



Franbo Lines Corp.

Meeting Minutes for the 2023 Annual Shareholders' Meeting

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

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

Total number of outstanding shares: 239,698,286 shares

Total shares represented by presence of shareholders: 131,701,454 shares (54.94%)

In attendance: Tsai Pang Chuan 、 Tsai Ching Chuang 、 Lo,Chun-Yu 、 Shen,Yi-Wen 、
Tai,Chih-Tsung(Independent Director) 、 Wu,Tien-Ming(Independent
Director) 、 Liu,Jung-Chin(Independent Director) 、 Kuo-Hua Wang(CPA)

Chairperson: Tsai Pang Chuan

Recorder: Kevin Cheng

Meeting Commencement Announced:

The aggregate shareholding of the shareholders present in person or by proxy
constituted a quorum. The Chairman called the meeting to order 。

Chairman's Address: (Omitted)

1. Report Items

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

2. 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:

RESOLVED, that the above proposal be and hereby was approved as proposed.

Voting Results: Shares present at the time of voting: 131,701,454 votes.

Voting Results		% of the represented share present
Votes in favor	130,800,020 votes (electronic votes 59,249,512 votes)	99.32%
Votes against	56,640 votes (electronic votes 56,640 votes)	0.04%
Invalid Votes	0 votes	0.00%
Votes abstained / Not Voted	844,794 votes (electronic votes 844,794 votes)	0.64%

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
Ratained earnings in the bengining 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	<u>263,295,118</u>
Earnings available for distribution by the end of the fiscal year	1,538,593,714
Distribution Items	
Shareholders' dibidends – Cash (NT\$1.5 per share) (Note)	<u>(358,735,160)</u>
Undistributed earnings by the end of 2022	<u>\$ 1,179,858,554</u>

(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:

RESOLVED, that the above proposal be and hereby was approved as proposed.

Voting Results: Shares present at the time of voting:131,701,454 votes.

Voting Results		% of the represented share present
Votes in favor	130,829,772 votes (electronic votes 59,279,264 votes)	99.34%
Votes against	57,432 votes (electronic votes 57,432 votes)	0.04%
Invalid Votes	0 votes	0.00%
Votes abstained / Not Voted	814,250 votes (electronic votes 814,250 votes)	0.62%

3. 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:

RESOLVED, that the above proposal be and hereby was approved as proposed.

Voting Results: Shares present at the time of voting: 131,701,454 votes.

Voting Results			% of the represented share present
Votes in favor	130,811,547 votes	(electronic votes 59,261,039 votes)	99.32%
Votes against	52,620 votes	(electronic votes 52,620 votes)	0.04%
Invalid Votes	0 votes		0.00%
Votes abstained / Not Voted	837,287 votes	(electronic votes 837,287 votes)	0.64%

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:

RESOLVED, that the above proposal be and hereby was approved as proposed.

Voting Results: Shares present at the time of voting: 131,701,454 votes.

Voting Results		% of the represented share present
Votes in favor	130,819,598 votes (electronic votes 59,269,090 votes)	99.33%
Votes against	56,325 votes (electronic votes 56,325 votes)	0.04%
Invalid Votes	0 votes	0.00%
Votes abstained / Not Voted	825,531 votes (electronic votes 825,531 votes)	0.63%

**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:

The list of the newly elected directors with indication of votes received is as follows:

Title	Name	Voting Results
Director	Prosperity Investment And Consulting Co., Ltd. Representative: Tsai Pang Chuan	193,217,817 votes
Director	Prosperity Investment And Consulting Co., Ltd. Representative: Tsai Ching Chuang	191,545,069 votes
Director	Lo,Chun-Yu	191,513,089 votes
Director	Shen,Yi-Wen	191,505,074 votes
INED	Wu,Tien-Ming	67,531,746 votes
INED	Liu,Jung-Chin	67,488,854 votes
INED	Yan,shu-yang	67,242,103 votes
INED	Lin,shi-chuan	68,008,695 votes

**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 Shipservice Corp.	Director
		Kaochun Logistics & Stevedoring Co., Ltd.	Director
		Allegro Shipping Agency Corp	General manager

- (3) Discussion requested.

Resolution:

RESOLVED, that the above proposal be and hereby was approved as proposed.

Voting Results: Shares present at the time of voting: 131,701,454 votes.

Voting Results			% of the represented share present
Votes in favor	130,609,938 votes	(electronic votes 59,059,430 votes)	99.17%
Votes against	148,978 votes	(electronic votes 148,978 votes)	0.11%
Invalid Votes	0 votes		0.00%
Votes abstained / Not Voted	942,538 votes	(electronic votes 942,538 votes)	0.72%

4. Extempore Motion: None.

5. 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		<u>\$ 1,279,911</u>	<u>\$ 375,262</u>
Other comprehensive income			
New Item			
8361 Financial statements translation differences of foreign operations		\$ 369,688	(\$ 68,966)
8300 Other comprehensive income for the year		<u>\$ 369,688</u>	<u>(\$ 68,966)</u>
8500 Total comprehensive income for the year		<u>\$ 1,649,599</u>	<u>\$ 306,296</u>
Profit (loss), attributable to:			
8610 Owners of the parent		<u>\$ 1,279,911</u>	<u>\$ 375,262</u>
Comprehensive income attributable to:			
8710 Owners of the parent		<u>\$ 1,649,599</u>	<u>\$ 306,296</u>
Earnings per share	6(27)		
9750 Total basic earnings per share		<u>\$ 6.23</u>	<u>\$ 2.24</u>
9850 Diluted earnings per share		<u>\$ 5.86</u>	<u>\$ 2.23</u>

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

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

(Expressed in thousands of New Taiwan dollars, 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-swaps 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	6(24)						
9750 Basic			\$	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)

		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)

		Year ended December 31	
	Notes	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 1,288,615	\$ 373,370
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense	6(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