally expected to be completed in the fourth quarter of 2022. The Russo-Ukraine war and global inflation are heating up. The United States has raised interest rates to curb inflation and then push up the exchange rate, which has strengthened the US dollar. To protect the rights and interests of shareholders, and at the same time consider the overall operating fleet planning of the Group, the company intends to make appropriate use of the total amount raised, and intends to revise the fund use of the original cash capital increase plan. °</p>			
Program items and their amounts	Before correction	Invested in subsidiaries with an amount of 1,806,000 thousand won			
	After fixing	The planned amount for reinvesting in subsidiaries and repaying bank loans is 1,736,000 thousand and 70,000 thousand respectively, totaling 1,806,000 thousand.			
	Difference number	Unit: NT\$ thousand			
		Item	Before correction	After fixing	Difference number
		Subsidiary investment	1,806,000	1,736,000	(70,000)
Repay bank loan		0	70,000	70,000	
	Total	1,806,000	1,806,000	1,806,000	

Item		Content	Note
Expected benefit	Before correction	Part of the benefits of reinvesting in subsidiaries, this plan is to indirectly reinvest in 100%-holding subsidiary companies Ace, Art, Cosmos, Century and Brave through the 100%-holding subsidiary New Lucky Lines S.A. to pay for their respective newly-built deadweight tons. The payment for several 40,000-ton bulk general cargo ships is expected to be completed and delivered in the first quarter of 2023 and the first quarter of 2024. After the new ships are delivered successively, they will be operated by lease. In 2034, the accumulative recognized investment income from 5 newly purchased ships is NT\$2,853,039,000. Judging from the NT\$1,806,000,000 raised in this offering and issuance, it is estimated that the accumulatively recognized investment income of 2,082,996 yuan will reach 2,082,996 by 2031 thousand yuan, the payback period of the reinvested funds is about 8.00 years. However, the ultimate purpose of this reinvestment is to pay part of the funds for the shipbuilding of Sun Company. Therefore, if the total cost of each new ship is calculated, the capital recovery period of each ship is 10.46 years, 10.55 years, 11.44 years, 11.61 years and 11.53 years. Year.	

Item		Content	Note
Expected benefit	After fixing	<p>1. Part of the benefits of reinvestment in subsidiaries</p> <p>The plan is to indirectly invest in 100%-owned subsidiary companies Ace, Art, Cosmos, Century and Brave through New Lucky Lines S.A., a 100%-owned subsidiary, to pay for their respective construction costs of 40,000-ton bulk general cargo ships. The funds are expected to be completed and delivered in the first quarter of 2023 and the first quarter of 2024 respectively. After the new ships are delivered successively, they will be operated in the form of leasing. The investment income from the purchase of ships is NT\$2,853,039,000. Judging from the NT\$1,736,000,000 raised in this fundraising and issuance, it is estimated that the accumulative recognized investment income will reach NT\$1,804,630,000 by 2030. About 8.00 years. However, the ultimate purpose of this reinvestment is to pay part of the funds for the shipbuilding of Sun Company. Therefore, if the total cost of each new ship is calculated, the capital recovery period of each ship is 10.46 years, 10.55 years, 11.44 years, 11.61 years and 11.53 years. Year. (The exchange rate is estimated at 29.48)</p> <p>2. Part of the benefit of repaying the loan</p> <p>The revised capital plan project is expected to be used to repay bank loans of 70,000 thousand yuan. Based on the proposed repayment of bank loan interest rates, it is estimated that interest expenses will be saved by about 240 thousand yuan in 2022, and interest expenses will be saved by about 1,538 thousand yuan each year. It can also improve the financial structure, reduce the dependence on banks, and increase the flexibility of fund allocation.</p>	

Item		Content	Note
	Difference number	<p>1. For the benefits of reinvested subsidiaries, the company's reinvested subsidiary New Lucky Lines S.A. was reduced from 1,806,000 thousand yuan to 1,736,000 thousand yuan, and then reinvested in Sun Company to pay part of the shipbuilding payment, and the expected capital recovery was achieved 1 year in advance number of years.</p> <p>2. As for the benefit of repaying the loan, it is estimated that the interest expense that can be saved will increase by about 240,000 yuan in 2022, and the interest expense that can be saved will increase by about 1,538,000 yuan every year thereafter.</p>	
The impact of this change on shareholders' equity (favorable) or adverse effect		The revision of the fundraising plan this time was originally expected to be used to reinvest in subsidiaries. However, due to the Russian-Ukrainian war and global inflation in 2022, the United States will raise interest rates to curb inflation and push up the exchange rate, which will strengthen the US dollar and increase fundraising. Plan the utilization efficiency of funds, avoid idle time of funds for too long and measure to improve the efficiency of capital utilization and protect shareholders' rights and interests. After comprehensive evaluation, the company intends to make appropriate use of the total amount of funds raised. In addition to the original investment in subsidiaries, the repayment of bank loans will be increased to reduce the interest burden and improve the financial structure. In addition to expanding the scale of fleet operations, the company's operating efficiency and profitability will be further improved. In the long run, the company's revised plan will have a positive effect on shareholders' equity	
Summary of Underwriters' Evaluation Opinions for This Amendment		The amount of this change in the plan does not reach 20% of the total amount of the fundraising plan, and it is not a change in the plan of raising funds referred to in the notices for the change of the company's cash capital increase or corporate bond issuance plan, so there is no need Contact the original sponsor and underwriter to issue an evaluation opinion.	
Revised Estimated Progress and Completion Date		2023 Q2	

Franbo Lines Corp

**Amendments to the Company's "Procedures for Endorsement & Guarantees"
Comparison Table**

Article number	Original Article	Article after amendment	Reason for amendment
CX06 Endorsement Guarantee Operating Procedures			
CX06-C List of endorsement guarantee ratio restrictions for direct or indirect investment subsidiaries			
Article number	Original Article	Article after amendment	Reason for amendment
Company Name	Subsidiary And Second-tier Subsidiary	Franbo Group	Strengthen expression
CX06-C List of endorsement guarantee ratio restrictions for direct or indirect investment subsidiaries			
Company Name	None	Franbo Asset Management Co., Ltd. and its subsidiaries	
The company's restriction on the total amount of endorsement guarantee shall not exceed "N1%" of the company's net value in the latest statement (hereinafter referred to as the latest company net value). The individual endorsement guarantee amount shall not exceed "N2%" of the latest company's net worth.	None	N1=200 N2=100	In response to actual operational needs, the subsidiary and subsidiary company's external endorsement guarantee limit has been increased.

Franbo Lines Corp

Amendments to the Company's "Operational Procedures for Lending Funds to Others" Comparison Table

Article number	Original Article	Article after amendment	Reason for amendment
CX08 Procedures for Lending Funds to Others			
Article 7	The loan of capital between the company and its parent company or subsidiaries, or between its subsidiaries, shall be resolved by the board of directors in accordance with the provisions of the preceding paragraph, and the chairman may authorize the chairman of the board of directors to make a certain amount of the same loan object and not exceed one year (The company directly and indirectly holds 100% of the voting shares of foreign companies and the company directly and indirectly holds 100% of the voting shares of foreign companies (except for the company)) in installments or revolving loans during the period.	The loan of funds between the company and its parent company or subsidiaries, or between its subsidiaries, shall be submitted to the resolution of the board of directors in accordance with the provisions of the preceding paragraph, and the chairman may authorize the chairman of the board of directors to apply for a certain amount and a term not exceeding one year for the same loan object. During the period, installment loan or recurring use.	Cooperate with the Securities and Futures Bureau to revise and clarify the loan and term of funds

Franbo Lines Corp.

Document number	Procedures for Endorsement & Guarantees	Date of establishment
CX06		June 17 th , 2009
Vision : 10		Revision Date
Total:9 pages		August 20 th , 2019

Chapter 1 (General Provisions)

Article 1:

This operating procedure is formulated with reference to the "Guidelines for Handling Fund Loan and Endorsement Guarantees of Public Offering Companies" (hereinafter referred to as "the Handling Guidelines") stipulated by the Financial Supervisory Commission of the Executive Yuan (hereinafter referred to as the "Financial Supervisory Commission"). The company's external endorsement guarantee shall be handled in accordance with this "Endorsement Guarantee Operation Procedure" (hereinafter referred to as this procedure).

Chapter 2 (Scope of Warranty)

Article 2:

The endorsement guarantee referred to in this procedure refers to the following items:

1. Financing endorsement guarantee, including:
 - (1) Ticket discount financing.
 - (2) Endorsements or guarantees for the purpose of financing other companies.
 - (3) For the purpose of the company's financing, a separate bill is issued to a non-financial institution as a guarantee.
2. Tariff endorsement guarantee: refers to the endorsement or guarantee for the company or other companies related to tax matters.
3. Other endorsements and guarantees: Refers to endorsements or guarantees that cannot be classified into the preceding two paragraphs.
4. Providing movable or immovable property to establish a pledge or mortgage for the guarantee of another company's loan.

Chapter 3 (Guarantee object)

Article 3:

1. The objects of the company's endorsement and guarantee are limited to the following:
 - (1) A company with which it has business dealings.
 - (2) Companies in which the Company directly and indirectly holds more than 50% of the voting shares.
 - (3) A company that directly or indirectly holds more than 50% of the voting shares of the company.
2. Between companies whose voting shares directly or indirectly hold more than 90% of the voting shares, the company may provide an endorsement guarantee, and the amount shall not exceed 10% of the company's net worth. However, this does not apply to inter-company endorsement guarantees in which the Company directly and indirectly holds 100% of the voting shares.
3. The company needs mutual guarantees between peers or co-constructors in accordance with contractual provisions based on the needs of contracting projects, or due to a joint investment relationship, all capital contributors endorse the invested company in accordance with their shareholding ratios, or peers in the same industry rely on consumers. The Protection Act regulates the joint guarantee of the performance guarantee of the pre-sale housing sales contract, which is not restricted by the provisions of the previous two paragraphs, and may be an endorsement guarantee.
4. The capital contribution referred to in the preceding paragraph refers to direct capital contribution by a public offering company or capital contribution through a company holding 100% of the voting shares.

5. Subsidiaries and parent companies referred to in these procedures shall be identified in accordance with the provisions of the Financial Reporting Standards for Securities Issuers. The financial reports of publicly issued companies are prepared in accordance with the International Financial Reporting Standards. The net value referred to in this procedure refers to the equity attributable to the owner of the parent company on the balance sheet stipulated in the financial report preparation standards of the securities issuer.

Chapter 4 (Amount of Guarantee)

Article 4:

1. The company's restriction on the total amount of endorsement guarantee shall not exceed "500%" of the company's latest company net worth after audit or review by an accountant (hereinafter referred to as the latest company net worth).
2. The company's restriction on the endorsement guarantee amount of a single enterprise shall not exceed "100%" of the company's most recent company net value, including subsidiaries that directly or indirectly hold more than 50% of the equity.
3. The company's endorsement guarantee amount for business dealings shall not exceed the total amount of transactions with the company in the most recent year.
4. The total amount of endorsement guaranteed by the company and its subsidiaries is "500%" of the latest company net worth of the company and its subsidiaries. The amount of endorsement guarantee for a single enterprise shall not exceed "100%" of the latest company net worth.
5. The total amount of endorsement guaranteed by the subsidiaries and sub-companies of the company is "200%" of the latest company net value of the subsidiaries and sub-companies of the company. The most recent company net worth "100%" is limited.
6. Between companies in which the Company directly and indirectly holds more than 90% of the voting shares, the amount of mutual endorsement shall not exceed 10% of the company's net worth. The inter-company endorsement guarantee of 100% of the voting shares directly and indirectly held by the company is not subject to this limitation.
7. The inter-company endorsement guarantee of 100% of the voting shares directly and indirectly held by the company shall not exceed "100%" of the latest net value of the company.
8. If the total amount of endorsements and guarantees of the company and its subsidiaries amount to more than 50% of the company's net worth in the most recent period, the necessity and rationality thereof shall be explained at the shareholders' meeting.

Chapter 5 (Seal Seal)

Article 5:

The company uses the company seal applied for registration with the Ministry of Economic Affairs as an endorsement to guarantee that the special seal will be kept by a special person, and will be printed or issued invoices according to the prescribed procedures. If it is a guarantee for a foreign company, the guarantee letter issued by the company shall be signed by a person authorized by the board of directors.

Chapter 6 (Examination Procedures)

Article 6:

Before the company endorses or provides guarantees for others, the financial department shall carefully evaluate whether it complies with the standards for the handling of capital loans and endorsement guarantees of public offering companies (hereinafter referred to as the handling rules) and the provisions of this procedure and the items listed in the following items, and then The assessment results are first submitted to the audit committee for approval, and then submitted to the board of directors for resolution. The evaluation items are as follows:

1. Necessity and reasonableness of guarantee.
2. Credit investigation and risk assessment of the subject.
3. The impact on the company's operational risks, financial status, and shareholders' equity.
4. Whether collateral and the appraised value of the collateral should be obtained.

If the preceding paragraph is not approved by more than one-half of all members of the audit committee, it may be implemented with the consent of more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board meeting.

Article 6-1:

When the company and its subsidiaries endorse a subsidiary whose net value is less than half of the paid-in capital, they shall evaluate the relevant control risks and the implementation of the response

plan in accordance with the provisions of Article 6 of this procedure, and report to the Audit Committee on a regular basis Report.

If the company and its subsidiaries endorse the guarantee for its subsidiary, the subsidiary has not yet fallen below half of the paid-in capital, but if there is a situation in which the paid-in capital falls below half of the paid-in capital due to subsequent changes in circumstances, It should also regularly evaluate the relevant control risks and the implementation of the response plan every year, and report to the audit committee.

If the shares of the subsidiary have no par value or the par value of each share is not NT\$10, the paid-in capital referred to in the preceding paragraph shall be the total of the share capital plus capital reserve - issuance premium.

Chapter 7 (Endorsement Guarantee Operating Procedures)

Section 1 Application and Cancellation

Article 7:

1. The application for the company's endorsement guarantee must be filled out by the application department in the "Endorsement Guarantee (Cancellation) Application Form", which details the company name (endorsement guarantee object), type, reason and amount, and is submitted to the approval authority for approval.
2. When the guarantee expires, the financial unit shall fill in the "Application Form for Endorsement Guarantee (Cancellation)", check the cancellation column, submit it for approval according to the approval authority, and publish it on the "Endorsement Guarantee Reference Book".

Section 2 Verification Authority and Excess Endorsement Guarantee

Article 8:

1. The company shall first submit the endorsement and guarantee matters to the audit committee for approval, and then to the board of directors for approval. Without the consent of more than one-half of all members of the audit committee, it may be implemented with the consent of more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board meeting.
2. When necessary, the board of directors may authorize the chairman of the board of directors to make a decision within the latest "50%" of the company's net value in accordance with the relevant provisions of these regulations, and then report to the latest audit committee and the board of directors for ratification, and will handle the relevant circumstances Report to the shareholders meeting for future reference.
3. When it is necessary to exceed the amount set by the endorsement guarantee due to business needs, it shall be submitted to the board of directors for resolution with the approval of the audit committee, and more than half of the directors shall sign a joint guarantee for the possible losses caused by the company's excess limit, and revise the endorsement guarantee operation The procedures shall be ratified by the shareholders' meeting; if the shareholders' meeting disagrees, a plan shall be made to eliminate the exceeding limit within a certain period of time.
4. Subsidiaries of the company that directly and indirectly hold more than 90% of the voting shares shall submit an endorsement guarantee in accordance with Article 3, Paragraph 4, and shall submit the resolution to the board of directors of the parent company before proceeding. However, this does not apply to inter-company endorsement guarantees in which the Company directly and indirectly holds 100% of the voting shares.

Section 3 Detailed Reference Book

Article 9:

The company's endorsement guarantee shall be based on the "Endorsement Guarantee (Cancellation) Application Form" completed by the endorsed guarantee company, and shall establish the "Endorsement Guarantee (Cancellation) Reference Book" to determine the endorsement guarantee object, amount, approval by the board of directors or chairman of the board of directors. The date of decision, date of endorsement, and matters that should be carefully evaluated in accordance with the provisions of Article 6 are published in detail for future reference.

Section 4 Submission to the Shareholders' Meeting for Reference

Article 10:

The financial department of the company shall submit the endorsement and guarantee status and related materials for each business year to the next shareholders' meeting for reference.

Section 5 Checking

Article 11:

The company's audit unit should audit the procedure and its implementation at least quarterly, and make a written record. If major violations are found (including the company or a subsidiary's endorsement of a subsidiary whose net value is less than half of the paid-in capital)), shall promptly notify the Audit Committee in writing.

Chapter VIII (Announcement and Declaration)

Section 1 Monthly Announcement and Declaration

Article 12

The company announces and declares the endorsement guarantee balance of the company and its subsidiaries for the previous month before the tenth day of each month.

Section 2 Announcement and declaration within two days

Article 13:

If the balance of the company's endorsement guarantee reaches one of the following standards, it shall announce and declare within two days from the date of the occurrence of the fact:

1. The balance of the company's and its subsidiaries' endorsement guarantees is more than 50% of the company's most recent company net worth.
2. The balance of the company's and its subsidiaries' endorsement guarantees for a single enterprise is more than 20% of the company's latest financial statement net value.
3. The company and its subsidiaries have endorsed and guaranteed a single enterprise with a balance of more than NT\$10 million, and the total book value of the investment book value and capital loans and balances of the endorsed guarantee and equity method have reached the latest financial statement of the public company. The reported net worth is more than 30%.
4. The new endorsement guarantee amount of the company and its subsidiaries is more than NT\$30 million and more than 5% of the company's most recent company net worth.

Section 3 Announcement and Declaration of Subsidiaries

Article 14:

If a subsidiary of the company is not a domestic public offering company, the company shall do so if the subsidiary has matters that should be announced and reported in the preceding paragraphs.

The calculation of the proportion of the balance of the subsidiary's endorsement guarantee to the net value of the preceding paragraph shall be calculated based on the proportion of the balance of the subsidiary's endorsement guarantee to the net value of the company.

1. The company shall enter the balance of the endorsement guarantee of the company and its subsidiaries in the previous month into the Public Information Observatory before the 10th of each month.
2. If the company's endorsement guarantee balance reaches one of the following standards, it shall be entered into the Public Information Observatory within two days from the day when the fact occurs:
 - (1) The balance of endorsements and guarantees by the company and its subsidiaries is more than 50% of the company's latest net worth.
 - (2) The balance of the company's and its subsidiaries' endorsement guarantees for a single enterprise is more than 20% of the company's latest net worth.
 - (3) The company and its subsidiaries have endorsed and guaranteed a single enterprise with a balance of more than NT\$10 million, and the total book value of the investment book amount and capital loan and balance of the endorsed guarantee, equity method, and the balance of the company's latest company 30% or more of net worth.
 - (4) The new endorsement guarantee amount of the company and its subsidiaries is more than NT\$30 million and more than 5% of the company's latest net worth.
3. If the subsidiary company of the company is not a domestic public offering company, the company shall do so if the subsidiary company has matters that should be entered into the Public Information Observatory in Subparagraph 4 of the preceding paragraph. The calculation of the ratio of the new endorsement guarantee amount of the subsidiary company to the net value of the preceding paragraph shall be calculated based on the ratio of the newly added endorsement guarantee amount of the subsidiary company to the net value of the company.
4. The company shall evaluate or recognize the contingent loss of the endorsement guarantee in accordance with the provisions of Financial Accounting Standards No. 9, appropriately disclose

relevant information in the financial report, and provide relevant information to certified accountants to perform necessary verification procedures.

Section 4 Application Website

Article 15:

Announcement reporting referred to in this procedure refers to inputting information to the information reporting website designated by the Financial Supervisory Commission of the Executive Yuan. The date of fact occurrence mentioned in this standard refers to the date of signing, payment date, resolution date of the board of directors, or other date on which the endorsement guarantee object and amount are fully determined, whichever is earlier.

Chapter 9 (Financial Information)

Article 16:

The company shall evaluate or recognize the contingent loss of the endorsement guarantee and properly disclose the endorsement guarantee information in the financial report, and provide relevant information to the certified accountant to perform the necessary verification procedures.

Chapter 10 (Control Procedures for Subsidiaries' Endorsements and Guarantees)

Article 17:

If a subsidiary of the company intends to endorse or provide a guarantee for others, it shall follow the provisions of the handling guidelines and this operating procedure and report to the board of directors of the company for approval.

A subsidiary of the Company that is a domestic public offering company shall handle the announcement and declaration matters in accordance with the regulations.

Subsidiaries of the company shall submit the endorsement and guarantee details for the previous month to the company for collection before the fifth day of each month.

Subsidiaries of the Company shall check by themselves whether the various endorsements and guarantees are handled in accordance with the established operating procedures.

The audit unit of the company shall review the self-inspection report of the subsidiary.

Chapter 11 (Penalty)

Article 18:

The company's external endorsement and guarantee shall be handled in accordance with the handling guidelines and the provisions of this procedure. If the manager or sponsor violates the regulations and causes serious damage to the company or the circumstances are serious, the company will punish the company according to the relevant personnel regulations.

Chapter 12 (Enforcement and Amendment)

Article 19:

This procedure should first be approved by more than half of all members of the audit committee, and then passed by the resolution of the board of directors, and submitted to the shareholders' meeting for approval. If there is no consent of more than half of all members of the audit committee, more than two-thirds of all directors agree to do so, and the resolution of the audit committee shall be recorded in the minutes of the board meeting. The same applies to corrections.

Article 20:

Article 165-1 of the Securities Exchange Law stipulates that a foreign company (hereinafter referred to as a foreign company) that endorses or provides guarantees for others shall apply the provisions of the handling guidelines mutatis mutandis.

If the foreign company does not have a seal, the provisions of Article 12, Paragraph 1, Subparagraph 7 and Article 17, Paragraph 4 of the Handling Guidelines may not apply.

The net worth of a foreign company calculated in accordance with the provisions of this treatment standard refers to the equity attributable to the owner of the parent company on the balance sheet.

*Key points of control:

1. Added endorsement to ensure whether the procedures are followed.
2. Whether the application has been completed in accordance with this operating procedure.
3. Whether to order the subsidiaries to formulate relevant measures in accordance with the operating procedures and implement them in accordance with the rules.

*According to the information:

1. Guidelines for handling capital loans and endorsement guarantees of public offering companies.
2. Minutes of board meetings.

3. CX06-C Direct or Indirect Investment Subsidiary Endorsement Guarantee Ratio Limitation Table

* Related forms:

1. CX06-A Endorsement Guarantee (Cancellation) Application Form
2. CX06-B endorsement guarantee (cancellation) reference book
3. Signing

CX06-C List of endorsement guarantee ratio restrictions for direct or indirect investment subsidiaries

The endorsement guarantee operation of the company's direct or indirect investment subsidiaries (the company name is as follows) is handled in accordance with the "CX06 Procedure of making Endorsement or Guarantees of The Company" of Franbo Lines Corp.

Company Name	Subsidiary And Second-tier Subsidiary	New Lucky Lines S.A.	Uni-Morality Lines limited	other (None of the former are included)
The company's restriction on the total amount of endorsement guarantee shall not exceed "N1%" of the company's net value in the latest statement (hereinafter referred to as the latest company net value). The individual endorsement guarantee amount shall not exceed "N2%" of the latest company's net worth.	N1=200 N2=100	N1=200 N2=100	N1=300 N2=100	N1=500 N2=400

Form number: CX06-C (date of establishment: 2013.06.27)

Franbo Lines Corp.

Document number	Operational Procedures for Lending Funds to Others	Date of establishment
CX08		June 17 th , 2009
Vision : 7		Revision Date
Total:9 pages		May 29 th , 2019

Chapter I (General Provisions)

Article 1:

This operating procedure is formulated with reference to the "Guidelines for Handling Fund Loans and Endorsement Guarantees of Public Offering Companies" (referred to as the "handling guidelines") stipulated by the Financial Supervisory Commission of the Executive Yuan (hereinafter referred to as the "Financial Supervisory Commission").

Chapter II (Loans and Objects)

Article 2:

In accordance with Article 15 of the Company Law, the company's funds shall not be loaned to shareholders or any other person except in the following circumstances:

The objects to whom the company lends funds (hereinafter referred to as the borrower) are limited to those listed in the following items:

- (1) Companies that have business dealings with this company; (hereinafter referred to as business dealings)
- (2) Companies that have no business relationship with this company but need short-term financing. (hereinafter referred to as "necessary for short-term financing"), the term "short-term" refers to a period not exceeding one year. In addition, capital loans between foreign companies that directly and indirectly hold 100% of the voting shares of the company, or foreign companies that directly and indirectly hold 100% of the voting shares of the company to the company are not subject to the restrictions of the second paragraph. However, the limits and deadlines for the total amount of capital loans and individual objects shall still be determined in accordance with Article 9, Subparagraphs 3 and 4 of the Handling Guidelines.

Chapter III (Limits on Fund Loans)

Article 3:

The company's total loan funds to various borrowers shall not exceed "20%" of the company's latest company net worth after audit or review by an accountant (hereinafter referred to as the latest company net worth).

Restrictions on the amount of funds loaned by the company to individual objects:

- (1) For those who have business dealings, the amount of individual loans shall not exceed the amount of business dealings between the two parties. The so-called business transaction amount refers to the actual purchase and sales amount or transaction amount in the previous year when the loan contract between the two parties was established.
- (2) The total amount of loans to those who need short-term financing shall not exceed "20%" of the latest company net worth. The individual loan amount shall not exceed "10%" of the latest company's net worth. In addition, capital lending between foreign companies directly or indirectly holding 100% of the voting shares of the company is not restricted by this article, and the ratio is determined separately.

However, the limits and deadlines for the total amount of capital loans and individual objects shall still be determined in accordance with Article 9, Subparagraphs 3 and 4 of the Handling Guidelines.

Chapter 4 (Reason and Necessity of Lending Funds to Others)

Article 4:

The company's loans and funds to those in need of short-term financing are limited to the following:

- (1) The company can lend funds to the following objects, and there is a need for short-term financing due to needs;
 1. A subsidiary of the company.
 2. The parent company of the company.
- (2) Other loans approved by the board of directors of the company.

Subsidiaries and parent companies referred to in these operating procedures shall be identified in accordance with the provisions of the Financial Reporting Standards for Securities Issuers.

The financial reports of publicly issued companies are prepared in accordance with the International Financial Reporting Standards. The net worth referred to in these operating procedures refers to the equity attributable to the owner of the parent company on the balance sheet stipulated in the financial report preparation standards of the securities issuer.

Chapter 5 (Examination Procedures)

Article 5:

When the company handles the loan of funds, the borrower should first submit the necessary financial information and apply for a financing line to the financial department of the company. The financial department should prudently evaluate whether it complies with the guidelines for the handling of fund loans and endorsement guarantees of publicly issued companies (hereinafter referred to as Handling criteria) and the provisions of this operating procedure and the matters listed in the following items shall be

The evaluation results are first submitted to the audit committee for approval, and then submitted to the board of directors for resolution. The evaluation items are as follows:

- (1) Necessity and rationality of lending funds to others.
- (2) Credit investigation and risk assessment of loan recipients.
- (3) The impact on the company's operating risks, financial status and shareholders' equity.
- (4) Whether collateral and the appraised value of the collateral should be obtained.

If the preceding paragraph has not been approved by more than one-half of all members of the audit committee, it may be implemented with the consent of more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board meeting.

The company's capital loan is to the borrower. In addition to requiring the borrower to sign a capital loan contract with the company, the application department should evaluate whether it should obtain the following collateral or collateral:

1. Guaranteed notes of the same amount.
2. Or endorsed by a guarantor approved by the company or movable or immovable property.

Chapter 6 (Fund Loans and Handling Procedures)

Section 1 Application

Article 6:

- (1) For the application of the company's capital loan, the application department shall issue a signature and a written evaluation report. After the evaluation by the financial department, the evaluation result shall be submitted to the audit committee for approval, and then submitted to the board of directors for resolution. No other person shall be authorized to make a decision. .

- (2) After the board of directors approves the capital loan and quota, when the actual working capital loan is used, the application department fills out the "fund loan (repayment) application form" and submits it to the chairman's decision to handle the appropriation.

Section 2 Approval and Excess Fund Loan

Article 7:

The loan of capital between the company and its parent company or subsidiaries, or between its subsidiaries, shall be resolved by the board of directors in accordance with the provisions of the preceding paragraph, and the chairman may authorize the chairman of the board of directors to make a certain amount of the same loan object and not exceed one year (The company directly and indirectly holds 100% of the voting shares of foreign companies and the company directly and indirectly holds 100% of the voting shares of foreign companies (except for the company) in installments or revolving loans during the period.

Article 8:

When the company's circumstances change, resulting in the capital loan being inconsistent with the requirements or the loan balance exceeding the limit, it shall formulate an improvement plan, submit the relevant improvement plan to the Audit Committee, and complete the improvement according to the planned schedule.

Section 3 Signing of Loans and Contracts

Article 9:

- (1) After credit investigation and evaluation, if the loan is not proposed, the financial department should reply to the borrower as soon as possible after signing and verifying the reason for the refusal.
- (2) After the credit investigation and evaluation, the financial department will fill out the credit investigation report and review opinions, and prepare the loan conditions, and submit them to the board of directors for approval step by step. After the loan case is approved, the financial department and the borrower complete the relevant procedures (for example: contract, guarantee, collateral setting, insurance operation, appropriation, etc.).

Article 10:

If the borrower applies for a fund loan in accordance with the company's regulations, the financial department shall only lend the fund to others after signing the fund loan contract and completing relevant procedures (such as: insurance, collateral setting, insurance operations, etc.), To ensure the company's creditor's rights.

Section 4 Detailed Reference Book

Article 11:

The financial department of the company handles the loan of funds, and shall, on the date when the fact occurs, publish in detail the loan recipients of each fund, the date of approval by the board of directors, the date of loan of funds, and the amount of funds to be loaned. Reference Book for Others".

Section 5 Annual Information for Reference

Article 12: Deletion.

Chapter 7 (Lending Period and Interest Calculation Method)

Article 13:

The term of the company's capital loan shall not exceed one year. However, if there is a need for short-term financing and the business cycle is longer than one year, the business cycle shall prevail. When the company directly or indirectly holds 100% of the voting shares between foreign companies and the company directly or indirectly holds 100% of the voting shares, when it engages in capital loans

to the company, the financing period is not limited by the preceding paragraph. The term shall not exceed five years.

Article 14:

The interest of financing funds is calculated at a floating rate, and it is adjusted flexibly depending on the company's capital cost. When adjusting the interest rate, the financial department will submit it to the chairman for approval before implementation. The interest receivable is settled monthly. Interest calculation method: It is decided by the board of directors. The interest rate of related party loans can be calculated without interest according to the situation, but it needs to be stipulated in a written contract.

Chapter 8 (Follow-up Control and Procedures for Handling Overdue Claims)

Section 1 Follow-up Control

Article 15:

After the loan is granted, the financial department should always pay attention to the financial, business and related credit status of the borrower and the guarantor; if there is any collateral provided, it should also pay attention to whether there is any change in the value of the collateral, and immediately report any major changes Chairman of the board, and deal with it appropriately according to instructions.

Article 16:

The company's audit unit should audit the operating procedures and their implementation at least quarterly, and make written records. If major violations are found, they should immediately notify the audit committee in writing.

Section 2 Procedures for Handling Overdue Claims

Article 17:

When the loan expires, the borrower shall pay off the principal and interest immediately, otherwise the Company shall pursue the repayment according to law.

Chapter 9 (Announcement and Declaration Procedures)

Section 1 Monthly Announcement and Declaration

Article 18:

The company shall announce and declare the loan and balance of funds of the company and its subsidiaries in the previous month before the tenth day of each month.

Section 2 Announcement and declaration within two days

Article 19:

1. If the company's fund loan and balance meet one of the following standards, it shall be entered into the Public Information Observatory within two days from the day when the fact occurs:
 - (1) The balance of the company's and its subsidiaries' capital loans to others is more than 20% of the company's latest company statement net worth.
 - (2) The loan balance of the company and its subsidiaries to a single enterprise is more than 10% of the net value of the company's latest corporate statement.
 - (3) The company and its subsidiaries' newly added funds and loans amount to more than NT\$10 million and more than 2% of the company's latest company statement net worth.
2. If the subsidiary company of the company is not a domestic public offering company, if the subsidiary company has matters that should be announced and reported in paragraph 3, the company shall do so. The calculation of the proportion of the new capital loan amount of the subsidiary company in the preceding paragraph to the net value shall be calculated based on the proportion of the new capital loan amount of the subsidiary company to the net value of the company's statement.

Section III (deleted)

Article 20 (deleted)

Section 4 Application Website

Article 21:

Announcement reporting referred to in these operating procedures refers to the entry into the information reporting website designated by the Financial Supervisory Commission of the Executive Yuan. The date of occurrence of the fact mentioned in this operating procedure refers to the date of the signing date, payment date, resolution date of the board of directors, or other date on which the loan object and the amount of funds are fully determined, whichever is earlier.

Chapter 10 (Financial Information)

Article 22:

The company shall assess the situation of capital loans and provide adequate allowance for bad debts, and appropriately disclose relevant information in the financial report, and provide relevant information to certified accountants to perform necessary verification procedures.

Chapter 11 (Procedures for the Control of Subsidiary Funds Loaned to Others)

Article 23:

If a subsidiary of the company intends to lend the company's assets to others, it shall follow the "Public Issuance Company's Fund Loan and Endorsement Guarantee Handling Guidelines" and follow this operating procedure to handle the operation and report to the company's board of directors for approval.

Chapter 12 (Check)

Article 24:

When the company lends funds to others, it should really follow the handling guidelines and the provisions of this operating procedure. If the manager or sponsor violates the regulations and causes serious damage to the company or the circumstances are serious, the company will punish it in accordance with relevant personnel regulations .

Chapter 13 (Enforcement and Amendment)

Article 25:

This procedure should first be approved by more than half of all members of the audit committee, and then passed by the resolution of the board of directors, and submitted to the shareholders' meeting for approval. If there is no consent of more than half of all members of the audit committee, more than two-thirds of all directors agree to do so, and the resolution of the audit committee shall be recorded in the minutes of the board meeting. The same applies to corrections.

Article 26:

When a foreign company (hereinafter referred to as a foreign company) handles capital lending to others as stipulated in Article 165-1 of the Securities Exchange Law, it shall apply the provisions of the handling guidelines mutatis mutandis.

If the foreign company does not have a seal, the provisions of Article 12, Paragraph 1, Subparagraph 7 and Article 17, Paragraph 4 of the Handling Guidelines may not apply.

The net worth of a foreign company calculated in accordance with the provisions of this treatment standard refers to the equity attributable to the owner of the parent company on the balance sheet.

* Key points of control:

1. Whether the increased capital loan is handled in accordance with the prescribed operating procedures.
2. Whether the application has been completed in accordance with this operating procedure.
3. Whether to order the subsidiaries to formulate relevant measures in accordance with the operating procedures and implement them in accordance with the rules.

* According to the information:

1. Guidelines for handling capital loans and endorsement guarantees of public offering companies
2. Minutes of Board Meetings
3. CX08-C Restrictions on the ratio of capital loans to others for direct or indirect investment subsidiaries

* Related forms:

1. CX08-A Fund Loan (Repayment) Application Form
2. CX08-B capital loan and other people's reference book
3. Signing

CX08-C Restrictions on capital loans to others for direct or indirect investment subsidiaries

The company's direct or indirect investment subsidiaries (company name below) lend funds to others, except for the limit as shown in the table below, and the rest shall be handled in accordance with Franbo Lines Corp.'s "CX08 Fund Lending to Others Operating Procedures."

Ratio/Company Name	New Lucky Lines S.A.	Uni-Morality Lines Limited	Other(Non of the former are included)
The company's total loan funds to the borrowers in the first paragraph of the preceding article shall not exceed the company's net value in the latest statement (hereinafter referred to as the latest company net value) "N%"	N=100	N=100	N=100
The total amount of loans to those who need short-term financing shall not exceed the latest "N1%" of the company's net worth. The individual loan amount shall not exceed "N2%" of the latest company's net worth.	N1=100 N2=30	N1=100 N2=100	N1=100 N2=100

Form number: CX08-C (date of establishment: 2013.06.27)

Franbo Lines Corp.

Document number	Rules and Procedures of the Shareholders' Meetings	Date of establishment
CX17		June 27 th , 2009
Vision : 8		Revision Date
Total: 8 pages		August 20 th , 2021

Article 1

Basis for setting

In order to establish a good governance system for the shareholders' meeting, improve the supervisory function and strengthen the management function of the company, these rules are formulated in accordance with the provisions of Article 5 of the Code of Practice for Governance of Listed OTC Companies for compliance.

Article 2

Unless otherwise stipulated by laws or regulations, the rules of procedure of the shareholders' meeting of the company shall be governed by these rules.

Article 3

Shareholders' meeting convening and meeting notice

- (1) Unless otherwise stipulated by laws and regulations, the shareholders' meeting of the company shall be convened by the board of directors.
- (2) The company shall notify all shareholders 30 days before the ordinary shareholders' meeting or 15 days before the extraordinary shareholders' meeting.
- (3) The notice of the shareholders' meeting, the proxy paper, the reasons and explanatory materials for various proposals such as recognition proposals, discussion proposals, election or dismissal of directors, and supervisory matters are made into electronic files and sent to the public information observatory. Twenty-one days before the ordinary shareholders' meeting or fifteen days before the extraordinary shareholders' meeting, the shareholders' meeting procedure manual and supplementary materials of the meeting shall be prepared as electronic files and sent to the public information observatory. Fifteen days before the shareholders' meeting, prepare the current shareholders' meeting procedure manual and meeting supplementary materials for shareholders to request at any time. The notice and announcement shall specify the reason for the convening; if the notice is approved by the counterparty, it may be done electronically. For shareholders holding less than 1,000 registered shares, they may do so by public announcement.
- (4) Election and dismissal of directors, supervisors, changes to articles of association, capital reduction, application for suspension of public offerings, directors' non-compete licenses, capital increase from surplus, capital increase from public reserves, company dissolution, merger, division or Company Law 185 Matters referred to in Paragraph 1 of Article 1, Articles 26-1 and 43-6 of the Securities and Exchange Act, and Articles 56-1 and 60- 2. For matters, the main contents shall be listed and explained in the reason for the convening, and shall not be proposed as an interim motion.
- (5) The reasons for convening the shareholders' meeting have stated the general re-election of directors and supervisors, and the date of their inauguration. After the re-election of the shareholders' meeting is completed, the same meeting shall not change the date of their inauguration by temporary motions or other means.
- (6) Shareholders holding more than 1% of the total number of issued shares may submit a proposal to the company at the general meeting of shareholders, limited to one proposal, and those with more than one proposal will not be included in the proposal. However, the shareholders' proposal is a proposal to urge the company to promote public interests or fulfill its social responsibilities, and the board of directors may still include it in the proposal. In addition, the proposal proposed by the shareholders

falls under any of the circumstances of Subparagraph 4 of Article 172-1 of the Company Law, and the board of directors may not list it as a proposal.

- (7) The company shall announce the acceptance of shareholders' proposals, the method of acceptance in writing or electronically, the place of acceptance, and the acceptance period before the date of the suspension of stock transfer before the general meeting of shareholders; the acceptance period shall not be less than ten days.
- (8) Proposals proposed by shareholders shall be limited to 300 words, and those exceeding 300 words shall not be included in the proposal; the proposing shareholders shall attend the general meeting of shareholders in person or by proxy, and participate in the discussion of the proposal.
- (9) The company shall notify the proposing shareholders of the handling results before the notice of convening the shareholders' meeting, and list the resolutions conforming to the provisions of this article in the meeting notice. For shareholder proposals that are not included in the resolutions, the board of directors shall explain the reasons for not including them at the shareholders' meeting.

Article 4

Proxy to attend shareholders meeting and authorize

- (1) Shareholders may, at each shareholders' meeting, issue a power of attorney issued by the company, specifying the scope of authorization, and entrust an agent to attend the shareholders' meeting.
- (2) One shareholder shall issue one power of attorney, and only one person shall be entrusted, which shall be delivered to the company five days before the shareholders' meeting. However, it is not limited to those who declare to revoke the previous entrustment.
- (3) After the power of attorney is delivered to the company, shareholders who wish to attend the shareholders' meeting in person or exercise their voting rights in writing or electronically shall notify the company in writing of the revocation of the proxy two days before the shareholders' meeting; , subject to the voting rights of proxies attending and exercising.

Article 5

Principles for the venue and time of convening shareholders' meetings

The venue for the shareholders' meeting shall be the place where the company is located or at a place that is convenient for shareholders to attend and suitable for the shareholders' meeting to be held.

The meeting shall not start earlier than 9:00 a.m. or later than 3:00 p.m., and the venue and

The time should fully consider the opinions of independent directors.

Article 6

Preparation of signature books and other documents

- (1) The company shall state in the meeting notice the time and place of the acceptance of the shareholders' registration, and other matters that should be paid attention to.
- (2) The time for accepting the shareholders' registration in the preceding paragraph shall be done at least 30 minutes before the start of the meeting; the registration office shall be clearly marked, and appropriate and competent personnel shall be assigned to handle it.
- (3) The company shall set up a signature book for the attendance of the shareholders themselves or their proxies (hereinafter referred to as shareholders) to sign in, or the attendance of the shareholders to hand in a sign-in card to sign in on their behalf.
- (4) The company shall deliver the procedure manual, annual report, attendance certificate, speech slips, voting ballots and other meeting materials to shareholders attending the shareholders meeting; if there is an election of directors and supervisors, an election ballot shall be attached.
- (5) Shareholders themselves or their proxies (hereinafter referred to as shareholders) should present their attendance cards, attendance cards or other attendance certificates to attend the shareholders' meeting. Proof documents; the applicant who is soliciting the power of attorney should bring along the identification documents for verification.
- (6) When the government or legal person is a shareholder, the number of representatives attending the shareholders' meeting is not limited to one. When a legal person is entrusted to attend the shareholders' meeting, only one representative may be appointed to attend the meeting.

Article 7

Chairman of the shareholders' meeting, non-voting attendees

- (1) If the shareholders' meeting is convened by the board of directors, the chairman of the board of directors shall be the chairman of the board of directors. If the chairman of the board of directors

requests leave or is unable to exercise his power for any reason, the deputy chairman of the board of directors shall act as his proxy. In the event of inability to exercise powers, the chairman of the board shall designate a managing director to act as his agent; if there is no managing director, a director shall be appointed to act as his agent, and if the chairman does not designate an agent, the managing director or one of the directors shall be appointed as his agent.

- (2) The chairman of the preceding paragraph is an executive director or a director who has served as the executive director or director who has served for more than six months and who has an understanding of the company's financial and business conditions. The same applies if the chairman is the representative of the corporate directors.
- (3) The chairman of the board of directors shall preside over the shareholders' meeting convened by the board of directors in person, and more than half of the directors of the board of directors, at least one supervisor, and at least one representative of various functional committee members shall attend in person, and the attendance shall be recorded in the Minutes of the shareholders meeting.
- (4) If the shareholders meeting is convened by a person with the right to convene other than the board of directors, the chairman shall be the person with the right to convene.
- (5) The company may designate appointed lawyers, accountants or related personnel to attend the shareholders' meeting.

Article 8

Evidence of audio recording or video recording of the shareholders' meeting

- (1) The company shall record and record the whole process of shareholder registration, the meeting process, and the voting counting process continuously and uninterruptedly from the time of acceptance of shareholder registration.
- (2) The audio-visual materials in the preceding paragraph shall be kept for at least one year. However, if a shareholder files a lawsuit in accordance with Article 189 of the Company Law, it shall be kept until the lawsuit is concluded.

Article 9

Calculation of the number of shares attended and the meeting of shareholders

- (1) Attendance at the shareholders' meeting shall be calculated on the basis of shares. The number of shares present shall be calculated based on the signature book or the paid-in attendance card, plus the number of shares for which voting rights are exercised in writing or electronically.
- (2) After the meeting time has expired, the chairman shall announce the meeting immediately, and at the same time announce the number of non-voting rights and the number of shares attended and other relevant information. However, when shareholders representing more than half of the total number of issued shares are not present, the chairman may announce that the meeting will be postponed. The number of postponements shall be limited to two times, and the total postponement time shall not exceed one hour. If there are not enough shareholders representing more than one third of the total number of issued shares to attend after the second delay, the chairman will announce the adjournment of the meeting.
- (3) If the number of shareholders who represent more than one-third of the total number of issued shares is present after the second delay in the preceding paragraph, the resolution may be deemed false in accordance with the provisions of Paragraph 1 of Article 175 of the Company Law, and the false resolution shall be made. Shareholders were notified of the resolution to convene another shareholders' meeting within one month.
- (4) Before the end of the current meeting, if the number of shares represented by the shareholders present reaches more than half of the total number of issued shares, the chairman may re-submit the false resolution made to the shareholders' meeting in accordance with Article 174 of the Company Law vote.

Article 10

motion discussion

- (1) If the shareholders' meeting is convened by the board of directors, its agenda shall be determined by the board of directors, and relevant proposals (including interim motions and amendments to original proposals) shall be voted on a case-by-case basis. It cannot be changed.
- (2) If the shareholders meeting is convened by a person other than the board of directors who has the right to convene, the provisions of the preceding paragraph shall apply mutatis mutandis.

- (3) Before the meeting (including provisional motions) as scheduled in the preceding two paragraphs is concluded, the chairman shall not declare the meeting adjourned without a resolution; if the chairman violates the rules of procedure and announces the adjournment of the meeting, other members of the board of directors shall promptly assist the attending shareholders in accordance with the regulations. According to the procedure, one person shall be elected as the chairman with the consent of more than half of the voting rights of the shareholders present, and the meeting shall continue. (4) The chairman shall give sufficient explanation and discussion opportunities to the proposal and the amendments or interim motions proposed by shareholders. When he deems that the voting has reached a sufficient level, he may announce the suspension of discussion, put forward a vote, and arrange for a suitable voting time.

Article 11

Shareholders' speech

- (1) Before attending a shareholder's speech, a speech slip must be filled in, stating the gist of the speech, the shareholder's account number (or attendance certificate number) and account name, and the chairman will determine the order of their speeches.
- (2) Those attending shareholders who only put forward a statement without speaking shall be deemed to have not spoken. Speech content and statement record
In case of discrepancies, the content of the speech shall prevail.
- (3) Each shareholder's speech on the same proposal shall not exceed two times without the consent of the chairman, and each time shall not exceed five minutes. However, if a shareholder's speech violates the regulations or exceeds the scope of the agenda, the chairman may stop him from speaking.
- (4) When attending a shareholder's speech, other shareholders shall not interfere with their speech unless they have obtained the consent of the chairman and the speaking shareholder, and the chairman shall stop the violation.
- (5) When a legal person shareholder appoints two or more representatives to attend the shareholders' meeting, only one person may speak on the same proposal.
- (6) After attending shareholders' speeches, the chairman may reply in person or designate relevant personnel.

Article 12

Calculation and avoidance system of voting shares

- (1) Voting at the shareholders' meeting shall be calculated on the basis of shares.
- (2) The number of shares of shareholders without voting rights shall not be included in the total number of issued shares in the resolution of the shareholders' meeting. Shareholders who have their own interests in the matters of the meeting and may be harmful to the interests of the company shall not participate in voting, and shall not exercise their voting rights on behalf of other shareholders.
The number of shares for which voting rights are not exercised in the preceding paragraph shall not be included in the number of voting rights of shareholders present.
- (3) Except for a trust enterprise or a stock agency agency approved by the securities regulatory authority, when one person is entrusted by two or more shareholders at the same time, the voting rights of the proxy shall not exceed 3% of the total voting rights of the issued shares. The voting rights shall not be counted.

Article 13

Voting, scrutineering and counting of votes

- (1) Shareholders have one voting right per share, except those with restricted or no voting rights.
- (2) When the company convenes a shareholders' meeting, it shall use electronic means and may exercise its voting rights in writing; when it exercises its voting rights in writing or electronically, its exercise method shall be specified in the notice of convening the shareholders' meeting. Shareholders who exercise their voting rights in writing or electronically are deemed to have attended the shareholders' meeting in person. However, the provisional motions and amendments to the original motions at the shareholders' meeting shall be deemed as abstentions.
- (3) If the voting rights are exercised in writing or electronically in the preceding paragraph, the statement of intent shall be delivered to the company two days before the shareholders' meeting. However, the declaration of intention before the revocation of the declaration is not limited to this.

- (4) After shareholders exercise their voting rights in writing or electronically, if they wish to attend the shareholders' meeting in person, they shall
Two days before the shareholders' meeting, the declaration of intention to exercise the voting rights in the preceding paragraph shall be revoked in the same manner as the exercise of the voting rights; if the revocation is overdue, the voting rights exercised in writing or electronically shall prevail. If voting rights are exercised in writing or electronically and a proxy is entrusted to attend the shareholders' meeting by proxy, the voting rights that are entrusted to attend and exercise shall prevail.
- (5) Voting on resolutions shall be approved by the approval of more than half of the voting rights of shareholders present, unless otherwise stipulated in the Company Law and the Articles of Association of the Company.
- (6) When there are amendments or alternatives to the same motion, the chairman shall determine the order of voting on the same motion as the original motion. If one of the motions has been passed, the other motions are deemed to be rejected and no further voting is required.
- (7) The scrutineer and vote-counter for voting on the resolution shall be designated by the chairman, but the scrutineer shall have the identity of a shareholder. The counting of votes for votes or election proposals at the shareholders' meeting shall be done in a public place at the shareholders' meeting, and after the counting of votes is completed, the voting results shall be announced on the spot, including the weight of the statistics, and a record shall be made.

Article 14

election matters

- (1) When the shareholders' meeting elects directors and supervisors, it shall be handled in accordance with the relevant selection and appointment regulations stipulated by the company's "Procedures for the Selection and Appointment of Directors and Supervisors", and the election results shall be announced on the spot, including the list of elected directors and supervisors and their right to be elected. and the list of unsuccessful directors and supervisors and the number of voting rights they have obtained.
- (2) The ballots for the election matters in the preceding paragraph shall be sealed and signed by the scrutineers, and shall be properly kept for at least one year. However, if a shareholder files a lawsuit in accordance with Article 189 of the Company Law, it shall be kept until the lawsuit is concluded.

Article 15

Meeting minutes and signatures

- (1) The resolutions of the shareholders' meeting shall be made into minutes, which shall be signed or sealed by the chairman, and the minutes shall be distributed to all shareholders within 20 days after the meeting.
- (2) After the public offering of the company's shares, the production and distribution of minutes may be done electronically. The distribution of the minutes mentioned in the preceding paragraph may be done in the form of an announcement entered into the public information observatory.
- (3) The minutes of the meeting shall be recorded in accordance with the year, month, day, venue, name of the chairman, method of resolution, essentials of the proceedings and voting results (including statistical weights). When directors and supervisors are elected, they shall be disclosed. The number of votes for each candidate. During the existence of the company, it should be kept permanently.

Article 16

External announcement

- (1) The number of shares acquired by the solicitor and the number of shares represented by the proxy shall be clearly disclosed in the shareholders meeting in a statistical table prepared by the company in accordance with the prescribed format on the day of the shareholders meeting.
- (2) The resolutions of the shareholders' meeting, if there is any material information stipulated by laws and regulations, Taiwan Stock Exchange Co., Ltd. (Republic of China Securities OTC Trading Center), the company shall transmit the content to the public within the specified time. Information Observatory.

Article 17

Maintenance of meeting order

- (1) The executives handling the shareholders' meeting shall wear identification cards or armbands.

- (2) The chairman may direct pickets or security personnel to assist in maintaining order at the venue. When the pickets or security personnel are present to assist in maintaining order, they should wear an armband or identification card with the word "picket".
- (3) If the venue is equipped with amplifying equipment, the chairman may stop the shareholders from speaking with the equipment provided by the company.
- (4) If a shareholder violates the rules of procedure and does not obey the chairman's corrections, and hinders the progress of the meeting and fails to comply, the chairman may direct the pickets or security personnel to ask them to leave the venue.

Article 18

rest, sequel

- (1) When the meeting is in progress, the chairman may announce a break at his discretion. In the event of force majeure, the chairman may decide to suspend the meeting temporarily, and announce the time for the continuation of the meeting as the case may be.
- (2) The agenda of the shareholders' meeting is before the conclusion of the discussion (including interim motions), and the venue for the meeting cannot continue to be used at that time, and the shareholders' meeting may decide to find another venue to continue the meeting.
- (3) The shareholders meeting may, in accordance with the provisions of Article 182 of the Company Law, decide to postpone or renew the meeting within five days.

Article 19

These Rules shall come into force after being approved by the shareholders' meeting, and the same shall apply to amendments.

Franbo Lines Corp.

Articles of Incorporation

Chapter 1 General Provisions

Article 1: The company is organized in accordance with the provisions of the Company Law and named as Zhengde Shipping Co., Ltd.

Article 2: The business of the company is as follows:

1. G401011 Shipping Agency.
2. I199990 Other consultancy services.
3. In addition to the licensed business, ZZ99999 may operate businesses that are not prohibited or restricted by law.
4. G402011 Shipping contract shipping industry.

Article 3: The company shall set up its head office in Kaohsiung City, and may establish branch offices at home and abroad with the resolution of the board of directors when necessary.

Article 4: The company can guarantee external guarantees, and the relevant endorsement guarantee matters shall be implemented in accordance with the provisions of the "Endorsement Guarantee Operation Procedures". .

Article 4-1: The company's funds may be loaned to others in accordance with the provisions of the exclusion clause in Article 15 of the Company Act. The matters relating to the loan of funds shall be implemented in accordance with the provisions of the "Operational Procedures for Lending Funds to Others". All matters will be handled in accordance with relevant laws and regulations.

Article 5: The company may invest abroad, and its total investment may not exceed the limit of 40% of the paid-in share capital in Article 13 of the Company Law. The investment amount is authorized by the board of directors to decide.

Chapter II Shares

Article 6: The total capital of the company is NT\$3,500,000,000 divided into 350,000,000 shares of NT\$10 per share, of which unissued shares are authorized to be issued by the board of directors.

Article 7: The company's shares are generally registered, signed or stamped by more than 3 directors, and issued after obtaining a legal visa. The shares issued by the company are exempt from printing stock certificates, but registration should be made with the securities centralized custodian institution.

Article 8: The change of name of shareholders shall not be done within 60 days before the ordinary shareholders' meeting, within 30 days before the extraordinary shareholders' meeting, or within 5 days before the base date of the company's decision to distribute dividends, bonuses or other benefits.

Chapter III Shareholders' Meeting

Article 9: The shareholders' meeting is divided into two types: regular meeting and extraordinary meeting. Regular meetings shall be convened at least once a year, and shall be convened by the board of directors within six months after the end of each fiscal year; extraordinary meetings shall be convened according to law when necessary.

Article 10: If a shareholder is unable to attend the shareholders' meeting for any reason, he may, in accordance with the provisions of Article 177 of the Company Act, issue a power of attorney issued by the company stating the scope of authorization to entrust an agent to attend. In addition to the provisions of Article 177 of the Company Act, the regulations for shareholders to attend the general meeting of shareholders after the public offering of the company's shares shall be handled in accordance with the "Regulations on the Use of Power of Attorney for Public Offering Companies to Attend General Meetings of Shareholders" promulgated by the competent authority.

Article 11: Unless otherwise stipulated by relevant laws and regulations, the shareholders of the company

have one vote per share.

Article 12: Unless otherwise provided by the Company Law, resolutions of the shareholders' meeting shall be attended by shareholders representing more than half of the total number of issued shares, and shall be implemented with the consent of more than half of the voting rights of the shareholders present.

Article 12-1: After the public offering of the company's stock, if the company intends to cancel the public offering, it shall be handled in accordance with the Company Law and relevant laws and regulations, and this provision shall not be changed during the listing (listing or opening) period.

Chapter IV Directors and Audit Committee

Article 13: The company has 7 to 9 directors with a term of 3 years. The election of directors adopts the candidate nomination system stipulated in Article 192-1 of the Company Law. re-elected. The total number of shares held by all directors shall not be less than a certain percentage of the total issued shares of the company, and the percentage shall be determined by the competent authority.

Among the number of directors in the preceding paragraph, the number of independent directors shall not be less than two, and shall not be less than one-fifth of the number of directors. Independent directors adopt the candidate nomination system, and the shareholders' meeting shall select and appoint independent directors from the list of candidates for independent directors. The professional qualifications, shareholding, part-time restrictions, nomination and appointment methods, and other matters to be complied with for independent directors shall be governed by the relevant regulations of the securities regulatory authority.

Article 13-1: The company may authorize the board of directors to fully handle the indemnity responsibilities that the directors are legally obligated to undertake during the term of office for the execution of business scope, purchase liability insurance, and the amount of insurance and insurance related matters.

Article 13-2: The Company shall set up an audit committee in accordance with the relevant provisions of the Securities and Exchange Act, consisting of all independent directors, with no less than three members, one of whom shall be the convener, and formulate rules for the exercise of its powers. The composition, functions and powers, rules of procedure and other matters to be complied with by the audit committee of the company shall be handled in accordance with the relevant regulations of the securities regulatory authority.

From the date of establishment of the Audit Committee, the functions and powers that should be exercised by supervisors in accordance with the Company Law, the Securities and Exchange Law and other laws and regulations shall be mutatis mutandis to the Audit Committee.

Article 14: The board of directors shall be organized by the directors. More than two-thirds of the directors shall be present, and more than half of the directors present shall agree to elect one person to be the chairman of the board of directors to represent the company externally. According to the regulations, one person may be elected in the same way as the chairman of the board of directors. Vice Chairman.

Article 15: When the chairman asks for leave or is unable to perform his functions and powers for some reason, his agency shall handle it in accordance with the provisions of Article 208 of the Company Law. When a director is unable to attend the board meeting for some reason, he may issue a power of attorney stating the scope of authorization of the reasons for the convening, and entrust the attending director to act as his proxy, but one person is limited to being entrusted by one person. .

The board of directors may conduct video conferences, and directors who participate in the conference by video conference are deemed to be present in person.

Article 15-1: The convening of the board of directors of the company shall be convened, and the reasons shall be specified, and the directors shall be notified seven days in advance. However, in the event of an emergency, they may be called at any time. The convening of the board of directors of the Company shall be notified to all directors in writing, by e-mail or by fax.

Article 16: The remuneration of directors shall be determined by the Board of Directors in accordance with

the recommendation of the Compensation and Remuneration Committee.

Chapter 5 Managers

Article 17: The company may have several managers, whose appointment, dismissal and remuneration shall be handled in accordance with the provisions of Article 29 of the Company Law.

Chapter VI Accounting

Article 18: At the end of each fiscal year, the board of directors shall prepare the following lists and submit them to the general meeting of shareholders for recognition in accordance with the law.

1. Business report.
2. Financial Statements.
3. Proposal for surplus distribution or loss appropriation.

Article 19: The company shall distribute no less than 1% of the remuneration to employees and no more than 5% of the remuneration of directors for the current year's profit. However, if the company still has accumulated losses, it should make up for it.

Employee remuneration may be in stock or cash, and the recipients of stock or cash may include employees of subordinate companies who meet certain conditions.

The profit status of the current year referred to in Paragraph 1 refers to the profit before tax deducting the distribution of employee remuneration and directors' remuneration in the current year.

The distribution of remuneration to employees and directors shall be implemented by the board of directors with the attendance of more than two-thirds of the directors and a resolution approved by more than half of the directors present, and reported to the general meeting of shareholders.

Article 20: If the company has a surplus after the annual final accounts, in addition to paying the profit-making enterprise income tax according to law and making up for previous annual losses, if there is still a balance, 10% of the statutory surplus reserve should be set aside first, but the statutory surplus reserve has been When the total capital is reached, this limit is not applicable. After the special surplus reserve is set aside or reversed according to the law or the regulations of the competent authority, and the undistributed surplus at the beginning of the same period is the accumulated distributable surplus, the board of directors shall formulate a surplus distribution proposal and submit it to the shareholders' meeting for resolution. assign it.

In order to continuously expand the scale of operation, enhance the competitiveness, and meet the company's long-term business development, future capital needs and long-term financial planning, the dividend distribution policy is mainly based on stock dividends and matching cash dividends, of which cash dividends shall not be less than 10% of the total dividends distributed. %.

The distribution of dividends and bonuses is based on the proportion of shares held by each shareholder. When the company has no surplus, it shall not distribute dividends and bonuses.

Chapter 7 Supplementary Provisions

Article 21: Matters not stipulated in this Articles of Association shall be handled in accordance with the provisions of the Company Law.

Article 22: The Articles of Association shall be implemented after being approved by the shareholders' meeting, and the same shall apply to amendments.

Article 23: This Articles of Association was concluded on September 22, 1998, the first amendment was on November 30, 1989, the second amendment was on April 24, 2007, and the third amendment was on April 24, 2007 On August 1, the 4th amendment was made on January 15, 2008. The fifth amendment was made on December 26, 2008. The 6th amendment was made on November 6, 2009. The 7th amendment was made on March 25, 2010. The 8th amendment was made on June 29, 2010. The 9th amendment was made on June 27, 2011. The 10th amendment was made on June 28, 2012. The 11th amendment was made on June 27, 2013. The 12th amendment was made on June 26, 2014. The 13th amendment was made on June 25, 2005. The 14th amendment was made on June 28, 2016. The 15th amendment was made on June 23, 2007. The 16th amendment was made on May 29, 2019.

Franbo Lines Corp.

Document number	Regulations Governing the Election of Directors and Independent Directors	Date of establishment
CX16		June 27 th , 2009
Vision : 4		Revision Date
Total: 3 pages		August 20 th , 2021

Article 1 The election of directors of the company shall be conducted in accordance with these procedures, unless otherwise stipulated by laws and regulations and the company's articles of association.

Article 2 The overall configuration of the board of directors shall be considered in the election of directors of the company. Diversity should be considered in the composition of the board of directors, and an appropriate diversification policy should be drawn up based on its own operations, business model and development needs, which should include but not limited to the following two major aspects:

1. Basic conditions and values: gender, age, nationality and culture, etc.
2. Professional knowledge and skills: professional background (such as law, accounting, industry, finance, marketing or technology), professional skills and industrial experience, etc.

Members of the board of directors should generally have the knowledge, skills and accomplishments necessary to perform their duties, and their overall abilities should be as follows:

1. Operational judgment ability.
2. Accounting and financial analysis skills.
3. Management ability.
4. Crisis handling ability.
5. Industrial knowledge.
6. the international market outlook.
7. leadership.
8. decision-making ability.

Directors shall have more than half of the seats, and shall not have spouses or relatives within the second degree of relatives.

The board of directors of the company shall consider adjusting the composition of the board of directors based on the results of performance evaluation.

Article 3 The qualifications of the company's independent directors shall comply with Articles 2, 3, and 4 of the "Regulations on Matters to Be Followed in the Appointment of Independent Directors of Public Offering Companies". The selection and appointment of independent directors of the company shall comply with the provisions of Articles 5, 6, 7, 8 and 9 of the "Regulations on the Appointment of Independent Directors of Publicly Issued Companies and Matters to Be Followed", and shall be based on the "IPO Listing According to Article 24 of the Code of Practice on Corporate Governance of Cabinet Companies.

Article 4 The election of directors of the company shall be conducted in accordance with the procedures for the nomination of candidates stipulated in Article 192-1 of the Company Law. If there are less than five directors who are dismissed for any reason, the company shall elect by-election at the most recent shareholders' meeting. However, if the vacancy of directors reaches one-third of the number of seats stipulated in the articles of association, the company shall hold a by-election at an extraordinary general meeting of shareholders within 60 days from the date of occurrence of the fact.

If the number of independent directors falls short of the proviso of Article 14-2, Paragraph 1 of the Securities and Exchange Act, by-election shall be held at the latest shareholders' meeting; Temporary by-election. If the number of independent directors falls short of the proviso of Article 14-2, Paragraph 1 of the Securities and Exchange Act, by-election shall be held at the latest shareholders' meeting; Temporary by-election.

- Article 5 The election of the directors of the company shall adopt the accumulative voting system. Each share shall have the same voting rights as the number of directors to be elected. One person may be elected collectively, or a number of persons shall be allocated for election.
- Article 6 The board of directors shall prepare ballots equal to the number of directors to be elected, fill in the number of weights, and distribute them to the shareholders present at the shareholders' meeting.
- Article 7 The directors of the company shall calculate the voting rights of independent directors and non-independent directors separately according to the quota stipulated in the company's articles of association. At that time, the lottery will be drawn by those who have the same number of rights, and the chairman will draw lots for those who are not present.
- Article 8 Before the election begins, the chairman shall designate a number of vote scrutineers and counters who are shareholders. Among them, the vote scrutiny personnel shall be shareholders and perform various relevant duties. The ballot boxes are prepared by the board of directors and inspected by the scrutineers in public before voting.
- Article 9 Ballot papers are invalid if one of the following conditions occurs:
1. A ballot paper prepared by a person with the right to convene is not used.
 2. Putting blank ballots into the ballot box.
 3. The handwriting is illegible or has been altered.
 4. The list of elected candidates and director candidates has been verified to be inconsistent.
 5. In addition to filling in the number of allocated voting rights, other words are inserted.
- Article 10 After the voting is completed, the ballots will be counted on the spot, and the results will be announced on the spot by the chairman himself or the appointed master of ceremonies, including the list of directors elected and their voting rights.
- The ballots for the elections mentioned in the preceding paragraph shall be sealed and signed by the scrutineers, and shall be kept in a safe place for at least one year. However, if a shareholder files a lawsuit in accordance with Article 189 of the Company Law, it shall be preserved until the lawsuit is concluded.
- Article 11 The elected directors shall be notified by the board of directors of the company.
- Article 12 Matters not stipulated in this procedure shall be handled in accordance with the Company Law and relevant laws and regulations.
- Article 13 This procedure shall be implemented after being passed by the shareholders meeting, and the same shall apply when it is amended.

Shareholdings of All Directors

I. According to the provisions of Article 26 of the Securities and Exchange Act, the quorum of directors and the number of shares are as follows:

The number of ordinary shares issued by the company is 239,698,286 shares.

The minimum number of shares held by all directors is 12,000,000 shares.

II. As of April 3, 2023, the closing date of the 2023 general meeting of shareholders, the number of shares held by all directors is as follows:

Title	Name	Current Shareholding	
		Shares	%
Chairman	Prosperity Investment and Consulting Co., Ltd. Representative: Pang Chuan, Tsai	41,020,836	17.11
Director	Prosperity Investment and Consulting Co., Ltd. Representative: Ching-Chuang, Tsai	41,020,836	17.11
	Chun Yu, Lo	6,839,429	2.85
	Yi-Wen, Shen	275,945	0.12
Independent Director	Rong-Qin, Liu	-	-
	Chih-Tsung, Tai	-	-
	Tian-Ming, Wu,	358,430	0.15

Note: 1. As of April 3, 2023, the number of shares held by all directors was 48,136,210 shares.

2. Independent directors are not included in the number of shares held by all directors.

3. The company has set up an audit committee, so there is no application of the number of shares that the supervisor is legally required to hold.