Stock code: 2641

Franbo Lines Corp.

2022 Annual Report

Website on which this annual report can be found
http：//mops.twse.com.tw/
http：//www.franbo.com.tw/

Date of publication: April 30, 2023

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V. Name of the place where overseas securities are listed for trading and method to inquire the information of such overseas securities: None

VI. Website of the Company: http：//www.franbo.com.tw

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One. Report to Shareholders

All shareholders Mrs/Mr.:

At the beginning of 2022, the Russian-Ukrainian war brought a great shock on the global food and energy supply. Although the war led to a decrease in the global trade volume of iron ore and grain, the mileage of maritime transportation and the demand for some commodities increased, not decreased. In addition, after Russian coal was sanctioned by many countries, it triggered the panic buying of coal in the world, which greatly increased the coal transportation volume. For the global shipping industry, due to big turn in the supply chain, coupled with strain of bulk shipping capacity leading to an increase in freight rates, there was the unexpected "boom in off-seasons" of bulk shipping in the first quarter. Subsequently, the Baltic Dry Index (BDI) reached 3,369 points in May, due to the unlocking and resumption of work in China, the accumulation of empty containers in the U.S. and no ease of the crisis of port congestion. However, in the second half of 2022, the inflation rate in various countries rose, and the inflation rate in the U.S. even reached the highest in more than 40 years. Biden Government raised that high freight rates need to be supervised more strictly. In addition, the Federal Reserve System of the U.S. continued to raise interest rates to fight against inflation, which led to a decline in terminal demand and a significant ease of port congestion, resulting in a rapid decline in container and bulk freight rates. In August, the BDI reached a low point of 965 points. Global inflation remained high, the Federal Reserve System of the U.S. significantly raised interest rates, and the economic prospect was uncertain. However, in the fourth quarter, European Union countries began to increase coal storage in winter, and China experienced city lockdown and electricity limitations, and many storages were gradually exhausted, which promoted the global shipments of grain, coal and iron ore, drove the shipping demand to recover, and slightly pushed up the market at the end of 2022. The BDI reached 1,515 points for closing at the end of December 2022.

Looking back on the past year, China, as the most important place for promoting global bulk shipping trade, has suffered from sluggish demand since 2022, which has greatly affected the scale of the global shipping trade. Although industrial orders have recovered slightly recently, the quantity and speed are lower than expected. The reduction of large orders is reflected in the fact that shipping in full container load changed into shipping in the container with combined goods, which makes it difficult to prevent the continuous decline of freight rates at the beginning of 2023. Looking forward to 2023, with the gradual moderate recovery of China's economy and the gradual implementation of the policy of stability increase in economy, it is expected to promote the gradual recovery of global demand and make freight rates reshow the seasonal peak season in the second and third quarters of 2023.

In response to the rapid economic changes and the Company's long-term operation layout, the Company successfully signed the purchase contracts of six new ships with 40,000 tons in compliance with future environmental protection regulations with Japanese Trading Company from

September to December in 2021. These ships will be delivered one after another in 2023-2024. In addition, it is also believed that the expansion of the fleet size to meet market demand and development will be beneficial to the Company's future revenue growth, profit increase, value improvement and long-term development. The Company's operation in the past year is hereby reported as follows:

2022 business results

1. Business plan implementation results:

Due to the continuous growth of shipping trade in 2022, the Company's consolidated revenue in 2022 was NT$ 1,466,949,000, with an increase of NT$ 240,810,000, or 19.64%, compared with NT$ 1,226,139,000 in 2021. The rate of operating gross profit increased from 38.52% to 52.35%, the net profit after tax was NT$ 1,279,911,000, and the earnings per share was NT$ 6.23.

2. Implementation of the budget: The Company did not disclose its financial forecast for 2022.

3. Analysis of financial income and expenditure and profitability:

By the end of 2022, the paid-in capital of the Company was NT$ 2,391,567,000, the shareholders' equity was NT$ 5,336,825,000, accounting for 66.61% of the total assets of NT$ 8,012,292,000, and the ratio of long-term funds to fixed assets was 278.71%. The financial structure and solvency remained stable.The consolidated net profit before tax in 2022 was NT$ 1,288,615,000, with an increase of NT$ 915,245,000 compared with NT$ 373,370,000 in 2021. The financial structure was stable and the profitability was improved.

4. Research development status: not applicable.

2022 business policy

1. Business policy

The Company provides breakbulk transportation services, with the main operating modes including short-term and long-term time-based chartering, mileage-based chartering and bareboat chartering in cooperation with charterers. The advantage of short-term chartering is that active market trading can be maintained and the rent can be adjusted timely. While the advantage of long-term time-based chartering mode is that the relationship with existing charterers can be kept and efficient and stable chartering services can be provided.Besides, to speed up trade-in program of the fleet, in addition to signing the purchase contracts of six new ships with 40,000 tons with Japanese Trading Company, the Company disposed of 5 old ships and the interests and funds obtained from disposal of old ships will help to increase profits and strengthen the Company's financial structure, due to judging that the economic boom may appear in the first half of 2022.

2. Expected sales volume as well as important production and marketing strategies

The Company has a fleet with a total of 16 ships, with the operation modes of time-based chartering and bareboat chartering. The age of the fleet is about 12.53 years, with a total deadweight of about 588,800 tons. And the charterers' operation covers the global routes.Among them, 4 new ships are expected to be delivered in 2023-2024, all of which are built by first-class Japanese shipyards and meet Phase III NOx emission standards.The Company will maintain the original operation strategy in 2023, and the revenue is expected to be equivalent to that in 2022. According to market condition, people consider that the key to the international bulk shipping market in 2023 lies in the recovery of China's demand and whether the increase of Brazil's iron ore can meet expectations, and the overall economy will be slightly weaker than that in 2022.

Future company development strategy

The Company mainly engaged in bulk shipping and ship management. In the aspect of expansion of shipping business, the Company plans to purchase energy-saving and environmentally-friendly new ships, enhance the fleet deadweight tonnage, strengthen safety management and risk control, improve the quality of ship management, pay attention to global environmental protection and sustainable management, and seek for high-quality charterers, increase revenue stability, hence continuously maintaining the long-term competitive advantages of the fleet for low cost and high service quality.

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

At present, the market volume is affected by interest rate risings, inflation, Russia-Ukraine war, energy crisis and other factors. Therefore, it is expected that the driving force of increase in demand in 2023 will be weaker compared with 2022.In terms of supply of ships, major countries in the world have expressed their intention to implement carbon reduction measures. On January 1, 2023, the International Maritime Organization (IMO) issued two new regulations on carbon

emission protection, namely, Energy Efficiency Existing Ship Index (EEXI) and Carbon Intensity Indicator (CII). Then, most of existing ships will be required to reduce their speed by about 20% to achieve emission reduction targets. However, the market capacity will also be reduced by about 20% due to speed reduction of ships for emission reduction, therefore, shipping companies must actively replace the old ships with new ones and build energy-saving ships, or update the ship's main engine and engine, so that more than 100,000 merchant ships in the world can achieve the carbon dioxide emission reduction target. However, it will take more than two years for a new ship to be completed from the time it is ordered. Especially for large ships, the shipyards are almost full of orders within two years. The global new ship orders will be gradually increased after the second half of 2023 at the earliest, so the ship market will not suffer from the previous situation of oversupply and price-cutting competition in short term. This year is the first year after the COVID-19 epidemic. Although the global economy and trade declined at the beginning of the year, all the bad news was expected. For example, the International Monetary Fund (IMF) or other research institutions have a conservative view on the global economic growth this year; the Federal Reserve System of the U.S. directly raised interest rates to 4.75% in February; it will take time to observe the economic growth in Mainland China after lifting the lockdown; layoffs and inventory clearance in science and technology industry and other industries, etc. We can feel that the market panic has decreased. If the overall economic environment continues to improve, consumption needs will recover. The shipping market condition is expected to improve in the second half of 2023 compared with the first half. Looking forward to the future, after the fleet adjustment and increasing new ships for operation this year, Franbo Lines Corp. will have more room for increasing profits in own industry, create the maximum interests for shareholders and maintain the Company's sustainable operation and growth, to return for the love and support of shareholders.

Chairman: Tsai Pang Chuan　　President: Tsai Ching Chuang

Accounting Supervisor: Wilson Lin

Two. Company Profile

I. Establishment date: September 29, 1998

II. History of the company:

Month /year	Events
September 1998	The Company was duly established with the name of "Longshun Shipping Agency Co., Ltd." and the paid-in capital of NT$ 10,000,000.Business: Shipping agent.
December 1999	The company name was changed and registered as "Franbo Shipping Agency Co., Ltd."
August 2007	The Company registered the changes in capital increase, adding the business: other consulting services (The Company is only allowed to be engage in businesses that are not prohibited or restricted by laws and regulations, in addition to licensed businesses.)
February 2009	The company name was changed and registered as "Franbo Lines Corp.", and the item "shipping industry" was added to its businesses.
April 2009	The Company registered the changes in capital increase, and increased the paid-in capital to NT$ 150,000,000.
May 2009	The Company purchased its own ship "New Lucky VI", registered as the ship of Republic of China, and entered the shipping industry. The Company is a shipping direct-line operator with the certificate of "Permit for Water Transport Between Taiwan Straits" issued by transportation departments of both sides of the Straits. In addition, "Certificate for Vessel Operation Between Taiwan Straits" was issued for the ship "New Lucky VI", obtaining the permit for direct shipping between Straits.
April 2010	The Company registered changes in businesses, adding the item "ocean freight forwarder". Merged and acquired the New Lucky Lines S.A. (Panama) (hereinafter referred to as New Lucky (Panama)) as a 100% holding subsidiary by means of share conversion. At the same time, the Company obtained indirect 100% control rights of three sub-subsidiaries, i.e. Franbo Way S.A., Franbo Shipping S.A. and Franbo Transportation S.A, while obtaining two ships, i.e. **"New Lucky II"** and **"Franbo Progress"**. The Company registered the changes, and increased capital amount to NT$ 718,398,220.
May 2010	The Company registered the changes in capital increase, and increased the paid-in capital to NT$ 800,000,000. Established Uni-Morality Lines Ltd. (hereinafter referred to as Hong Kong Uni-Morality) in Hong Kong as a 100% holding subsidiary of the Company.
June 2010	Registered the changes in capital increase, and increased paid-in capital to NT$ 880,000,000; established three 100% holding sub-subsidiaries in Hong Kong, namely Franbo Justice Line Ltd. (hereinafter referred to as Hong Kong Franbo Justice), Franbo Lucky Line Ltd. (hereinafter referred to as Hong Kong Franbo Lucky) and Franbo Loyalty Line Ltd. (hereinafter referred to as Hong Kong Franbo Loyalty) through reinvestment.
July 2010	The newly purchased ship **"New LuckyIII "** by sub-subsidiary Hong Kong Franbo Justice has been put into operation.
August 2010	The newly purchased ship **"New Lucky V"** by sub-subsidiary Hong Kong Franbo Lucky has been put into operation.
September 2010	The newly built ship **"Franbo Prospect"** by the sub-subsidiary Hong Kong Transportation S.A. has been put into operation.
November 2010	The Company registered the changes in capital increase, and increased the paid-in capital to NT$ 950,000,000.
April 2011	Reinvestment Franbo Wind S.A. was established in Panama as a 100% holding sub-subsidiary of the Company.
June 2011	"Certificate for Ship Operation Between Taiwan Straits" issued by transportation departments of both sides of the Straits approved that the "New Lucky III" and "New Lucky V" ships were permitted for direct shipping between Straits respectively.
July 2011	The newly purchased ship **"Franbo Wind"** by the sub-subsidiary Franbo Wind S.A. has been put into operation. This ship is a 46,000 DWT handy-max ship, which increases the intercontinental and ocean-going transportation service capacity and sets a new milestone in the global layout.

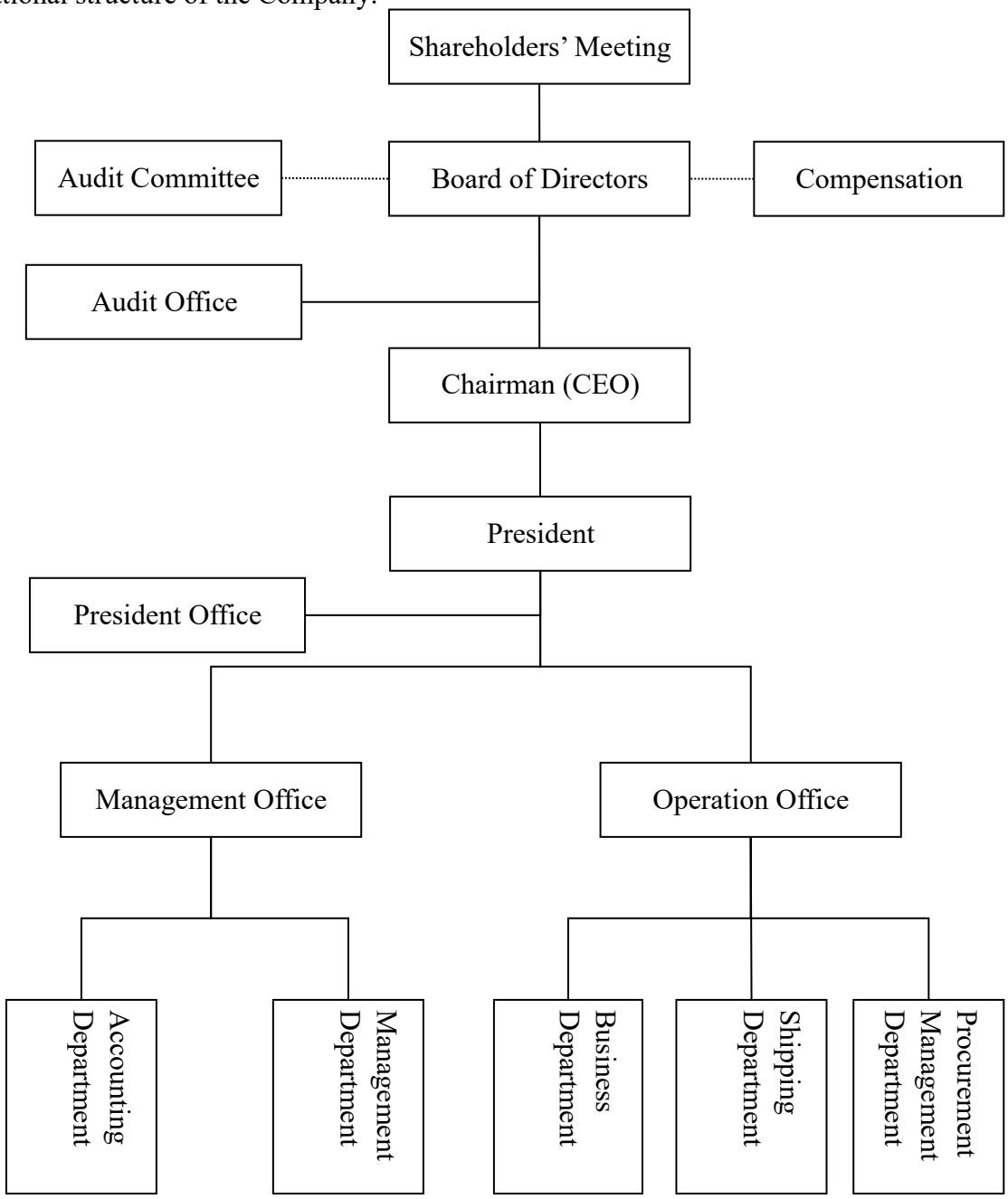
Month /year	Events
	In order to rejuvenate the fleet and enhance its competitiveness, sub-subsidiary Franbo Way S.A. disposed of and sold the ship "New Lucky II".
	The newly built ship **"New Lucky VII"** by sub-subsidiary Hong Kong Franbo Loyalty has been put into operation.
September 2011	Approved by the Securities and Futures Bureau of the Financial Supervisory Commission as a public offering company.
November 2011	Subsidiary New Lucky Lines S.A. invested in Franbo Sagacity S.A. making it a 100% holding sub-subsidiary.
December 2011	Approved by the Taipei Exchange to register as emerging stock on December 19, 2011.
February 2012	Address of the Company: 3F, No. 31 Haipien Road, Lingya District, Kaohsiung City
June 2012	The newly purchased ship **"Marine Emerald"** by the sub-subsidiary Franbo Charity S.A. has been put into operation.
October 2014	The stock is listed on TPEx, and the cash capital increase of NT$ 120,000,000 is handled in conjunction with the public underwriting before the initial listing on TPEx, and the paid-in capital after the capital increase is NT$1,070,000,000.
	Signed a contract with Exeno Yamamizu Corporation of Japan for three new ships and signed a long-term charter for 10 years.
November 2014	The newly purchased ship **"New Lucky"** by the sub-subsidiary Franbo Courage S.A. has been put into operation.
	Subsidiary New Lucky Lines S.A. has increased its original investment shareholding of TW Hornbill Line S.A. of 45%, making it a 100% holding sub-subsidiary.
January 2015	Cash capital increase of NT$ 125,000,000, and the paid-in capital after capital increase is NT$ 1,195,000,000; Issue the first secured convertible corporate bonds with a total amount of NT$ 250,000,000; Issue the second unsecured convertible corporate bonds with a total issue amount of NT$ 100,000,000.
March 2015	Sub-subsidiaries Franbo Logos S.A. and Franbo Logic S.A. signed a joint credit contract with financial institutions in US$ 32,000,000.
July 2015	In order to rejuvenate the fleet and enhance the competitiveness of the LWC fleet, the Company disposed of and sold the ship "New Lucky VI".
September 2015	The newly built ship **"Thorco Logos"** by the sub-subsidiary Franbo Logos S.A. has been put into operation.
January 2016	The newly built ship **"Thorco Logic"** by the sub-subsidiary Franbo Logic S.A. has been put into operation.
April 2016	The newly built ship **"Thorco Lohas"** by the sub-subsidiary Franbo Lohas S.A. has been put into operation.
June 2016	Cash capital increase of NT$ 300,000,000, and the paid-in capital after capital increase is NT$ 1,495,000,000.
November 2016	The convertible corporate bonds were transferred to share capital of NT$ 34,514,000 and the paid-in capital increased to NT$ 1,529,952,000.
April 2017	Now, the capital increase is NT$ 300,000,000 and the convertible corporate bonds are transferred into the share capital of NT$ 20,163,000, and the paid-in capital after the capital increase is NT$ 1,850,115,000.
November 2017	The newly purchased ship **"Sinoway VI"** by the sub-subsidiary Franbo Wind S.A. has been put into operation.
November 2017	Issued the third secured convertible corporate bonds with a total amount of NT$ 250,000,000; Issue the fourth unsecured convertible corporate bonds with a total issue amount of NT$ 300,000,000.
December 2017	Sub-subsidiary Franbo Wind S.A. disposed of the ship "Franbo Wind".
	Sub-subsidiary Franbo Lucky Line Ltd disposed of the ship "New Lucky V".
January 2018	The newly purchased ship **"STL Harvest"** by the sub-subsidiary Franbo Sagacity S.A. has been put into operation.
March 2018	Sub-subsidiary Franbo Justice Line Ltd disposed of the ship "NEW LUCKY III".
April 2018	The newly purchased ship **"Medi Bangkok"** by the sub-subsidiary Franbo Way Ltd has been put into operation.
May 2018	The newly purchased ship **"Hamaya Star"** by the sub-subsidiary Franbo Uprightness Corporation has been put into operation.
July 2018	The capital reduction of NT$ 393,087,000 and the transfer of convertible corporate bonds to share capital of NT$54,218,000 were processed, and the paid-in capital after the capital increase was NT$

Month /year	Events
	1,511,246,000.
April 2019	The newly purchased ship **"Lauren Ocean"** by the sub-subsidiary Franbo Sino Ltd has been put into operation.
November 2019	The newly purchased ship **"Sinoway ACT"** by the sub-subsidiary Franbo Ocean Ltd has been put into operation.
June 2020	The newly purchased ship **"Fairwind Legion"** by the sub-subsidiary Franbo Legion Ltd has been put into operation.
August 2020	The surplus was transferred to the capital increase of NT$ 15,112,000, resulting in a total paid-in capital of NT$ 1,526,358,000. Sub-subsidiary Franbo Courage S.A. disposed of the ship "New Lucky".
November 2020	Subsidiary Uni-Morality Lines Ltd. has increased its original investment shareholding of Dexin Shipping S.A. of 40%, making it a 100% holding sub-subsidiary. Subsidiary New Lucky Lines S.A. has increased its original investment shareholding of FB Pioneer Limited of 20%, making it a 100% holding sub-subsidiary. Issued the first domestic secured ordinary corporate bonds in 2020, with a total amount of NT$ 400,000,000.
January 2021	Subsidiary New Lucky Lines S.A. increased FB Navigation Limited, which had 34% shares in the original investment, to become a 100% holding sub-subsidiary.
August 2021	Cash capital increase of NT$ 360,000,000, and the paid-in capital after capital increase is NT$ 1,886,358,000. The newly purchased ship **"Franbo Legacy"** by the sub-subsidiary Legacy Ltd has been put into operation.
October 2021	Sub-subsidiary Franbo Charity S.A. disposed of the ship **"Marine Emerald"**.
December 2021	The newly purchased ship **"IMARI"** by the sub-subsidiary Franbo Bright Ltd has been put into operation.
March 2022	Sub-subsidiary Franbo Wind S.A. disposed of the ship **"Sinoway VI"**.
April 2022	Sub-subsidiary Dexin Shipping S.A. disposed of the ship **"New Age"**.
July 2022	Sub-subsidiary Franbo Ocean Limited disposed of the ship **"Sinoway Act"**.
September 2022	Sub-subsidiary Franbo Uprightness Corp. disposed of the ship **"Hayama Star"**. Sub-subsidiary TW Hornbill Line S.A. disposed of the ship **"Marine Hornbill"**. Managed a cash capital increase of NT$ 500,000,000 and issued the fifth domestic unsecured convertible corporate bond with a total amount of NT$ 600,000,000, the paid-in capital was NT$ 2,386,358,000 after the capital increase.
March 2023	The newly built ship **"Franbo Ace"** by the sub-subsidiary Franbo ACE Limited has been put into operation.
April 2023	The newly built ship **"Merganser"** by the sub-subsidiary Franbo ART Limited has been put into operation.

Three. Corporate Governance Report

I. Organizational system

(I) Organizational structure of the Company:



(II) Business of main departments:

Department	Main duties
Audit Office	1. Audit of compliance with group policies and operating procedures by various departments. 2. Internal audit matters of each major cycle operation of the internal control system. 3. Other assigned and special audit matters.
President Office	1. Routine management of the Company. 2. Project improvement promotion and audit. 3. Promotion and management of standardization and institutionalization. 4. Matters assigned by the President.
Management Office	1. Formulation and guidance of annual policy. 2. Functional Management of Accounting Department and Management Department command and supervise their employees. 3. Control the preparation of accounting statements and accounting system. 4. Control the Company's funds and stock affairs. 5. Control the Company's organizational system. 6. Control administrative resources. 7. Manage the Company's procurement. 8. Management of other administrative affairs.
Operation Office	1. Formulation and guidance of annual operation targets. 2. Business performance analysis, strategic planning, economic and market information collection and analysis. 3. Functional Management of Affairs Department, Shipping Department Procurement and Management Department command and supervise their employees. 4. Control the ship's operation. 5. Control the ship's transportation. 6. Control the repair and maintenance of the ship and supply of materials and parts to maintain the seaworthiness of the ship. 7. Management of other shipping affairs.
Accounting Department	1. Design and revision of accounting system. 2. Accounting management of operating income and expenditure. 3. Adjustment and management of funds. 4. Compilation and approval of budget and final accounts. 5. The preparation and examination of accounting vouchers and the registration and custody of account books. 6. Preparation of financial statements, financial analysis and recommendations. 7. Planning and payment of taxes. 8. Issuance and custody of the Company's stocks and bonds. 9. Cashier and custody matters. 10. Custody of bills and negotiable securities. 11. Raising, negotiating and using long-term and short-term funds. 12. Control and management of various debts and repayment of principal and interest. 13. Preparation of the proceedings of the Board of Directors and the Shareholders' Meeting, notification of meeting records and resolution proposals, and registration of the establishment and change of subsidiaries of the Company. 14. Other related financial matters.
Management Department	1. Organizational development, departmental responsibility and staffing planning and human resources system, management and development matters.(Shore-side Management) 2. Employee selection, appointment and dismissal, transfer, attendance, travel, remuneration, welfare insurance and other personnel administrative operations. 3. Planning and compiling of hierarchical responsibility, job authorization and approval authority. 4. Management matters of general affairs such as office equipment or assets, consumables, internal safety, internal management and so on. 5. Related management such as information system development, maintenance, and security. 6. Management of the Company's seal impression. 7. Announcement and document management such as the Company's external document

Department	Main duties
	sending and receiving, internal various systems, work processes, etc. 8. Management, selection, appointment, dismissal and relocation of crew. 9. Salary, food, health insurance and claim settlements for crew members.
Management Department	10. Accounting audit and accounting of ship funds. 11. Management of legal insurance contract. 12. Handling and tracking of legal proposals. 13. Review the provisions of the Company's external contract to provide legal advice accordingly. 14. Collect the judicial precedent of maritime affairs, and review the relevant contracts of our Company, so as to avoid similar proposals and handle legal proposals of our Company. 15. Other administrative affairs.
Business Department	1. Formulate, promote, review, optimize and improve various management systems (including safety management system, preservation management system and environmental protection management system), so that both ships and shore can implement various management systems to achieve the effective system of ship safety, human safety, cargo safety and environmental safety. 2. Definition and promotion of annual business objectives: purchasing and construction of the ships, replacement of old ships, other long-term and short-term planning analysis and development investment related to shipping. 3. Business development and customer marketing management. 4. Customer credit management. 5. Statistics of ship operating records, analysis and reporting of profit differences. 6. Research and contract making of operation related operations such as ship freight forwarding operation, ship chartering-out operation, ship chartering-in operation or re-chartering operation. 7. Execution of ship operation plan: proper operation of contract signing operation, transportation operation and collection operation. 8. Port agent designation, contact and coordination, cost accounting, cargo transportation, loading and unloading and other operations coordination; Verification of fuel oil and fresh water supply quantity of ships. 9. Handling customer complaints. 10. Supervise the safe navigation of fleet ships, guide navigation technology, and comply with all aspects of navigation laws and regulations. 11. Monitor the safety and maintenance of fleet deck equipment. 12. Review and manage the application for the fleet deck item. 13. Assist the minister in handling matters related to the deck of the ship. 14. Shore-side management of ship cargo loading planning, cargo stowage and binding, loading stability and voyage planning supervision.
Procurement Management Department	1. Ship's various departments and regular spare parts application. 2. It is effective to establish and update the data information collection and supplier database of the Company's equipment and ship-end maintenance service suppliers, spare parts, fuel oil and other suppliers. 3. Carry out reasonable inquiry (comparison) price and negotiate overall reasonable purchase price and service conditions of goods or labor procurement according to each department purchase application.
Shipping Department	1. Planning and implementation of regular, irregular and new inspection, inspection, etc. according to the ship's country of nationality, Classification Society or IMO. 2. Formulate, plan and implement various dock repairs, aviation repairs and other uncertain maintenance work. 3. Ship maintenance plan arrangement and implementation control.Analysis, monitoring, guidance and management of performance data related to the functions of various machines and tools in ship operation. 4. Application for irregular spare parts of the ship, review of repair items and contents such as self-repair, navigation repair or dock repair of the ship. 5. Regular existing materials and parts, oil material cleaning and registration and waste disposal.Manage inventory inspection and report of assets and inventory.

Department	Main duties
	6. Formulation of consumption standards for ship materials, parts and fuels, and verification and statistics of claim and consumption.Inventory implementation and management of ship materials and oil products. 7. Ships are managed on the basis of seaworthiness documents such as inspection, certificates and reports of the country of ship's nationality, Classification Society or IMO, and the validity of relevant certificates, certifications or approval documents obtained due to operational needs. 8. Formulate the system and implement it in accordance with the provisions of international maritime conventions, regulations and decrees. 9. Implement various shore-side and ship-side audits, safety education and training, and promote the safety skills of shore and ship personnel, including safety and environmental protection. 10. Review how to improve the Company's management system and enhance the implementation of ship management from audits, external inspections and accidents. 11. Formulation of crew work bonus standard and review of crew work bonus application. 12. Newly built and purchased ships, ship class, ship condition inspection and ship receiving implementation. 13. Other matters related to ship public works technology, maintenance supervision and other public works. 14. For the payment audit after the execution of the purchase contract, the exception of non-conformity with the contract is handled.

II. Information of Directors, Supervisors, President, Vice President, Assistant Manager, Heads of various departments and branches

(I) Information of Directors and Supervisors:

1. Names, academic history, shares held and nature of Directors and Supervisors

April 3, 2023 Unit: share

Title	Nationality or place of registration	Name	Gender Age	Date of election (appointment)	Tenure of office	Date of election for the first time	Shares held when elected		Shares held currently		Shares held by spouses and minor children currently		Shares held in others' names		Main experiences (education background)	Current positions in the Company and other companies	Other heads, Directors or Supervisors who have spouses or relatives within the second-degree relationship			Remarks
							The number of shares	Shareholding Ratio	The number of shares	Shareholding Ratio	The number of shares	Shareholding Ratio	The number of shares (Shares)	Shareholding ratio			Title	Name	Relationship	
Chairman	Republic of China	Prosperity Investment And Consulting Co., Ltd.	Not applicable	May 28, 2020	3 years	2009/11/6	26,508,361	17.54%	41,020,836	17.11%	–	–			College of Management, Cheng Shiu University	Note 1	–	–	–	Note 3
		Representative: Tsai Pang Chuan	Male Aged from 71 to 80	May 28, 2020	3 years	2009/11/6	–	–	98,986	0.04%	7,749	0.00%					Director Operation Office Vice President	Tsai Ching Chuang Tsai Ping Jui	Father and son Father and son	
Director	Republic of China	Prosperity Investment And Consulting Co., Ltd.	Not applicable	May 28, 2020	3 years	2009/11/6	26,508,361	17.54%	41,020,836	17.11%	–	–			Department of Economics, University of Toronto, Canada	Note 2	–	–	–	Note 3
		Representative: Tsai Ching Chuang	Male Aged from 41 to 50	May 28, 2020	3 years	2009/11/6	–	–	5,088,786	2.12%	135,587	0.06%					Chairman Operation Office Vice President	Tsai Pang Chuan Tsai Ping Jui	Father and son Brothers	
Director	Republic of China	Lo, Chun-Yu	Male Aged from 41 to 50	May 28, 2020	3 years	2008/1/15	6,187,649	4.09%	6,839,429	2.85%	–	–			Department of Electrical Engineering, National Chung Hsing University Director of Ever Steel Enterprise Co., Ltd.	Director of Ever Steel Enterprise Co., Ltd.	–	–	–	
Director	Republic of China	Shen, Yi-Wen	Female Aged from 61 to 70	May 28, 2020	3 years	2017/6/23	412,780	0.27%	275,945	0.12%	–	–			Shang-Pi Kao	Director General of Kaohsiung Disabled Services Association	–	–	–	
Independent Director	Republic of China	Tai, Chih-Tsung	Male Aged from 51 to 60	May 28, 2020	3 years	2011/11/23	–	–	–	–	–	–			Doctor of Department of Business Administration, National Chung Cheng University	Director of Industrial Strategy Development Center, College of Management, Cheng Shiu University	–	–	–	
Independent Director	Republic of China	Wu, Tien-Ming	Male Aged from 71 to 80	May 28, 2020	3 years	2020/5/28	605,817	0.40%	358,430	0.15%	–	–			Chairman of Morgan Shipping Agency Corp. Managing Director of Kaohsiung Marine Shipservice Corp. Director of Kaochun Logistics & Stevedoring Co.,Ltd. President of Allegro Shipping Agency Corp Chairman of Kaohsiung Marine Shipservice Corp.	Chairman of Morgan Shipping Agency Corp. Managing Director of Kaohsiung Marine Shipservice Corp. Director of Kaochun Logistics & Stevedoring Co.,Ltd. President of Allegro Shipping Agency Corp	–	–	–	
Independent Director	Republic of China	Liu, Jung-Chin (Note 4)	Male Aged from 61 to 70	May 28, 2020	3 years	2017/6/23	–	–	–	–	–	–			Department of Accounting, Chinese Culture University Partner CPAs of Chien Hsing Accounting Firm	Certified Public Accountants of Chien Sheng Finance and Taxation Joint Accounting Firm Independent Director of Univacco Technology Inc.	–	–	–	

Note 1: Chairman of Franbo Asset Management Co., Ltd., Board of FWF Shipping Limited , New Lucky Lines S.A., Franbo Shipping S.A., Franbo Transportation S.A., Franbo Wind S.A., Franbo Sagacity S.A., Franbo Chairty S.A., TW Hornbill Line S.A, Franbo Logos S.A., Franbo Logic S.A., Franbo Lohas S.A., Franbo Way Limited, Franbo Uprightness Corporation, Franbo Sino Limited, Franbo Ocean Limited, Franbo Legion Limited, FB Pioneer Limited, FB Navigation Limited, Uni-Morality Lines Limited, Franbo Justice Line Limited, Dexin Shipping S.A., BCTS Capital Inc., Franbo Courage S.A., Franbo Legacy Ltd., Franbo Bright Ltd., Franbo Ace Ltd., Franbo Art Ltd, Franbo Cosmos Ltd., Franbo Century Ltd., Franbo Brave Ltd., Franbo Bravo Ltd.

Note 2: President of the Company, Chairman of FB Propriety Construction and Development Co., Ltd. and FB Justice Construction and Development Co., Ltd., Director of FWF Shipping Limited, New Lucky Lines S.A., Franbo Shipping S.A., Franbo Transportation S.A., Franbo Wind S.A., Franbo Sagacity S.A., Franbo Chairty S.A., TW Hornbill Line S.A, Franbo Logos S.A., Franbo Logic S.A., Franbo Lohas S.A., Prevalent Creation Corp., Franbo Way Limited, Franbo Uprightness Corporation, Franbo Sino Limited, Franbo Ocean Limited, Franbo Legion Limited, FB Pioneer Limited, FB Navigation Limited, Dexin Shipping S.A., BCTS Capital Inc., BCI Loyalty Inc., Franbo Legacy Ltd., Franbo Bright Ltd., Franbo Ace Ltd., Franbo Art Ltd, Franbo Cosmos Ltd., Franbo Century Ltd., Franbo Brave Ltd., Franbo Bravo Ltd..

Note 3: Chairman Tsai Pang Chuan is the founder of the Group and the father of Director Tsai Ching Chuang. Both of them are good at leadership, and their powers operate smoothly. In order to maintain the effectiveness and efficiency of operation, it is necessary to maintain this mode temporarily, and more than half of the Directors of the Board of Directors have not concurrently served as employees or Managers to achieve the purpose of supervision; In addition, the Independent Directors of the Company have the background of CPAs and school teachers, which assists the operation of corporate governance. In the future, the number of Independent Directors will be increased to implement the spirit of corporate governance.

2. Major shareholders among the shareholders of corporate entity

April 3, 2023

Name of institutional shareholders	Major shareholders among the shareholders of corporate entity
Prosperity Investment And Consulting Co., Ltd.	Tsai Ching Chuang 25.00%, Tsai Ping Jui 25.00%, Tsai Pang Chuan 21.57%, Wu-Hsin-Hsiang Tsai 21.57%, Wan-Chih Hsieh 3.43%, Yen-Cheng Chen 3.43%

3. Major shareholders among the shareholders of corporate entity: Not applicable.

4. Situation of professional qualification and the independence of the Director and Supervisor:

(1) Disclosure of professional qualification of the Director and Supervisor and information on the independence of the Independent Director:

Conditions / Name	Professional qualifications and experience (Note 1)	Independence (Note 2)	The number of public offering companies which he/she concurrently works for as an Independent Director
Representative of Prosperity Investment And Consulting Co., Ltd.: Tsai Pang Chuan	1. College of Management, Cheng Shiu University 2. Work experience required in commerce and corporate business	None	-
Representative of Prosperity Investment And Consulting Co., Ltd.: Tsai Ching Chuang	1. Department of Economics, University of Toronto, Canada 2. Work experience required in commerce and corporate business	None	-
Shen, Yi-Wen	1. Director General of Kaohsiung Disabled Services Association 2. Work experience required in commerce and corporate business	Compliance with independence	-
Lo, Chun-Yu	1. Director of Ever Steel Enterprise Co., Ltd. 2. Work experience required in commerce and corporate business	None	-
Independent Director: Tai, Chih-Tsung	1. Doctor of Department of Business Administration, National Chung Cheng University 2. Director of Industrial Strategy Development Center, College of Management, Cheng Shiu University 3. Lecturer or above in a public or private college or university with relevant majors in business, legal affairs, finance, accounting or business of the Company, without any of the provisions of Article 30 of the Company Act	Compliance with independence	-
Independent Director: Wu, Tien-Ming	1. Chairman of Morgan Shipping Agency Corp. 2. Managing Director of Kaohsiung Marine Shipservice Corp. 3. Director of Kaochun Logistics & Stevedoring Co.,Ltd. 4. President of Allegro Shipping Agency Corp 5. Working experience required in business, legal affairs, finance, accounting or business of the Company, without any of the	Compliance with independence	-

	provisions of Article 30 of the Company Act		
Independent Director: Liu, Jung-Chin	1. Certified Public Accountants of Chien Sheng Finance and Taxation Joint Accounting Firm 2. Professional and technical personnel who are qualified as judges, prosecutors, lawyers, CPAs or other persons who have passed the national examinations required for the business of the Company, without any of the provisions of Article 30 of the Company Act	Compliance with independence	1

Note 1: Professional qualifications and experience: State the professional qualifications and experience of individual Directors and Supervisors and, in the case of Audit Committee members with accounting or financial expertise, their accounting or financial background and work experience, and whether the provisions of Article 30 of the Company Act are absent.

Note 2: State the compliance with independence of the members of the Compensation Committee, including but not limited to whether he or she, his/her spouse, and relatives in the second-degree relationship act as Directors, Supervisors, or employees of the Company or its related enterprise; number and proportion of shares of the Company not held by him or her, his/her spouse, relatives in the second-degree relationship (or in others' name); whether he/she acts as a Director, Supervisor or employee of the Company that has a specific relationship with the Company (with reference to Subparagraph 5-8, Paragraph 1, Article 3 of the Measures for the Establishment and Exercise of Authority of the Compensation Committee of Companies Whose Shares are Listed or Traded on the Business Places of Securities Firms); the amount of compensation obtained for providing business, legal, financial, accounting and other services for the Company or its related enterprise in the past two years.

(2) Diversity and independence of the Board of Directors:

A. Diversification of the Board of Directors: State the diversification policies, objectives and achievements of the Board of Directors.The diversity policy includes but is not limited to the selection criteria of Directors, the professional qualifications and experience of the Board of Directors, the composition or proportion of gender, age, nationality and culture, etc., and states the specific objectives of the Company and the achievement of the above policies.

(A) The nomination and selection of members of the Board of Directors of the Company follows the provisions of the Articles of Association of the Company and the "Measures for Election of Directors", and adopts a candidate nomination system. Apart from evaluating the academic experience and qualifications of each candidate, the opinions of interested parties are also taken into account to ensure the diversity and independence of Directors.

(B) Among the 7 members of the Board of Directors, one is a female member representative, one is a representative of the Iron and Steel Industry, and among the three Independent Directors, one is an CPA, one is a university professor, and one has many years of experience in shipping agency and management. Each Director is quite helpful to the Company's business decision-making and medium-and long-term strategic planning in financial accounting analysis, operation and management, risk management and industrial experience.

(C) Among the 7 members of the Board of Directors, 29% have employee status, 43% are Independent Directors and 14% are female Directors; Age of Directors (71-80 years old: 2; 61-70 years old: 2; 41-50 years old: 3); Seniority of Independent Directors (less than 3 years: 1; 3-9 years: 2).

The diversity policy of the current Board members of the Company and its implementation are as follows:

Diversified core / Name of Director	Basic composition									Industrial experience					Professional ability		
	Nationality	Gender	Owning employee status	Age				Term and seniority of Independent Directors		Shipping	Iron and steel	Accounting and Finance	Service and Marketing	Lecturer in colleges and universities	Legal affairs	Accounting	Risk management
				From 41 to 50	From 51 to 60	From 61 to 70	From 71 to 80	Less than 3 years	3-9 years								
Representative of Prosperity Investment And Consulting Co., Ltd.: Tsai Pang Chuan	Republic of China	Male	√				√			√		○					○
Representative of Prosperity Investment And Consulting Co., Ltd.: Tsai Ching Chuang	Republic of China	Male	√	√						√		○			○		○
Shen, Yi-Wen	Republic of China	Female				√							√				○
Lo, Chun-Yu	Republic of China	Male		√							√	○					○
Independent Director: Tai, Chih-Tsung	Republic of China	Male			√				√			√		√	○		√
Independent Director: Wu, Tien-Ming	Republic of China	Male					√	√		√		○					○
Independent Director: Liu, Jung-Chin	Republic of China	Male				√			√			√			√	√	√

Note: √ means having ability and ○ means having partial ability

B. Independence of the Board of Directors: State the number and proportion of Independent Directors, and the independence of the Board of Directors, and provide reasons to indicate whether there are no circumstances in Paragraph 3 and Paragraph 4, Prevision 3 of Article 26 in the Securities and Exchange Act, including the spouse relationship or the second-degree relationship between the Directors, Supervisors or Directors and Supervisors:

(A) Among the 7 members of the Board of Directors, 3 Independent Directors account for 43%, and 4 General Directors account for 57%. Except Chairman Tsai Pang Chuan and Director Tsai Ching Chuang have kinship within second degree, all other

Directors (including Independent Directors) have no circumstances such as Paragraph 3 and 4 of Article 26-3 of the Securities and Exchange Act.

(B)Chairman Tsai Pang Chuan is the founder of the Group and the father of President Tsai Ching Chuang. Both of them are good at leadership, and their powers operate smoothly. In order to maintain the effectiveness and efficiency of operation, it is necessary to maintain this mode temporarily, and more than half of the Directors of the Board of Directors have not concurrently served as employees or Managers to achieve the purpose of supervision; In addition, the Independent Directors of the Company have the background of CPAs and school teachers, which assists the operation of corporate governance. In the future, the number of Independent Directors will be increased to implement the spirit of corporate governance.

(II) Information of President, Deputy President, Assistant Manager, Heads of various departments and branches

April 3, 2023

Title	Nationality	Name	Gender	Date of election (appointment)	Shares held		Shares held by spouses and minor children		Shareholding in others' names		Main experiences (education) background	Current positions in other companies	Managers who have spouses or relatives in the second-degree relationship			Remarks
					Number of shares (shares)	Shareholding ratio	Number of shares (shares)	Shareholding ratio	Number of shares (shares)	Shareholding ratio			Title	Name	Relationship	
President	Republic of China	Tsai Ching Chuang	Male	2019/3/08	5,088,786	2.12 %	135,587	0.06 %	–	–	Department of Economics, University of Toronto	Note 1	Chairman Vice President of Operation Office	Tsai Pang Chuan Tsai Ping Jui	Father and son Brothers	Note 2
Vice President of Management Office	Republic of China	Wilson Lin	Male	2021/10/1	50,499	0.02 %	–	–	–	–	Department of Accounting, Soochow University TYCOONS GROUP ENTERPRISE CO., LTD. Vice President	–	–	–	–	None
Vice President of Operation Office	Republic of China	Tsai Ping Jui	Male	2021/4/1	985,184	0.41 %	119,985	0.05 %	–	–	Department of National Law, Shanghai Maritime University	Note 3	Chairman President	Tsai Pang Chuan Tsai Ching Chuang	Father and son Brothers	None

Note 1: Chairman of FB Propriety Construction and Development Co., Ltd. and FB Justice Construction and Development Co., Ltd., Director of FWF Shipping Limited, New Lucky Lines S.A., Franbo Shipping S.A., Franbo Transportation S.A., Franbo Wind S.A., Franbo Sagacity S.A., Franbo Chairty S.A., TW Hornbill Line S.A, Franbo Logos S.A., Franbo Logic S.A., Franbo Lohas S.A., Prevalent Creation Corp., Franbo Way Limited, Franbo Uprightness Corporation , Franbo Sino Limited, Franbo Ocean Limited, Franbo Legion Limited, FB Pioneer Limited, FB Navigation Limited, Dexin Shipping S.A., BCTS Capital Inc., BCI Loyalty Inc., Franbo Legacy Ltd., Franbo Bright Ltd., Franbo Ace Ltd., Franbo Art Ltd, Franbo Cosmos Ltd., Franbo Century Ltd., Franbo Brave Ltd., Franbo Bravo Ltd.

Note 2: Chairman Tsai Pang Chuan is the founder of the Group and the father of President Tsai Ching Chuang. Both of them are good at leadership, and their powers operate smoothly. In order to maintain the effectiveness and efficiency of operation, it is necessary to maintain this mode temporarily, and more than half of the Directors of the Board of Directors have not concurrently served as employees or Managers to achieve the purpose of supervision; In addition, the Independent Directors of the Company have the background of CPAs and school teachers, which assists the operation of corporate governance. In the future, the number of Independent Directors will be increased to implement the spirit of corporate governance.

Note 3: Director of FWF Shipping Limited, New Lucky Lines S.A., Franbo Shipping S.A., Franbo Transportation S.A., Franbo Wind S.A., Franbo Sagacity S.A., Franbo Chairty S.A., TW Hornbill Line S.A, Franbo Logos S.A., Franbo Logic S.A., Franbo Lohas S.A., Franbo Way Limited, Franbo Uprightness Corporation, Franbo Sino Limited, Franbo Ocean Limited, Franbo Legion Limited, FB Pioneer Limited, FB Navigation Limited, Dexin Shipping S.A., BCTS Capital Inc. Franbo Legacy Ltd., Franbo Bright Ltd., Franbo Ace Ltd., Franbo Art Ltd, Franbo Cosmos Ltd., Franbo Century Ltd., Franbo Brave Ltd., Franbo Bravo Ltd.

III. The remuneration paid to the Director, Supervisor, President and Vice President in the most recent year:

(I) Remuneration paid to Director (including Independent Director), Supervisor, President and Vice President in 2022

1.The remuneration of the General Director and Independent Director:

Unit: NT$ 1,000

Title	Name	The Remuneration of the Director (Note)								The percentage of the total amount of Items A, B, C and D in the net profit after tax		Related remuneration of the person concurrently acting as employees								The percentage of the total amount of Items A, B, C, D, E, F and G in the net profit after tax		The remuneration from the reinvested business or parent Company outside the subsidiary
		Return (A)		Pension (B)		The remuneration of the Director (C)		Business execution expenses (D)				Salaries, bonus, special charges, etc. (E)		Pension (F)		The remuneration of employee (G)						
																The Company		All the companies listed on the financial report				
		The Company	All the companies listed on the financial report	The Company	All the companies listed on the financial report	The Company	All the companies listed on the financial report	The Company	All the companies listed on the financial report	The Company	All the companies listed on the financial report	The Company	All the companies listed on the financial report	The Company	All the companies listed on the financial report	The amount of cash	The amount of shares	The amount of cash	The amount of shares	The Company	All the companies listed on the financial report	
Chairman	Representative of Prosperity Investment And Consulting Co., Ltd.: Tsai Pang Chuan	120	120	-	-	2,924	2,924	27	27	3,071 0.24%	3,071 0.24%	3,821	3,821	-	-	1,234	-	1,234	-	8,126 0.63%	8,126 0.63%	—
Director	Representative of Prosperity Investment And Consulting Co., Ltd.: Tsai Ching Chuang	120	120	-	-	2,924	2,924	27	27	3,071 0.24%	3,071 0.24%	3,302	3,302	99	99	1,234	-	1,234	-	7,706 0.51%	7,706 0.60%	—
Director	Shen, Yi-Wen	120	120	-	-	1,462	1,462	27	27	1,609 0.13%	1,609 0.13%	-	-	-	-	-	-	-	-	1,609 0.13%	1,609 0.13%	—
Director	Lo, Chun-Yu	120	120	-	-	1,462	1,462	24	24	1,606 0.13%	1,606 0.13%	-	-	-	-	-	-	-	-	1,606 0.13%	1,606 0.13%	—
Independent Director	Tai, Chih-Tsung	120	120	-	-	1,462	1,462	42	42	1,624 0.13%	1,624 0.13%	-	-	-	-	-	-	-	-	1,624 0.13%	1,624 0.13%	—
Independent Director	Wu, Tien-Ming	120	120	-	-	1,462	1,462	42	42	1,624 0.13%	1,624 0.13%	-	-	-	-	-	-	-	-	1,624 0.13%	1,624 0.13%	—
Independent Director	Liu, Jung-Chin	120	120	-	-	1,462	1,462	39	39	1,621 0.13%	1,621 0.13%	-	-	-	-	-	-	-	-	1,621 0.13%	1,621 0.13%	—

1. Please state the remuneration policy, system, standard and structure of Independent Directors, and describe the remuneration amount according to the responsibilities, risks, investment time and other factors:

According to the Articles of Association of the Company and the method for payment of Directors' remuneration, the monthly remuneration of Director is stipulated to be NT$ 10,000 and the Directors' remuneration is determined by the Board of Directors after evaluating the operating performance and the results of Directors' performance evaluation for the current year.

2. Apart from the disclosure of the form above, the remuneration the Directors obtained by providing services for all the companies listed on the financial report in the most recent year at the parent Company/ all the companies/ reinvested business listed on the financial report: None.

The remuneration form of the Directors

The range of remuneration paid to each Director of the Company	Name of Director			
	Total of the first four items (A + B + C + D)		Total amount of the first seven items (A + B + C + D + E + F + G)	
	The Company	All the companies listed on the	The Company	All the companies listed on the
Less than NT$ 1,000,000	—	—	—	—
NT$ 1,000,000 (inclusive) ~ NT$ 2,000,000 (exclusive)	Lo, Chun-Yu, Shen,Yi-Wen, Tai,Chih-Tsung, Wu, Tien-Ming, Liu, Jung-Chin	Same as left	Lo, Chun-Yu, Shen,Yi-Wen, Tai,Chih-Tsung, Wu, Tien-Ming, Liu, Jung-Chin	Same as left
NT$ 2,000,000 (inclusive) ~ NT$ 3,500,000 (exclusive)	—	—	—	—
NT$ 3,500,000 (inclusive) ~ NT$ 5,000,000 (exclusive)	Prosperity Investment And Consulting Co., Ltd. Representatives: Tsai Pang Chuan and Tsai Ching Chuang	Same as left	—	—
NT$ 5,000,000 (inclusive) ~ NT$ 10,000,000 (exclusive)	—	—	Representatives of Prosperity Investment and Consulting Co., Ltd.: Tsai Pang Chuan and Tsai Ching Chuang	Same as left
NT$ 10,000,000 (inclusive) ~ NT$ 15,000,000 (exclusive)	—	—	—	—
NT$ 15,000,000 (inclusive) ~ NT$ 30,000,000 (exclusive)	—	—	—	—
NT$ 30,000,000 (inclusive) ~ NT$ 50,000,000 (exclusive)	—	—	—	—
NT$ 50,000,000 (inclusive) ~ NT$ 100,000,000 (exclusive)	—	—	—	—
NT$ 100,000,000 or more	—	—	—	—
Total	7 persons	7 persons	7 persons	7 persons

2.Remuneration of Supervisors: Not applicable.

3.The remuneration paid to the President and Vice President:

Unit: NT$ 1,000

Title	Name	Salary (A)		Pension (B)		Bonuses and special expenses, etc. (C)		The amount of employee remuneration (D)				The percentage of the total amount of Items A, B, C and D in the net profit after tax (%)		The remuneration from the reinvested business or parent Company outside the subsidiary
		The Company	All the companies listed on the financial report	The Company	All the companies listed on the financial report	The Company	All the companies listed on the financial report	The Company		All the companies listed on the financial report		The Company	All the companies listed on the financial report	
								Cash Amount	Shares Amount	Cash Amount	Shares Amount			
President	Tsai Ching Chuang	4,290	4,290	262	262	4,914	4,914	2,714	—	2,714	—	12,180 1.05%	12,180 1.05%	—
Vice President	Wilson Lin													
Vice President	Tsai Ping Jui													

The form of remuneration paid to the President and Vice President

The range of remuneration paid to the President and Vice President	Name of President and Vice President	
	The Company	All the companies listed on the financial report
Less than NT$ 1,000,000	—	—
NT$ 1,000,000 (inclusive) ~ NT$ 2,000,000 (exclusive)	—	—
NT$ 2,000,000 (inclusive) ~ NT$ 3,500,000 (exclusive)	Wilson Lin and Tsai Ping Jui	Wilson Lin and Tsai Ping Jui

NT$ 3,500,000 (inclusive) ~ NT$ 5,000,000 (exclusive)	Tsai Ching Chuang	Tsai Ching Chuang
NT$ 5,000,000 (inclusive) ~ NT$ 10,000,000 (exclusive)	—	—
NT$ 10,000,000 (inclusive) ~ NT$ 15,000,000 (exclusive)	—	—
NT$ 15,000,000 (inclusive) ~ NT$ 30,000,000 (exclusive)	—	—
NT$ 30,000,000 (inclusive) ~ NT$ 50,000,000 (exclusive)	—	—
NT$ 50,000,000 (inclusive) ~ NT$ 100,000,000 (exclusive)	—	—
NT$ 100,000,000 or more	—	—
Total	3 persons	3 persons

4. The name of the Manager who distributes employee remuneration and the situation of distribution:

Unit: NT$ 1,000

Title	Name	The amount of shares	The amount of cash	Total	Proportion of total amount in net profit after tax (%)
CEO	Tsai Pang Chuan	—	3,948	3,948	0.31%
President	Tsai Ching Chuang				
Vice President	Wilson Lin				
Vice President	Tsai Ping Jui				

(II) Analysis of the proportion of the total amount of compensation paid to Directors, Supervisors, President, and Vice President of our Company and all companies in the consolidated financial statements in the past two years to the net profit after tax of individual or individual financial reports, and explanation of the policies, standards, and combinations for payment of compensation, the procedures for setting compensation, and the correlation with business performance and future risks:

1. Analysis of the proportion of total remuneration paid to the Company's Directors, Supervisor, President and Vice President in the consolidated financial statements in the last two years in the net profit after tax:

Unit: NT$ 1,000

Title	2021				2022			
	Total remuneration		Proportion of amount in net profit after tax(%)		Total remuneration		Proportion of amount in net profit after tax(%)	
	The Company	All the companies listed on the consolidated statements	The Company	All the companies listed on the consolidated statements	The Company	All the companies listed on the consolidated statements	The Company	All the companies listed on the consolidated statements
Director	10,972	10,972	2.92%	2.92%	21,481	21,481	1.67%	1.67%
President and Vice President	7,380	7,380	1.97%	1.97%	8,946	8,946	0.70%	0.70%
Total	18,352	18,352	4.89%	4.89%	30,427	30,427	2.37%	2.37

The increase in the total remuneration of Directors, President and Vice President in 2022 as compared with the increase in the net profit after tax in 2021 was due to the increase in the net profit after tax in 2022.

2. The policy, standard and combination of remuneration, the procedure for setting remuneration and its relevance to operating performance and future risks:

(1) Policy, standard and combination of payment of remuneration:

A. Directors shall receive fixed monthly remuneration in accordance with the resolutions of the Board of Directors and shall be paid remuneration in accordance with the Articles of Association of the Company.

B. The CEO and the President shall pay salaries and staff remuneration according to the remuneration approved by the Board of Directors.

C. The salary of the Vice President is paid according to the salary structure standard of the Company, and the salary of employees is based on the overall operating performance of the Company.

(2) Procedures for fixing remuneration:

The remuneration of Directors and Managers shall be assessed and determined periodically by the Remuneration Committee of the Company and submitted to the Board of Directors for approval.

(3) Relevance to business performance:

A. The fixed part-time remuneration of Directors takes into account the Company's operating objectives, financial position and Directors' duties.

B. The bonuses and remuneration of the CEO, President and Managers have been assessed in accordance with the Measures for "Performance Evaluation of Directors and Managers", taking into account their professional abilities and the Company's operating and financial status, and are linked with key performance indicators such as "Overall Operational Performance of the Company", "Performance of Subordinate Units" and "Individual Performance" as reference items for approving variable remuneration.

(4) Relevance to future risks:

Important decisions made by the management of the Company will be made after considering various risk factors.The performance of these important decisions will be reflected in the profit situation of the Company, and then related to the salary of the management class; That is to say, the remuneration of Directors, Chairman, President and Vice President of the Company is related to the control performance and development trend of future risks of the industry, and the remuneration system is reviewed at any time according to actual operating conditions and relevant laws and regulations.

IV. Governance and operation of the Company

(I) Operation of the board of directors

1. The Board of Directors held meeting (A) for 9 times in 2022, and the attendance of Directors and Supervisors is as follows:

Title	Name	Actual number of Attendance times B	Commissioning attendance Times	Actual number of attendance rate (%) [B/A]	Remarks
Chairman	Representative of Prosperity Investment And Consulting Co., Ltd.: Tsai Pang Chuan	9	0	100%	None
Director	Representative of Prosperity Investment and Consulting Co., Ltd.: Tsai Ching Chuang	9	0	100%	None
Director	Lo, Chun-Yu	8	1	89%	None
Director	Shen, Yi-Wen	9	0	100%	None
Independent Director	Tai, Chih-Tsung	9	0	100%	None
Independent Director	Wu, Tien-Ming	8	1	89%	None
Independent Director	Liu, Jung-Chin	9	0	100%	None

Other matters to be recorded:

I. If the operation of the Board of Directors is under any of the following circumstances, the date and period of the Board of Directors' meeting, the proposal content, the opinions of all Independent Directors and the Company's handling of the opinions of the Independent Directors shall be stated:

(I) Items listed in Article 14-3 of the Securities and Exchange Act: The Company has set up an Audit Committee, and the provisions of Article 14-3 of the Securities and Exchange Act are not applicable. For relevant information, please refer to the operation of the Audit Committee in this annual report.

(II) Except for the previously mentioned matters, other resolutions adopted by the Board of Directors that were objected by Independent Directors or on which Independent Directors reserved their opinions and that were recorded and declared in writing: None.

II. For executive circumstances for avoidance of Director from interested proposals, the name of the Director, the proposal content, reasons for avoidance from interested proposals, and the circumstances of participating in voting shall be stated:

(I) On May 6, 2022, the Board of Directors discussed the distribution proposal of employee remuneration and Director remuneration of 2021. Director Tsai Pang Chuan and Director Tsai Ching Chuang avoided voting on this proposal due to the relevant interest.

(II) On July 22, 2022 the Board of Directors discussed the list and amount of new shares issued by Managers with cash capital increase. Director Tsai Pang Chuan and Director Tsai Ching Chuang avoided voting on this proposal due to the relevant interest.

(III) On December 23, 2022, the Board of Directors discussed the estimated payment of annual bonuses to Managers. Director Tsai Pang Chuan and Director Tsai Ching Chuang avoided voting on this proposal due to the relevant interest.

III. TWSE/TPEx-Listed Companies shall disclose information such as the assessment cycle and period, assessment scope, method and assessment content of the Board of Directors' self (or peers) assessment, and fill in the implementation of the Board of Directors' assessment:

Assessment cycle	Assessment period	Assessment scope	Assessment method	Assessment content
Execute once a year	January 1, 2022 - December 31, 2022	Operation of the Board of Directors	The deliberation unit of the Board of Directors collects relevant information for evaluation	1. Involvement in Company operations 2. Improving decision quality of Board of Directors 3. Composition and structure of the Board of Directors, 4. Election and continuing education of Directors 5. Internal control The overall average is 4.6
Assessment cycle	Assessment period	Assessment scope	Assessment method	Assessment content
Execute	Evaluation of the	Performance	Self-assessment	1. Involvement in Company operations

once a year	performance of January 1, 2022 - December 31, 2022	of individual Directors	by Directors	2. Mastery of the Company's objectives and tasks 3. Awareness of Directors' responsibilities 4. Internal relationship management and communication 5. Major and continuing education of Directors 6. Internal control The overall average is 4.7
Execute once a year	Audit Committee evaluated the performance of January 1, 2022 - December 31, 2022	Auditor Committee	Self-assessment by Directors	1. Involvement in Company operations 2. Responsibilities awareness of functional committees 3. Improve the decision quality of Functional Committees 4. Composition and member selection of the Audit Committee 5. Internal control The overall average is 4.8
Execute once a year	For Compensation Committee Evaluation of the performance of January 1, 2022 - December 31, 2022	Compensation Committee	Self-assessment by Directors	1. Involvement in Company operations 2. Responsibilities awareness of functional committees 3. Improve the decision quality of Functional Committees 4. Composition and member selection of the Compensation Committee 5. Internal control The overall average is 5
Execute once a year	Evaluation of the performance of January 1, 2022 - December 31, 2022	Performance of individual Directors	Self-assessment by Directors	1. Involvement in Company operations 2. Mastery of the Company's objectives and tasks 3. Awareness of Directors' responsibilities 4. Internal relationship management and communication 5. Major and continuing education of Directors 6. Internal control The overall average is 4.7

The results of this assessment have been submitted to the Board of Directors on March 3, 2023.

IV. Objectives of strengthening the functions of the Board of Directors in the current year and the most recent year (such as setting up an Audit Committee, improving information transparency, etc.) and assessment of its implementation:

(I) The Company has an Audit Committee and a Compensation Committee comprising three Independent Directors to enhance the functions of the Board of Directors and to update relevant laws and regulations on corporate governance, which are disclosed at the Public Information Observatory.

(II) In order to diversify the legal liability risks of Directors, during the term of office of Directors, the Company purchases Directors' liability insurance according to their business scope and legal liability, and reviews the contents of the insurance policy every time to complete the renewal conditions.

(III) The Company was listed as an TWSE/TPEx-Listed Company in the 9th Corporate Governance Evaluation 36%-50%, showing normal performance in corporate governance.

(II) The operation of the Audit Committee or the participation of Supervisors in the operation of the Board of Directors:

The Audit Committee of the Company is composed of 3 Independent Directors. The purpose of the Audit Committee is to assist the Board of Directors in the performance of its oversight of the quality and integrity of the Company in the implementation of the relevant accounting, auditing, financial reporting processes and financial controls.

The Audit Committee held nine meetings in 2022, and the items under consideration mainly included:

- Auditing of financial statements and accounting policies and procedures.
- Internal control system and related policies and procedures.

- Significant asset transactions.
- Significant capital loan and endorsement guarantee.
- Whether there are related party transactions and possible conflicts of interest between Managers and Directors.
- Compliance with regulations and laws.
- Risk management of the Company.
- Qualifications, independence and performance evaluation of Certified Public Accountant.
- Appointment and remuneration of Certified Public Accountant.
- The performance of the duties of the Audit Committee.

1. Review Financial Report:

   The Board of Directors of the Company has prepared individual financial statements and consolidated financial statements, operating report and earnings distribution proposal for the year of 2022, in which the financial statements (including consolidated financial statements) for the year of 2022 have been audited by Certified Public Accountants Kuo-Hua Wang Accountants and A-shen Liao of PwC Taiwan and financial report is issued.After examination by the Audit Committee, there is no discrepancy between the lists made by the Board of Directors.

2. Assess the effectiveness of the internal control system:

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

3. Implementation of proposals related to the appointment of Certified Public Accountant:

Time of Audit Committee's meeting	Proposal content	Remarks
December 23, 2022	Proposal of the Certified Public Accountant's independence evaluation.	
March 3, 2023	Proposal of pre-approval of (non-assurance services) provided to the Company and its subsidiaries by Certified Public Accountant, firms and firm affiliates	

4. Operation of the Audit Committee

   The Audit Committee met (A) nine times in the most recent year (2022), and the attendance of independent directors was as follows:

Title	Name	Actual attendance times (B)	Number of commissioning attendance	Actual attendance rate (%) (B/A)	Remarks
Independent Director	Tai, Chih-Tsung	9	0	100%	
Independent Director	Liu, Jung-Chin	9	0	100%	
Independent Director	Wu, Tien-Ming	8	1	89%	

Other matters to be recorded:

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

(I) The matters listed in Paragraph 5, Article 14 of the Securities and Exchange Act.

(II) Except for the previously mentioned matters, other matters that have not been approved by the Audit Committee but have been approved by more than two-thirds of all directors of Board of Directors.

Date of Audit Committee's meeting	Session	Proposal content and subsequent treatment	Matters listed in SEC §14-5	Except for the previously mentioned matters, other matters that have not been approved by the Audit Committee but have been approved by more than two-thirds of all directors of Board of Directors
2022/1/14	1st time in 2022	■ Proposal of the sub-subsidiary Dexin Shipping S.A. disposing of its own ship New Age. ■ Proposal of the sub-subsidiary Franbo Shipping S.A. disposing of its own ship Franbo Progress. ■ Proposal of the sub-subsidiary Franbo Transportation S.A. disposing of its own ship Franbo Prospect.	V	None
2022/3/4	2nd time in 2022	■ Proposal of the 2021 final statement. ■ Proposal of distribution of 2021 earnings. ■ Proposal of review of the Company's "effectiveness assessment of the internal control system" and "statement of the internal control system" in 2021. ■ Proposal of amendment of some provisions of the Company's various rules and procedures. ■ Proposal of the amendment to the "Procedures for the Acquisition or Disposal of Assets". ■ Proposal of the amendment to the "Articles of Incorporation". ■ Proposal of issuing new shares by cash capital increase and issuing the fifth domestic convertible bonds for financing. ■ Proposal for which Franbo Cosmos Limited, a sub-subsidiary, applied for a ship financing borrowing from E.SUN Bank and the Company provided an endorsement guarantee for it. ■ Proposal of new capital lending and credit line for subsidiaries and sub-subsidiaries. ■ Proposal for which New Lucky Lines S.A, a subsidiary re-invests in a wholly-owned sub-subsidiary that in turn participates in the tender for the purchase of ships. ■ Proposal of a joint venture between a subsidiary, Franbo Asset Management Co., Ltd. and other companies to establish a new development company. ■ Proposal of newly established sub-subsidiary to promote the acquisition of old-dangerous land and buildings. ■ Proposal of the Group's wholly-owned subsidiary's surplus distribution and loss reversal for 2021. ■ Proposal for which the Company changes Certified Public Accountant in conjunction with an internal rotation of the accounting firm.	V	None

Date of Audit Committee's meeting	Session	Proposal content and subsequent treatment	Matters listed in SEC §14-5	Except for the previously mentioned matters, other matters that have not been approved by the Audit Committee but have been approved by more than two-thirds of all directors of Board of Directors
2022/5/6	3rd time in 2022	■ Proposal of the consolidated financial statements for the first quarter of 2022. ■ Proposal of employees' remuneration and directors' remuneration distribution in 2021. ■ Proposal of reducing and canceling the amount of endorsement and guarantee for ship borrowings from the sub-subsidiary. ■ Proposal of the subsidiary canceling the credit line for capital lending. ■ Proposal of new capital lending and credit line for subsidiaries and sub-subsidiaries.	V	None
2022/5/26	4th time in 2022	■ Amendment to the issuance of new shares by cash capital increase and the issue plan of financing by the issuance of the fifth domestic unsecured convertible bonds in Taiwan, approved by the Board of Directors' meeting on March 4, 2022. ■ Determination of the ex-dividend base date for the 2022 dividend distribution to shareholders and other related matters. ■ Proposal of greenhouse gas inventory and schedule verification. ■ Change in the amount of equity investment in the Company and the subsidiaries. ■ Proposal of changing the shareholding structure of Franbo Cosmos Limited, the investment sub-subsidiary. ■ Proposal of changing the shareholding structure of Franbo Century Limited, the investment sub-subsidiary. ■ Proposal of changing the shareholding structure of Franbo Brave Limited, the investment sub-subsidiary. ■ Proposal of mid-term capital reduction for the sub-subsidiary, Dexin Shipping S.A. ■ Proposal of mid-term capital reduction for the subsidiary, Uni-Morality Lines Limited. ■ Proposal for which New Lucky Lines S.A, a subsidiary, re-invests in a wholly-owned sub-subsidiary that in turn participates in the tender for the purchase of ships. ■ Improvement plan is proposed due to the over-limit of capital lending by Group's subsidiaries and sub-subsidiaries. ■ Proposal of cancellation of capital lending and credit line by the subsidiary or sub-subsidiary. ■ Proposal of new capital lending and credit line for subsidiaries and sub-subsidiaries. ■ Proposal of the sub-subsidiary, Franbo Asset Management Co., Ltd., re-invested to establish a new company. ■ Proposal of the Company newly investing NT$150,000,000 in 100%-controlling subsidiaryFranbo Asset Management Co., Ltd..	V	None
2022/6/27	5th time in 2022	■ Proposal of the sub-subsidiary Franbo Uprightness Corp. disposing of its own ship Hayama Star. ■ Proposal of changing the previously approved the matter that New Lucky Lines S.A., a subsidiary, re-invests the sub-subsidiary that in turn participates in the tender for the purchase of ships as well as the endorsement and guarantee. ■ Proposal of changing the land development of the subsidiary, Franbo Asset Management Co., Ltd. in Zhengyi Section, Hunei District, Kaohsiung City, approved by resolution of Board of Directors' meeting on December 24, 2021.	V	None
2022/7/22	6th time in 2022	■ Determination of the basis date of cash capital increase for subscription and relevant operations in 2022. ■ Proposal of the list of Managers who can subscribe new shares issued by cash capital increase in 2022, and the amount they can subscribe. ■ Proposal of the sub-subsidiary TW Hornbill Line S.A. disposing of its own ship Marine Hornbill. ■ Proposal of the sub-subsidiary's refund of share capital for mid-term cash reduction ■ The sub-subsidiary and the charterers terminated the original bareboat chartering agreement and entered into a finance charter with a repurchase agreement instead. ■ Proposal of new capital lending and credit line for subsidiaries and sub-subsidiaries.		

Date of Audit Committee's meeting	Session	Proposal content and subsequent treatment	Matters listed in SEC §14-5	Except for the previously mentioned matters, other matters that have not been approved by the Audit Committee but have been approved by more than two-thirds of all directors of Board of Directors
2022/8/5	7th time in 2022	■ Proposal of the consolidated financial statements for the second quarter of 2022. ■ Proposal of retroactive recognition of change conditions of the matter that Franbo Lohas S.A., a sub-subsidiary, applies to Mega International Commercial Bank for the ship financing loan, including the extension of the repayment period, the adjustment of the principal repayment amount for some periods and the interest rate of the loan. ■ Proposal of retroactive recognition of the matter that Franbo Ocean Limited, a sub-subsidiary, applies for the ship mortgage financing to Entie Commercial Bank; Franbo Ocean Limited, a sub-subsidiary and the attending directors sign a "counter undertaking" to Entie Commercial Bank. ■ Proposal of the sub-subsidiary Franbo Way Limited disposing of Medi Bangkok. ■ Proposal of the sub-subsidiary Franbo Legacy Limited disposing of Thorco Legacy. ■ Proposal of the sub-subsidiary Franbo Lohas S.A disposing of Franbo Lohas. ■ Proposal of reducing the amount of endorsement and guarantee for a ship borrowing from a sub-subsidiary. ■ Proposal of new capital lending and credit line for subsidiaries and sub-subsidiaries. New Lucky Lines S.A., a subsidiary, made a new investment in a sub-subsidiary.	V	None
2022/11/4	8th time in 2022	■ Proposal of the consolidated financial statements for the third quarter of 2022. ■ Retroactive recognition of the sub-subsidiary, Franbo Way Limited entering into a finance charter with a repurchase agreement with the charterer. ■ Retroactive recognition of the sub-subsidiary, Franbo Legacy Limited entering into a finance charter with a repurchase agreement with the charterer. ■ Retroactive recognition of the application for medium- and long-term borrowing from The Kaohsiung Third Credit Co-operative by our sub-subsidiary, FB Justice Construction and Development Co., Ltd. ■ Amendment to the capital utilization plan for proposal of issuance of new shares by cash capital increase and issuance of domestic fifth unsecured convertible corporate bonds for the financing of the Company in 2022. ■ Proposal of the new and partially amended provisions of the Company's various rules and procedures. ■ Proposal of new formulation of various methods and procedures by a subsidiary, Franbo Asset Management Co., Ltd. ■ Proposal of Uni-Morality Lines Limited, a subsidiary of the Company, was to refund the capital reduction with assets other than cash in the interim ■ Proposal of a sub-subsidiary, Franbo Wind S.A., to handle an interim distribution of earnings and a cash capital reduction. ■ Proposal of new land investment and development of the subsidiary Franbo Asset Management Co., Ltd. ■ Proposal of changing the shareholding structure of investment of subsidiary Franbo Asset Management Co., Ltd. in sub-subsidiary, FB Justice Construction and Development Co.,Ltd. ■ Proposal of appointment of "Head of Corporate Governance" of the Company ■ Proposal of cancellation of capital lending and credit line by the subsidiary or sub-subsidiary. ■ Proposal of new capital lending and credit line for subsidiaries and sub-subsidiaries.	V	None
2022/12/23	9th time in 2022	■ Discuss the operating plan for 2023. ■ Discuss the audit plan for 2023. ■ Proposal of the Certified Public Accountant's independence evaluation. ■ The Group's sub-subsidiaries have proposed improvement plans due to the over-limit of capital borrowing. ■ Proposal of cancellation of capital borrowing and credit line by a subsidiary or sub-subsidiary ■ Proposal of new capital lending and credit line for subsidiaries and sub-subsidiaries. ■ Proposal of the estimated annual bonus payment for Managers in 2022.	V	None

Date of Audit Committee's meeting	Session	Proposal content and subsequent treatment	Matters listed in SEC §14-5	Except for the previously mentioned matters, other matters that have not been approved by the Audit Committee but have been approved by more than two-thirds of all directors of Board of Directors
2023/3/3	1st time in 2023	■ Proposal of employees' remuneration and Directors' remuneration distribution in 2022. ■ Proposal of the 2022 final statement. ■ Proposal of distribution of 2022 earnings. ■ Setting the ex-dividend date for the Company's 2023 stock dividend distribution and the period during which the convertible bonds will cease to be convertible, etc. ■ Proposal of greenhouse gas emission inventory and verification schedule of the subsidiary. ■ Proposal of setting the base date for the fifth domestic unsecured convertible bond conversion and issuance of new shares by the Company. ■ Proposal of "Effectiveness Assessment of the internal Control System" and "Statement of the internal Control System" considered by the Company for 2022. ■ Proposal of partial amendment and addition of provisions to the Company's rules and procedures. ■ Proposal of amending the "Endorsement Guarantee Procedures" ■ Proposal of amending the "Procedures for Lending Funds to Others" ■ Proposal of "Procedures for Lending Funds to Others" was revised by our subsidiary, Franbo Asset Management Co., Ltd. ■ Proposal of retroactive recognition of interim surplus distribution of subsidiary Uni-Morality Lines Limited. ■ Proposal of the Group's wholly-owned subsidiary's surplus distribution and loss reversal for 2022. ■ Proposal of capital reduction for the sub-subsidiary, Dexin Shipping S.A. ■ Proposal of capital reduction for the subsidiary, New Lucky Lines S.A. ■ Proposal of cancellation of capital lending and credit line by the subsidiary or sub-subsidiary. Proposal of new capital lending and credit line for subsidiaries and sub-subsidiaries.		
2023/3/3	1st time in 2023	■ Proposal of the Company newly investing NT$150,000,000 in 100%-controlling subsidiaryFranbo Asset Management Co., Ltd.. ■ Proposal of the subsidiary, FB Justice Construction and Development Co., Ltd., to purchase additional land around the dangerous old investment project in Lingzhou section of Lingya District, Kaohsiung City and re-assess the planning. ■ Proposal of a subsidiary, Franbo Asset Management Co., Ltd., a new company was established to invest in land development in Datong Section, Luzhu District, Kaohsiung City. ■ Proposal of pre-approval of (non-assurance services) provided to the Company and its subsidiaries by Certified Public Accountant, firms and firm affiliates.	V	None

II. The executive circumstances of the recusal of the Independent Directors from the interest motion shall include the names of the Independent Directors, the content of the motion, the reasons for the recusal and the circumstances of their participation in the vote: There are no circumstances in which the Independent Directors of the Company should recuse themselves from the interest motion.

III. The communication between the Independent Directors, the internal audit head and the Certified Public Accountant (shall include the Company's financial and business status, the major issues of communication, the way and the results, etc.):

Depending on the content of the agenda, the Company invites a Certified Public Accountant to attend the Audit Committee for consultation and professional advice on financial accounting-related issues, and provides a channel for the Independent Directors to contact the Certified Public Accountant so that the Independent Directors can conduct consultation at any time.

Communication between the Independent Directors and the head of the internal audit:

The Company's internal audit unit submits a copy of the audit report to each Independent Director on a monthly basis, and the audit supervisor participates in the quarterly Board of Directors' meeting to report on the audit work, and submits a report on each audit item to each Independent Director.

The following table summarizes the major communications between the Independent Directors and the head of the audit at their separate meetings during 2022 and up to the date of printing of the annual report:

Date of Board of Directors' Meeting	Communication content	Recommendations and Results
2022/1/14	1. Explain the audit plan for 2022 based on the results of the risk assessment. 2. Explain the changes in the Act and the impact on Franbo Lines Corps.	1. The motion passed after consideration. 2. Agree to be contacted.
2022/3/4	1. Report the performance of audit operations for the fourth quarter of 2021 and the first quarter of 2022. 2. Explain the statement of the Internal Control System for 2021. 3. Explain the changes in the Act and the impact on Franbo Lines Corps.	1. Agree to be contacted. 2. The motion passed after consideration. 3. Agree to be contacted.
2022/5/6	1. Report the performance of audit operations for the first and second quarters of 2022. 2. Explain the changes in the Act and the impact on Franbo Lines Corps.	1. The motion passed after consideration. 2. Agree to be contacted.
2022/12/23	1. Report the performance of audit operations in the fourth quarter of 2022 and the tracking report on the improvement of audit deficiencies in the third quarter. 2. Explain the audit plan for 2023 based on the results of the risk assessment. 3. Explain the changes in the Act and the impact on Franbo Lines Corps.	1. Agree to be contacted. 2. The motion passed after consideration. 3. Agree to be contacted.
2023/3/3	1. Report the performance of audit operations for the fourth quarter of 2022 and the first quarter of 2023. 2. Report the results of the internal control self-assessment for the year 2022 3. State Internal Control System for the year 2022. 4. Explain the Company's revised policies and procedures related to internal control. 5. Explain the recent changes in the Act and the impact on Franbo Lines Corps. 6. Explain the changes in the Act for the most recent year, which are relevant to the 2023 Council of Directors with a capitalization of more than NT$ 2 billion.	1. Agree to be contacted. 2. The motion passed after consideration. 3. The motion passed after consideration. 4. The motion passed after consideration. 5. Agree to be contacted. 6. Agree to be contacted.

(III) The operation of corporate governance and its differences from the TWSE/TPEx Listed Companies Governance Services Code and the reasons:

Assessment items	Operation			Differences from the Code of Practice for Governance of TWSE/TPEx Listed Companies and the reasons:
	Yes	No	Abstract statement	
I. Does the Company formulate and disclose the code of practice on corporate governance in accordance with the "Code of Practice for Corporate Governance of TWSE/TPEx Listed Companies"?	V		On December 24, 2021, the Board of Directors of the Company approved the "Code of Corporate Governance Practices" in accordance with the "TWSE/TPEx Listed Companies Governance Services Code" and disclosed it on the Company's website and the Market Observation Post System.	No significant differences
II. The Company's shareholding structure and Shareholders' equity				
(I) Does the Company establish internal operating procedures for handling shareholders' suggestions, doubts, disputes and litigation matters, and implement them in accordance with the procedures?	V		(I) The Company has set up a spokesperson, a proxy spokesperson and a unit for stock affairs to handle issues such as Shareholders' proposals or disputes.	No significant differences
(II) Does the Company obtain a list of the major Shareholders and the ultimate controllers of the major shareholders who effectively control the Company?	V		(II) The Company shall keep track of the shareholdings of Directors, Managers and major Shareholders holding more than 10% of the shares, and shall report changes in their shareholdings on a regular basis in accordance with the law.	No significant differences
(III) Does the Company establish and implement a risk control and firewall mechanism with its related companies?	V		(III) The Company's Board of Directors audits the operating procedures between the Company and its affiliates, and the audit unit implements internal control measures to ensure risk control and compliance with laws and regulations.	No significant differences
(IV) Does the Company establish internal regulations to prohibit insiders from trading securities using unpublished information in the market?	V		(IV) The Company has established the "Procedures for Internal Handling of Material Information and Prevention of Insider Trading" to ensure that all employees, Managers and Directors follow the procedures for handling and controlling material financial and business information of the Company to avoid the possibility of inadvertent violations and insider trading.	No significant differences
III. Composition and responsibilities of the Board of Directors (I) Does the Board of Directors formulate a diversity policy, and specific management objectives and implement them with respect to the composition of its members?	V		(I) Diversification policy and implementation: 1. Diversification policy: Please refer to the Board Diversity and Independence information on Page 15 of this annual report for information on the diversity and independence of the Board of Directors and its implementation. 2. Specific management objectives: The Board of Directors of the Company shall direct the Company's strategies, supervise the management, and be responsible to the Company and its Shareholders. The operations and arrangements of the corporate governance system shall ensure that the Board of Directors shall exercise its authority in accordance with the provisions of the Act, the Articles of Incorporation, or the resolution of the Shareholders' meeting.The Directors of the Company have all the necessary knowledge, skills, and	No significant differences

Assessment items	Operation			Differences from the Code of Practice for Governance of TWSE/TPEx Listed Companies and the reasons:
	Yes	No	Abstract statement	
			education to execute the business, as well as the ability to make decisions and manage the industry and so forth.The Company also continues to arrange diversified continuing education programs for Board members to enhance their quality of decision making and supervisory skills, and to further strengthen the functions of the Board of Directors.In addition, the Company places emphasis on gender equality in the composition of the Board of Directors, with at least one female Director. 3. Diversity of the Board of Directors: The current Board of Directors of the Company consists of seven Directors, including three Independent Directors and two institutional representative Directors.Among the three Independent Directors, one is an accountant, one is a university professor, one has many years of experience in shipping agency and management, one is a female member representative, and one is a representative of the steel industry.The Directors' financial and accounting analysis, operational management, risk management and industry experience will be beneficial to the Company's operational decisions and medium- and long-term strategic planning.The policy of considering diversity in the composition of the Board of Directors as set forth in this Corporate Governance Code has been implemented. 4. The Board of Directors' policy on diversity of membership and its implementation is disclosed on the Company's website and the Market Observation Post System, and is explained on Page 15.	
(II) Does the Company voluntarily set up various functional committees other than the Compensation Committee and Audit Committee in accordance with the law?		V	(II) Except for the establishment of the Salary and Compensation Committee in accordance with the law and the voluntary establishment of the Audit Committee on June 23, 2017, the rest of the Company's corporate governance operations are under the responsibility of each department in accordance with its duties, and no other functional committees have been established and will be evaluated for establishment in the future as necessary.	No significant differences
(II) Does the Company establish measures for assessing the performance of the board of directors and its assessment way, and conduct performance assessment annually and regularly, and submit the results of the performance assessment to the board of directors and take them as reference for individual directors' compensation and nomination for reappointment?	V		(III) The Company's Board of Directors approved the "Board of Directors' Performance Evaluation Method", and the main performance evaluations include the following: 1. Involvement in Company operations 2. Improving decision quality of Board of Directors 3. Composition and structure of the Board of Directors, 4. Election and continuing education of Directors 5. Internal control In order to implement the corporate governance, the performance	No significant differences

Assessment items	Operation			Differences from the Code of Practice for Governance of TWSE/TPEx Listed Companies and the reasons:
	Yes	No	Abstract statement	
(IV) Does the Company regularly assess the independence of the Certified Public Accountants?	V		evaluation report of the Board of Directors, individual Directors and functional staff has been completed in the first quarter of 2023 in accordance with the "Performance Evaluation of the Board of Directors" established by the Company. Please refer to Pages 22-23 for the details of the Board of Directors' evaluation for 2022. (IV) The Company's Finance Department regularly evaluates the independence of the Certified Public Accountant once a year and submits the results to the Audit Committee on December 23, 2022 and the Board of Directors on December 23, 2022 for consideration and approval. The Accounting Department of the Company assessed that the Certified Public Accountants, Kuo-Hua Wang and A-shen Liao, met the Company's independence assessment standards and the accounting firm issued a statement of independence.	No significant differences
IV. Does the TWSE/TPEx-Listed Company allocate a competent and appropriate number of corporate governance personnel, and designate a head of corporate governance to be responsible for matters related to corporate governance (including but not limited to providing data required by directors and Supervisors to carry out business, assisting directors and Supervisors in complying with laws and regulations, handling matters related to meetings of the board of directors and shareholders in accordance with the law, and preparing minutes of meetings of the board of directors and shareholders)?	V		Approved by resolution of the Company's Board of Directors' meeting on November 4, 2022, the Accounting and Financial Head, Wilson Lin, as the Head of Corporate Governance. In addition, the Company arranges a Corporate Governance Officer in the Finance Department, who is not only responsible for the convening of meetings of the Board of Directors, functional committees and ordinary shareholders' meetings and prepares minutes in accordance with regulations, but also assists directors in their appointment and continuing education, provides information necessary for directors to perform their duties, and assists directors in complying with laws and regulations.	No significant differences
V. Does the Company establish communication channels with stakeholders (including but not limited to shareholders, employees, customers and suppliers), set up a stakeholder section on the company's website, and properly respond to important corporate social responsibility issues concerned by stakeholders?	V		The Company arranges a spokesperson and a proxy spokesperson, and provides e-mail addresses and telephone numbers to establish communication channels with stakeholders. The Company has set up a stakeholder area on its website, and has appropriately responded to important Corporate Social Responsibility issues concerned by stakeholders.	No significant differences
VI. Does the Company appoint a professional stock affairs agency to handle the affairs of the shareholders' meeting?	V		The Company appointed a stock affairs agency, the department of stock affairs in Grand Fortune Securities Co., Ltd., to act for the Company on various stock matters.	No significant differences
VII. Information disclosure (I) Does the Company set up a website to disclose financial business and corporate governance information?	V		(I) The Company's website is http://www.franbo.com.tw/, which regularly discloses the Company's relevant information and annual reports, and a spokesperson releases material information to the public in accordance	No significant differences

Assessment items	Operation			Differences from the Code of Practice for Governance of TWSE/TPEx Listed Companies and the reasons:
	Yes	No	Abstract statement	
			with the law.	
(II) Does the Company adopt other methods of information disclosure (such as setting up an English website, appointing a person to be responsible for the collection and disclosure of the Company's information, implementing the spokesperson system, and posting information about the conference call on the Company's website, etc.)?	V		(II) The Company has established a spokesperson system in accordance with the regulations, and has designated personnel responsible for the collection and disclosure of corporate information on the Market Observation Post System and the Company's website.	No significant differences
(III) Does the Company announce and report the annual financial report within two months after the end of the fiscal year, and announce and report the financial reports of the first, second and third quarters and the operation of each month in advance before the specified time limit?	V		(III) The Company is not yet able to announce and report its annual financial statements within two months after the end of the fiscal year, and to announce and report its first, second and third quarter financial statements and turnover for each month well in advance of the prescribed deadline. The financial reports for 2021 and 2022 will be announced and reported on March 18, 2022 and March 15, 2023, respectively; the financial reports for the first, second and third quarters will be announced and reported within 45 days after the end of each quarter; and the monthly operating information will be reported by the 10th day of each month as required.	No significant differences
VIII. Does the Company have other important information that is helpful to understand the operation of corporate governance (including but not limited to the rights and interests of employees, employee care, investor relations, supplier relations, the rights of stakeholders, the further education of directors and Supervisors, the implementation of risk management policies and risk measurement standards, the implementation of customer policies, the purchase of liability insurance by the Company for directors and Supervisors, etc.)?	V		(I) Employee rights and employee care: The Company establishes work rules and personnel regulations in accordance with government labor laws and regulations. To ensure the protection of employees' rights and interests, in addition to enhancing the welfare of employees, the Company also provides employees with additional group insurance coverage, strengthens the establishment of interactive communication and provides multiple channels for complaints. (II) Investor relations and supplier relations: 1. We disclose sufficient information through the Market Observation Post System and the Company's website for investors to fully understand the Company's operations, and communicate with investors through shareholders' meetings and spokespersons. 2. We establish partnerships with suppliers based on the principle of equality and mutual benefit to establish a stable supply chain. (III) Rights of interested parties: 1. Responsibility to customers: The Company provides safe and high quality services, values customer opinions, and takes immediate measures to address customer complaints to meet customer needs. 2. Shareholder responsibility: The Company's goal is to fully protect the rights of shareholders.	No significant differences

Assessment items	Operation			Differences from the Code of Practice for Governance of TWSE/TPEx Listed Companies and the reasons:
	Yes	No	Abstract statement	
			(IV) Directors pursue further education: The Company takes a proactive approach in encouraging its directors to participate in further education, as described on page 35. (V) Implementation of risk management policies and risk measurement standards: The Company focuses on its own business and establishes various operational regulations and internal control systems to reduce risks, in accordance with various laws and regulations and based on business activities. Information on risk management is disclosed on pages 296~302. (VI) Implementation of the Customer Policy: The Company's goal is to provide safe and high quality ship safety management by complying with the relevant regulations of IMO and Flag State's government to implement ship safety, security and environmental management. (VII) The Company buys liability insurance for directors and managers: The Company underwrites liability insurance for the directors and supervisors during their term of office from 2019 for the scope of business they perform and the liability they are legally liable for. The Company renewed its directors' and officers' liability insurance in April 2023 for US$750,000 and will provide the most recent report to the Board of Directors' meeting in 2023, as announced on the Market Observation Post System.	
IX. Please state the improvement of the corporate governance according to assessment results released by the Corporate Governance Center of the Taiwan Stock Exchange in the most recent year, and put forward priorities and measures for those that have not been improved. The "Corporate Governance Assessment" is an important item in the "Enhanced Corporate Governance Blueprint", and the Corporate Governance Center has been conducting a comprehensive assessment of all listed companies since 2014. The Company ranked 36%-50% of the TWSE/TPEx-Listed companies in the 9th Corporate Governance Assessment, indicating that it is performing normally in corporate governance.				

■ Directors' further education for the year 2022:

The term of office of the current directors: 2020/05/28~2023/05/27

Title	Name	Date for further education	Organizer	Course name	Further education hours	Whether the further education meets the requirements or not (Note)
Corporate Director Representative	Tsai Pang Chuan	2022/06/21	Accounting Research and Development Foundation	Fiscal Issues and Tax Governance Practices of Foreign Investment by Taiwan Businessmen	3	Yes
		2022/07/20	Taipei Exchange	Industry Theme Promotion Meeting for Sustainable Development Pathway Map	2	Yes
		2022/10/07	Taipei Exchange	2022 TWSE-listed Companies - Release of Reference Guidelines for Independent Directors and Audit Committee on the Exercise of Their Powers and Functions and Director Promotion Meeting	3	Yes
Corporate Director Representative	Tsai Ching Chuang	2022/06/21	Accounting Research and Development Foundation	Fiscal Issues and Tax Governance Practices of Foreign Investment by Taiwan Businessmen	3	Yes
		2022/10/07	Taipei Exchange	Release of Reference Guidelines for Independent Directors and Audit Committee on the Exercise of Their Powers and Functions and Director Promotion Meeting	3	Yes
Director	Lo, Chun-Yu	2022/06/20	Accounting Research and Development Foundation	Discussing the Proper Exercise of Functions and Powers by Independent Directors from the Perspective of Securities and Exchange Law Liability - Also on the Audit Committee	3	Yes
		2022/06/21	Accounting Research and Development Foundation	Fiscal Issues and Tax Governance Practices of Foreign Investment by Taiwan Businessmen	3	Yes
Director	Shen, Yi-Wen	2022/04/15	Accounting Research and Development Foundation	Discussing the Proper Exercise of Functions and Powers by Independent Directors from the Perspective of Securities and Exchange Law Liability - Also on the Audit Committee	3	Yes
		2022/04/18	Accounting Research and Development Foundation	Oversight of the Company’s implementing ESG by directors, supervisors and senior heads	3	Yes
Independent Director	Tai, Chih-Tsung	2022/06/21	Accounting Research and Development Foundation	Practical case of "breach of trust" and legal liability analysis	3	Yes
		2022/06/21	Accounting Research and Development Foundation	Fiscal Issues and Tax Governance Practices of Foreign Investment by Taiwan Businessmen	3	Yes
		2022/11/13~ 2022/11/14	Taiwan Stock Exchange	2022 Cathay Sustainable Finance and Climate Change Summit	9	Yes
Independent Director	Wu, Tien-Ming	2022/06/20	Accounting Research and Development Foundation	Discussing the Proper Exercise of Functions and Powers by Independent Directors from the Perspective of Securities and Exchange Law Liability - Also on the Audit Committee	3	Yes
		2022/06/21	Accounting Research and Development Foundation	Fiscal Issues and Tax Governance Practices of Foreign Investment by Taiwan Businessmen	3	Yes
Independent Director	Liu, Jung-Chin	2022/05/26	Innovatus Law	Legal Risk Management for Digital Transformation	3	Yes
		2022/11/10	Taiwan Corporate Governance Association	How the Board reviews the Sustainability Report	3	

(IV) Composition, duties and operations of the Compensation Committee:

1. Information on the members of the Compensation Committee:

Identity level (Note 1) / Conditions / Name		Professional qualification and experience (Note 1)	Independence (Note 2)	The number of public offering companies which he/she concurrently works for as a member of the Compensation Committee
Independent Director (Convener)	Tai, Chih-Tsung	1. Ph.D., Department of Business Administration, National Chung Cheng University 2. Director, Center for Industrial Strategy Development, School of Management, Cheng Shiu University of Science and Technology 3. Has the lecturer experience in the related department of the public or private institution of higher education required by commerce, legal affairs, finance, accounting or company business, without any of the circumstances set forth in Article 30 of the Company Act	Compliance with independence	-
Independent Director (Member)	Wu, Tien-Ming	1. Chairman of the Board of Directors of Morgan Shipping Agency Corp. 2. Managing Director of Kaohsiung Marine Shipservice Corp. 3. Director of Kaochun Logistics & Stevedoring Co.,Ltd. 4. President of Allegro Shipping Agency Corp 5. Has business, legal, financial, accounting, or corporate business experience, without the circumstances set forth in Article 30 of the Company Act	Compliance with independence	-
Independent Director (Member)	Liu, Jung-Chin	1. CPA of Accounting Audit Tax Consulting Legal 2. A special technician who passes the state examination required by the judge, prosecutor, lawyer, accountant, or other company businesses, and obtains the relevant certificate, without any of the circumstances set forth in Article 30 of the Company Act	Compliance with independence	1

Note 1: For the relevant years of service, professional qualifications and experience, and independence of the members of the Compensation Committee, please refer to the relevant section of the Directors' profile on page 12 for the independent directors.

Note 2: Compliance with independence: The compliance with independence of the members of the Compensation Committee, including but not limited to whether he or she, his/her spouse, and relatives in the second-degree relationship act as directors, Supervisors, or employees of the Company or its related enterprise; number and proportion of shares of the Company not held by him or her, his/her spouse, relatives in the second-degree relationship (or in others' name); whether he/she acts as a director, Supervisor or employee of the company that has a specific relationship with the Company (with reference to Subparagraph 5-8, Paragraph 1, Article 6 of the Measures for the Establishment and Exercise of Authority of the Compensation Committee of Companies Whose Shares are Listed or Traded on the Business Places of Securities Firms); whether to obtain the amount of compensation for providing business, legal, financial, accounting and other services for the Company or its related enterprise in the past two years.

2. Operation of the Compensation Committee:

(1) The Compensation Committee of the Company consists of 3 members.

(2) Operation basis: In accordance with the organizational regulations of the Compensation Committee, the relevant information is immediately reported on the information reporting website designated by the competent authority.

(3) The current term of the members: May 28, 2020 to May 27, 2023, and the

Compensation Committee met (A) five times in the most recent year (2022), with the following attendance of members:

Title	Name	Actual attendance times (B)	Number of commissioning attendance	Actual attendance rate (%)(B/A)	Remarks
Convener	Tai, Chih-Tsung	5	0	100%	
Members	Wu, Tien-Ming	5	0	100%	
Members	Liu, Jung-Chin	5	0	100%	

Other matters to be recorded:

I. If the board of directors does not adopt or amend the recommendations of the Compensation Committee, the date and period of meeting of the board of directors, the content of the proposal, the results of the resolution of the board of directors, and the Company's handling of the opinions of the Compensation Committee shall be stated (if the compensation passed by the board of directors is superior to that suggested by Compensation Committee, the differences and reasons shall be stated): None.

II. If the resolutions adopted by the Compensation Committee are objected to by the members or on which the members reserve their opinions and that are recorded and declared in writing, the date and period of the Compensation Committee meeting, the content of the proposal, the opinions of all members and the handling of the opinions of members shall be stated: None.

(4) The Compensation Committee operates as follows:

Date of the meeting	Proposal content	Resolution results	The Company's Handling of the Compensation Committee's Opinions
2022/2/18	1. Proposal of the policy, system, criteria and structure of performance evaluation standards and remuneration of directors and managers for the year 2021 and the related reasonableness. 2. Proposal of evaluation of the performance of the Board of Directors of the Company.	Approved without objections by all members of the Compensation Committee.	Approved by all directors attending the Board of Directors' Meeting on March 4, 2022.
2022/4/6	Proposal of remuneration distribution of employees (including managers) and directors in 2021.	Approved without objections by all members of the Compensation Committee.	Approved by all directors attending the Board of Directors' Meeting on May 6, 2022.
2022/7/8	Proposal of the list of Managers who can subscribe to new shares issued by the Company's cash capital increase in 2022, and the amount they can subscribe.	Approved without objections by all members of the Compensation Committee.	Approved by all directors attending the Board of Directors' Meeting on July 22, 2022.
2022/10/7	1. Selection of heads of corporate governance and their remuneration. 2. The bonus system (year-end (revised), employee compensation (revised), talent retention (added), and special contribution bonus (added) are applicable to all employees, including managers.	Approved without objections by all members of the Compensation Committee.	Approved by all directors attending the Board of Directors' Meeting on November 4, 2022.
2022/12/8	Proposal of the estimated annual bonus payment for Managers in 2022.	Approved without objections by all members of the Compensation Committee.	Approved by all directors attending the Board of Directors' Meeting on December 23, 2022.

(V) Implementation of promoting sustainable development and differences from the Code of Practice for Sustainable Development of Listed and TWSE/TPEx Listed Companies and reasons:

Assessment items	Operation			Differences from the Code of Practice for Sustainable Development of Listed and TWSE/TPEx Listed Companies and reasons
	Yes	No	Abstract statement	
I. Does the Company establish a governance framework to promote sustainable development, and set up a full-time (part-time) unit to promote sustainable development, which is handled by senior management after being authorized by the board of directors, and supervised by the board of directors?	V		The Company established a Sustainability Committee in March 2022, with the management department responsible for promoting a dedicated unit for sustainable development, the management department held a monthly employee mobilization meeting on October 26, 2022 to promote the company's code of ethics to all employees, and the board of directors reported on December 23, 2022 on its ethical management policies and plans to prevent dishonest practices and monitor their implementation. The Company is learning to establish a systematic way to collect information on environmental protection and customer relations, to regularly review the implementation, tracking and effectiveness of the implementation, and to report the relevant implementation status to the Board of Directors annually.	No significant differences
II. Does the company conduct a risk assessment on environmental, social and corporate governance issues related to the Company's operations and formulate relevant risk management policies or strategies in accordance with the principle of materiality?(Note 2)		V	The Company does not have a risk management policy in place yet (I) Corporate governance aspects: Through the establishment of a corporate governance organization and the implementation of the internal control mechanisms, the Company ensures that all employees and operations comply with the relevant laws and regulations. (II) Environment aspects: The Company complies with relevant international regulations, and through continuous monitoring of the energy consumption and emissions of its fleet, eliminates older ships with poor energy efficiency while investing in new energy-saving and environmentally friendly ships.In daily operation, the Company coordinates with the charterer to adjust the speed to achieve energy saving without compromising the schedule and safety of the ship. Through more efficient use of energy and less environmental impact, we hope to become a corporate citizen friendly to the earth. (III) Social aspects: The safety of the ship and crew is the first priority, and the safety management department is responsible for assisting the crew to familiarize themselves with the various safety regulations.Regulatory compliance provides the basis for operational stability and enhances the competitiveness of the	No significant differences

Assessment items	Operation			Differences from the Code of Practice for Sustainable Development of Listed and TWSE/TPEx Listed Companies and reasons
	Yes	No	Abstract statement	
			fleet.The Company's human capital is the foundation of operations. Creating a happy workplace and ensuring a safe working environment, protecting the rights and interests of employees with a sound system, attracting and retaining talent, allowing employees to be well suited to their jobs and give full play to their talents, keeping the company competitive, supporting employees to participate in environmental protection and community involvement in social contribution activities, and complying with various regulations (orders).	
III. Environmental issues				
(I) Does the Company have an appropriate environmental management system for its industry?	V		(I) The Company and the entire fleet are implementing various measures to prevent environmental pollution in accordance with the ISM code and MARPOL regulations. Establishment of pollution prevention systems in each ship, including air pollution, water pollution, oil pollution and waste management systems, to strictly implement environmental protection policies. The relevant environmental management policies are publicly disclosed in the Franbo Sustainability Report.	In the first quarter of 2022, the Company will establish a Sustainable Development Committee to integrate ESG into daily operation management and risk management, and to plan and execute the Company's sustainable development strategy and project plans in 2022.
(II) Is the Company committed to improving energy efficiency and using recycled materials with low impact on the environment?	V		(II) The Shipping Department of the Company shall be responsible for establishing or revising various regulations in line with the maintenance of the marine environment, and the personnel of the relevant departments shall implement measures related to environmental management, such as waste oil recovery and discharge of waste oil into the sea after separation, in order to reduce the negative impact on the environment. The possibility of pollution in the office is low, and employees follow the rules to turn off lights and air conditioning to effectively save energy, promote e-business to effectively reduce the use of paper and related consumables, remind employees to use non-disposable eating utensils and implement waste separation and recycling.	No significant differences
(III) Does the Company assess the current and future potential risks and opportunities of climate change to the Company, and take relevant countermeasures?	V		(III) The Group is in the maritime transportation industry, and the Company's offices will control the temperature of the air conditioners according to the seasonal changes to reduce unnecessary waste of resources. The Company's fleet follows the (Ship Energy EfficiencyManagement Plan, SEEMP) issued by the IMO to optimize speed for different voyages in order to reduce energy	No significant differences

Assessment items	Operation			Differences from the Code of Practice for Sustainable Development of Listed and TWSE/TPEx Listed Companies and reasons
	Yes	No	Abstract statement	
			consumption costs and environmental pollution for our customers.	
(IV) Does the Company keep statistics on greenhouse gas emissions, water consumption and total waste weight in the past two years and formulate greenhouse gas reduction, water use reduction or other waste management policies?	V		(IV) The Company completed the 2022 greenhouse gas emissions inventory on January 17, 2023. Our fleet adopts various energy-saving and carbon-reducing measures, such as regular maintenance of main and auxiliary engines in accordance with SEEMP regulations and keeping track of the operation records of the machines to maintain the best fuel-efficient situation, as well as implementing relevant pollution reduction measures in accordance with the International Convention for the Prevention of Pollution from Ships and the regulations of various port countries.	No significant differences
IV. Social issues				
(I) Does the Company prepare management policies and procedures in accordance with relevant laws and international human rights conventions?	V		(I) In accordance with labor laws and regulations and the principles of respect for international human rights conventions, the Company protects its employees and employment policies without differential treatment, and provides pensions in accordance with the law to facilitate communication between employers and employees. All of the above measures have been established and implemented with appropriate management practices and procedures.	No significant differences
(II) Does the Company establish and implement reasonable employee benefit measures (including salary, vacation and other benefits) and reflect business performance or results appropriately in employee compensation?	V		(II) The Company follows the "Labor Standards Act" and relevant laws and regulations to establish various salary and welfare measures for employees, and establishes an Employee Welfare Committee to handle various welfare matters. The Articles of Association of the Company stipulate that the Company shall distribute employee remuneration based on a profit margin of not less than 1% for the current year, and timely reflect business performance and share surplus results with colleagues.	No significant differences
(III) Does the Company provide a safe and healthy working environment for employees and conduct safety and health education for employees regularly?	V		(III) The Company regularly inspects fire and sanitation equipment, provides employees with annual health check benefits, and holds labor safety and health education and training to implement a safe and healthy working environment for employees. In response to the "Sexual Harassment Prevention and Control Law", in addition to strengthening publicity, relevant complaint channels are also provided. In response to COVID-19, the Company, in accordance with	No significant differences

Assessment items	Operation			Differences from the Code of Practice for Sustainable Development of Listed and TWSE/TPEx Listed Companies and reasons
	Yes	No	Abstract statement	
			the relevant government regulations, recorded and measured the temperature of employees every day to monitor their health. Although fever may not be the main symptom of illness and infection, it can be used as a preliminary warning symptom to protect the health of employees and their families.If your measured temperature exceeds 37.5°C, you will take a ten-minute break before measuring again. If your temperature remains above 37.5°C, you will be granted paid sick leave for the current day to return home and rest.If the temperature still exceeds 37.5°C by self measurement on the next day or later, one shall work at home.	
(IV) Does the Company have an effective career development program for employees?	V		(IV) The Company attaches great importance to the growth and development of employees. In order to enable employees to enrich their professional quality and develop their own potential, it provides diversified education and training courses, and regularly holds internal education and training courses and promotional matters, such as the Company's code of conduct for honest operation, corporate governance profile and exchange scoring guidelines, the law and insurance topics of the proposal about Ever Given stranding, maritime regulations discussion - environmental protection chapter and other related courses, as well as irregular external professional training.	No significant differences
(V) Does the Company comply with relevant regulations and international standards on issues regarding customer health and safety, customer privacy, marketing and labeling of its products and services, and make policies and complaint procedures to protect consumer rights?	V		(V) The Company attaches great importance to customers' opinions. Besides daily contact and individual visits, it also provides contact windows and e-mail addresses on the Company's website to provide customers with channels for asking questions, complaints or suggestions. In addition, the Company and fleet comply with the standards of the Safety Management System (ISM), Maritime Labor Convention (MLC), and International Ship and Port Facility Security Code (ISPS). All have been certified by the Classification Society.All affiliated ships also have the IOPP International Oil Pollution Prevention Certificate issued by the Classification Association, which complies with the International Maritime Organization (IMO) standards.	No significant differences

Assessment items	Operation			Differences from the Code of Practice for Sustainable Development of Listed and TWSE/TPEx Listed Companies and reasons
	Yes	No	Abstract statement	
(VI) Does the Company have a supplier management policy, which requires suppliers to comply with relevant regulations on environmental protection, occupational safety and health, labor rights and other issues, and how they are implemented?	V		(VI) The Company attaches great importance to environmental and social protection, and also chooses manufacturers with the same integrity as the Company. We will regularly evaluate their suitability.All suppliers of the Company shall comply with our honest policy, in order to provide the most reasonable quotation, the best quality and service, and achieve the goal of jointly promoting corporate social responsibility between the Company and suppliers. However, if the supplier violates corporate social responsibility and the circumstances are serious, the Company will terminate the cooperation with the supplier and will not renew the contract. Please refer to the "Supply Chain and Procurement Management" section of Franbo's 2022 sustainable report for detailed execution status of suppliers.	No significant differences
V. Does the Company prepare reports by referring to internationally applicable reporting standards or guidelines to disclose non-financial information about the Company, for example, sustainable report?Is the above report assured or guaranteed by the third-party verification unit?		V	On December 24, 2021, the Board of Directors of the Company approved the formulation of the "Code of Practice on Sustainable Development" in accordance with the "Code of Practice for the Sustainable Development of TWSE/TPEx Listed Companies", which was disclosed on the Company's website and Market Observation Post System, and on March 4, 2022, the Board of Directors approved the formulation of the Operation Method for Preparing and Declaring Sustainable Report.	In the first quarter of 2022, the Company established a Committee for Promoting Sustainable Development, which will prepare the sustainable report in accordance with the "Operation Method for Preparing and Declaring Sustainable Report".
VI. If the Company prepares its own Code of Sustainable Development according to the "Code of Practice for the Sustainable Development of TWSE/TPEx Listed Companies", please state the difference between its operation and the Code prepared: On December 24, 2021, the Board of Directors of the Company approved the formulation of the "Code of Practice on Sustainable Development" in accordance with the "Code of Practice for the Sustainable Development of TWSE/TPEx Listed Companies", which was disclosed on the Company's website and Market Observation Post System, and on March 4, 2022, the Board of Directors approved the formulation of the Operation Method for Preparing and Declaring Sustainable Report.				
VII. Other important information contributing to understanding implementation for sustainable development: The Company attaches great importance to promoting sustainable development and actively cooperates with the environmental protection clauses such as MARPOL and SOLAS proposed by the International Maritime Organization (IMO). Our ships have obtained the Shipboard Oil Pollution Emergency Plan (SOPEP), financial guarantees, and licenses for non oil tanker ships. In accordance with the provisions of the "2001 International Convention on Civil Liability for Oil Pollution Damage", we have obtained the Fuel Convention certificate issued by the contracting party, all are equipped with equipment for preventing and controlling oil, sewage, and air pollution in accordance with the MARPOL73/78/93 Convention, and the safe emission of nitrogen oxides (NOx) meets international environmental standards.				

(VI) The Company's performance of integrity management and measures adopted:

Assessment items	Operation			Differences from "Code of Integrity Management of TWSE/TPEx-Listed Companies" and reasons
	Yes	No	Abstract statement	
I. Establish integrity management policies and plans				
(I) Does the Company formulate the integrity management policy approved by the Board of Directors, and clearly indicate the policies and practices of integrity management in regulations and foreign documents, and do the Board of Directors and senior management actively implement commitments of the business policies?	V		(I) The Company has formulated the "Code of Ethical Conduct for Directors and Managers" and the "Code of Ethics for Employees" by the Board of Directors on December 31, 2010, and the "Code of Integrity Management of the Company" by the Shareholders' Meeting on June 27, 2013. The Company's integrity management policy has been disclosed in internal regulations, publications, and the Company's website.	No significant differences
(II) Does the Company establish an assessment mechanism for the risk of dishonest behavior, regularly analyze and assess the business activities with a high risk of dishonest behavior within the scope of business, and formulate a plan to prevent dishonest behavior, i.e. the preventive measures at least involving the behavior under Paragraph 2, Article 7 of the "Code of Integrity Management of TWSE/TPEx Listed Companies"?	V		(II) The Company has established "Work Rules" and "Code of Integrity Management of the Company" that explicitly prohibit dishonest behaviors such as bribery and accepting bribes, providing or receiving unreasonable gifts, entertainment or improper benefits, providing illegal political donations, engaging in unfair competition, etc., regulate the relevant operation process, and adopt preventive measures and education to implement the integrity management policy.	No significant differences
(III) Does the Company stipulate the operating procedures, behavior guidelines, disciplinary and appeal system in the prevention of dishonest behavior plan, and implement them, and regularly review the revised above plan?	V		(III) The Company explicitly prohibits the provision or receipt of improper benefits and related handling procedures in the "Work Rules" and "Code of Integrity Management of the Company".	No significant differences
II. Implement integrity management				
(I) Does the Company evaluate the integrity records of its trading partners and specify the terms of integrity behavior in the contracts signed with them?	V		(I) Before creating a business relationship, evaluate the legality of the target party and whether there are records of dishonest behavior. In addition, the Company's "Work Rules" and "Code of Integrity Management of the Company" clearly regulate the prevention plan and handling process of "Prohibiting Bribery and Accepting Bribery", "Prohibiting Unreasonable Gifts, Entertainment or Other Unfair Interests", and implement the integrity and self-discipline concept of operating employees through internal regulations.	No significant differences
(II) Does the Company establish a dedicated unit under the Board of Directors to promote corporate integrity management, and regularly (at least once a year) report to the Board of Directors on its integrity management policies, prevention of dishonest behavior plans, and monitoring of operations?	V		(II) The management department of the Company is responsible for the formulation and supervision of the prevention plan for corporate integrity management policies. On December 23, 2022, the Board of Directors reported on its integrity management policies and prevention plan for dishonest behavior, as well as the supervision and operation situation.	No significant differences
(III) Does the Company formulate policies to prevent conflicts of interest, provide appropriate channels of statement and	V		(III) The Company's "Work Rules" and "Code of Integrity Management of the Company" clearly regulate the clause of	No significant differences

Assessment items		Operation			Differences from "Code of Integrity Management of TWSE/TPEx-Listed Companies" and reasons
		Yes	No	Abstract statement	
	implement them?			interest avoidance. When employees encounter conflicts of interest in the operation of their business, they shall report to their Immediate Supervisor.	
(IV)	Does the Company establish an effective accounting system and internal control system for the implementation of integrity management, and does the internal audit unit formulate the relevant audit plans according to the assessment results of the risk of dishonest behavior, and check the compliance of the plan to prevent dishonest behavior, or entrust a Certified Public Accountant to perform the audit?	V		(IV) Our accounting system is based on the Company as the main entity, in accordance with the Company Act, Securities and Exchange Act, Business Account Act, standards for preparing financial reports of securities issuers, international accounting standards, and relevant laws and regulations, and taking into account the nature of the Company's business, organizational structure, and actual needs; The internal control system is formulated in accordance with the "Guidelines for Handling the Creation of the Internal Control Systems by Public Companies" and has been implemented and operated. The Audit Office also regularly audits compliance with accounting and internal control systems and reports to the Board of Directors.	No significant differences
(V)	Does the Company regularly hold internal and external education and training on integrity management?	V		(V) The Company has implemented the "Work Rules" and "Code of Integrity Management of the Company", and held an education and training course on integrity management issues on October 26, 2022 to promote the Company's integrity management philosophy and establish a corporate culture for employees.	No significant differences
III.	The operation of the Company's whistleblowing system.				
(I)	Does the Company establish specific whistleblowing and reward systems, set up a convenient denouncing channel, and assign appropriate handling personnel to the whistleblown object?	V		(I) The Company has established a whistleblowing and disciplinary system in the "Work Rules" and announced it to all employees. Management Department has set up an independent whistleblowing email box (hrm@franbo.com.tw), which is handled by dedicated personnel according to the whistleblowing system process, but there have been no whistleblowing proposals from 2022 to the date of publication of the annual report.	No significant differences
(II)	Does the Company establish standard procedures and relevant confidentiality mechanisms for investigating and handling whistleblowing matters?	V		(II) The procedures of the Company's opinion communication and response stipulate that the relevant Supervisors have the responsibility of keeping confidential the parties involved, which has been specified in the "Code of Integrity Management of the Company" and submitted to the Board of Directors for approval.	No significant differences
(III)	Does the Company take measures to protect the whistleblower from improper disposal due to	V		(III) The whistleblowers in the Company's whistleblowing process are kept confidential and will not be subject to disciplinary	No significant differences

Assessment items	Operation			Differences from "Code of Integrity Management of TWSE/TPEx-Listed Companies" and reasons
	Yes	No	Abstract statement	
whistleblowing?			action due to whistleblowing.	
IV. Strengthen information disclosure Does the Company disclose the content of its integrity management code and promote its effectiveness on its website and Market Observation Post System?	V		The Company's "Code of Integrity Management of the Company" and other regulations are disclosed in the corporate governance section and company website of the Market Observation Post System.	No significant differences
V. If the Company has its own code of good faith operation in accordance with the "Code of Integrity Management of TWSE/TPEx Listed Companies", please state the differences of its operation from the Code prepared: No difference				
VI. Other important information that helps to understand the integrity operation of the Company: (such as the Company's review and amendment of its code of integrity management) 1. The Company shall comply with the Company Act, Securities and Exchange Act, Business Account Act, regulations related to listing on TWSE, or other laws and regulations related to business conduct, as the basis for implementing honest business operations. 2. The "Rules of Procedure for Board of Directors" of the Company establish a system for avoiding the interests of Directors. For proposals listed by Directors that have an interest in themselves or the legal persons they represent, which may harm the interests of the Company, they may state their opinions and answer questions, and shall not participate in discussions and voting. They shall also avoid discussions and voting, and shall not exercise their voting rights on behalf of other Directors. 3. In order to establish a good internal mechanism for handling and disclosing major information, avoid improper disclosure of information, and ensure the consistency and accuracy of the Company's information published to the outside world, we have established the "Operation Procedures for Internal Major Information Processing and Prevention of Insider Trading Management", "Code of Ethical Conduct for Directors and Managers", and "Code of Ethics for Employees", which clearly state the identities of Directors, Managers, employees, and other relevant personnel Individuals with professional or control relationships who have access to significant internal information of the Company shall not disclose such information to others, nor shall they inquire or collect non-public internal information of the Company that is not related to their personal positions from individuals with significant internal information of the Company. They shall also not disclose to others any significant internal information of the Company that they have not been aware of as a result of the execution of their business. 4. The Company appointed PwC Taiwan to audit and certify the Company's financial reports and announce various financial and business information at the Market Observation Post System to enhance operational transparency.				

(VII) If the Company has established a corporate governance code and related regulations, it shall disclose its inquiry methods:

The Company has formulated our corporate governance code of practice in accordance with the "Code of Practice for Corporate Governance of TWSE/TPEx Listed Companies" and submitted it for review and approval by the Board of Directors on December 24, 2021. In addition to the rules of procedure of the Shareholders' Meeting, Board of Directors' meeting, and Director selection procedures, the Company's Code of Integrity Management, Code of Ethical Conduct, Internal Major Information Processing Operation Procedures, Asset Acquisition or Disposal Procedures, Procedures for Lending Funds to Others, Endorsement and Guarantee Operation Procedures, etc., which have been added or revised through resolutions of the Board of Directors or Shareholders' Meeting, are also disclosed on the Company's website and the corporate governance section of Market Observation Post System.

(VIII) Other important information sufficient to enhance the understanding of the operation of corporate governance may be disclosed together:

None.

(IX) Implementation of the internal control system

1. Internal control statement:

Franbo Lines Corp.

Statement of the internal Control System

Date: March 3, 2023

Based on the results of self-assessment, the Company's internal control system for the year 2022 is hereby declared as follows:

I. The Company is aware that the establishment, implementation, and maintenance of the internal control systems are the responsibility of our Board of Directors and Managers, and the Company has established this system. Its purpose is to provide reasonable assurance for the achievement of operational effectiveness and efficiency (including profitability, performance, and ensuring asset safety), reliability, timeliness, transparency of reporting, and compliance with relevant regulations and laws.

II. The internal control system has its inherent limitations. No matter how perfect the design is, an effective internal control system can only provide reasonable assurance for the achievement of the above three objectives; Moreover, due to changes in the environment and circumstances, the effectiveness of the internal control system may change accordingly.However, the Company's internal control system has a self monitoring mechanism, and once any deficiencies are identified, we will take corrective action.

III. The Company evaluates the effectiveness of the internal control system design and implementation based on the "Guidelines for Handling the Creation of the internal Control Systems by Public Companies" (hereinafter referred to as the "Handling Guidelines"). The internal control system judgment items used in this "Handling Guidelines" are divided into five components based on the process of management control: 1. control environment, 2. risk assessment, 3. control operations, 4. information and communication, and 5. supervision operations Each constituent element also includes several items. Please refer to the "Handling Guidelines" for the aforementioned items.

IV. The Company has adopted the above internal control system to judge the item and evaluate the effectiveness of the design and implementation of the internal control system

V. Based on the evaluation results of the preceding paragraph, the Company believes that the internal control system (including supervision and management of subsidiaries) as of December 31, 2022, including the understanding of the effectiveness of operations and the degree to which efficiency goals have been achieved, the reliability, timeliness, transparency of reporting, and compliance with relevant standards and laws and regulations, as well as the design and implementation of the internal control system, are effective and can reasonably ensure the achievement of the above goals.

VI. This statement will become the main content of the Company's annual report and prospectus, and will be publicly disclosed.If the above publicly disclosed content contains any false or concealed information, it will involve legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

VII. This statement was approved by the Board of Directors of the Company on March 3, 2023. Among the six Directors present, none of them held any objections and all agreed to the content of this statement.

Franbo Lines Corp.

Chairman: Tsai Pang Chuan Signature

President: Tsai Ching Chuang Signature

2. If a Certified Public Accountant is entrusted with reviewing the internal control, the Certified Public Accountant's review report shall be disclosed: None.

(X) In the most recent year and up to the date of publication of the annual report, the Company and its internal personnel have been punished in accordance with the law. The Company has punished its internal personnel for violating the provisions of the internal control system, and the main deficiencies and improvements: No such situation.

(XI) Important resolutions of the Shareholders' Meeting and the Board of Directors in the most recent year and up to the date of publication of the annual report:

■ Important resolutions and implementation of the Shareholders' Meeting

The 2022 ordinary shareholders' meeting of the Company was held on May 26, 2022 in our conference room (3F, No. 31 Bian Road, Lingya District, Kaohsiung City). The important resolutions and implementation status are as follows:

Items		Important resolutions	Implementation
Recognition matters	1	Proposal of the 2021 business report and final statement of the Company	This proposal was passed by voting according to the original proposal.
	2	The Company's 2021 earnings distribution plan was decided by the Board of Directors on May 26, 2022, to set July 8, 2022 as the dividend distribution date.	The Company's distributable earnings is NT$274,287,123.A cash dividend of NT$150,908,710 was distributed, with a distribution of NT$0.8 per share. This proposal was passed through the original vote.
	3	Proposal of ratification of the Change in Purpose of the "2021 Cash Capital Increase Plan"	This proposal was passed by voting according to the original proposal.
Discussion items	1	Proposal of discussing the revision of the Company's Articles of Association	This proposal was passed by voting according to the original proposal.
	2	Proposal of discussing the revised version of the Company's "Operating Procedure for the Acquisition or Disposal of Assets"	This proposal was passed by voting according to the original proposal.

■ Important resolutions of the Board of Directors

Date	Important resolutions
2022/1/14	1. Investment report for the fourth quarter of 2021. 2. The Company has applied for a short-term borrowing limit of NT$10,000,000 from the First Commercial Bank. 3. Proposal of the sub-subsidiary Dexin Shipping S.A. disposing of its own ship New Age. 4. Proposal of the sub-subsidiary Franbo Shipping S.A. disposing of its own ship Franbo Progress. 5. Proposal of the sub-subsidiary Franbo Transportation S.A. disposing of its own ship Franbo Prospect. 6. Proposal of applying for new and renewed short-term fund-raising to financial institutions.
2022/3/4	1. Investment report for the First Quarter of 2022. 2. Performance Evaluation Report of the Board of Directors in 2021. 3. Director and Manager Performance Evaluation Report of 2021. 4. Establish and promote the "ESG Committee report." 5. Proposal of the 2021 final statement. 6. Proposal of distribution of 2021 earnings. 7. 2021 Annual "Effectiveness Assessment of the internal Control System" and "Statement of the internal Control System". 8. Some revised provisions for various methods and procedures. 9. Proposal of the amendment to the "Procedures for the Acquisition or Disposal of Assets". 10. Proposal of revising the Articles of Association for ratification. 11. Proposal of issuing new shares by cash capital increase and issuing the fifth domestic convertible bonds for financing. 12. Proposal for which Franbo Cosmos Limited, a sub-subsidiary, applied for a ship financing borrowing from E.SUN Bank and the Company provided an endorsement guarantee for it.

Date	Important resolutions
	13. Proposal of new capital lending and credit line for subsidiaries and sub-subsidiaries. 14. Proposal for which a subsidiary New Lucky Lines S. A will invest in a wholly-owned sub-subsidiary and the sub-subsidiary intends to participate in the bidding for the purchase of ships. 15. Proposal of a joint venture between a subsidiary, Franbo Asset Management Co., Ltd. and other companies to establish a new development company. 16. Proposal of newly established sub-subsidiary to promote the acquisition of old-dangerous land and buildings. 17. Confirm the Company's application for a short-term borrowing limit of NT$30,000,000 from Mega Securities. 18. Proposal of the Group's wholly-owned subsidiary's surplus distribution and loss reversal for 2021. 19. Proposal for which the Company changes Certified Public Accountant in conjunction with an internal rotation of the accounting firm. 20. Proposal for convening the 2022 ordinary shareholders' meeting.
2022/5/6	1. Investment report for the second quarter of 2022 2. Insurance application report for Directors' and Supervisors' liability insurance. 3. Submit the results of the 8th corporate governance evaluation. 4. Submit the financial report for the first quarter of 2022. 5. Proposal of employees' remuneration and directors' remuneration distribution in 2021. 6. Proposal of reducing and canceling the amount of endorsement and guarantee for ship borrowings from the sub-subsidiary. 7. Proposal of the subsidiary canceling the credit line for capital lending. 8. Proposal of new capital lending and credit line for subsidiaries and sub-subsidiaries.
2022/5/26	1. Amendment to the issuance of new shares by cash capital increase and the issue plan of financing by the issuance of the fifth domestic unsecured convertible bonds in Taiwan, approved by the Board of Directors' meeting on March 4, 2022. 2. Determination of the ex-dividend base date for the 2022 dividend distribution to shareholders and other related matters. 3. Proposal of greenhouse gas inventory and schedule verification. 4. Change in the amount of equity investment in the Company and the subsidiaries. 5. Proposal of changing the shareholding structure of Franbo Cosmos Limited, the investment sub-subsidiary. 6. Proposal of changing the shareholding structure of Franbo Century Limited, the investment sub-subsidiary. 7. Proposal of changing the shareholding structure of Franbo Brave Limited, the investment sub-subsidiary. 8. Proposal of mid-term capital reduction for the sub-subsidiary, Dexin Shipping S.A. 9. Proposal of mid-term capital reduction for the subsidiary, Uni-Morality Lines Limited. 10. Proposal for which New Lucky Lines S.A, a subsidiary, re-invests in a wholly-owned sub-subsidiary that in turn participates in the tender for the purchase of ships. 11. Improvement plan is proposed due to the over-limit of capital lending by Group's subsidiaries and sub-subsidiaries. 12. Proposal of cancellation of capital lending and credit line by the subsidiary or sub-subsidiary. 13. Proposal of new capital lending and credit line for subsidiaries and sub-subsidiaries. 14. Proposal for which the Company applies to financial institutions for newly added and renewed short-term lines of credit. 15. Proposal of the sub-subsidiary, Franbo Asset Management Co., Ltd., re-invested to establish a new company. 16. Proposal for New investment of NT$ 150,000,000 in 100% subsidiary Franbo Asset Management Co., Ltd.
2022/6/27	1. Report on foreign investment in the second quarter of 2022. 2. Proposal of the sub-subsidiary Franbo Uprightness Corp. disposing of its own ship Hayama Star. 3. Proposal for which before the change, it is approved that the subsidiary New Lucky Lines S.A. of the Company will invest in the bidding for the purchase of ship targets and the endorsement and guarantee plan of the sub-subsidiary. 4. Proposal for which before the change, the Board of Directors reviewed and approved the land development plan for the FB Justice section of the subsidiary Franbo Asset Management Co., Ltd. in Hunei District, Kaohsiung City on December 24, 2021. 5. Proposal of subsidiary and sub-subsidiary companies' financing and borrowing from financial institutions shall be ratified.
2022/7/22	1. Report on foreign investment in the second quarter of 2022. 2. Determination of the basis date of cash capital increase for subscription and relevant operations in 2022. 3. Proposal of the list of Managers who can subscribe new shares issued by cash capital increase in 2022,

<table>
<tr><th>Date</th><th>Important resolutions</th></tr>
<tr><td></td><td>and the amount they can subscribe.
4. Proposal of the sub-subsidiary TW Hornbill Line S.A. disposing of its own ship Marine Hornbill.
5. Proposal for which the sub-subsidiary company handles the proposal of mid-term cash capital reduction and return of stock payments.
6. The sub-subsidiary and the charterers terminated the original bareboat chartering agreement and entered into a finance charter with a repurchase agreement instead.
7. Proposal of new capital lending and credit line for subsidiaries and sub-subsidiaries.</td></tr>
<tr><td>2022/8/5</td><td>1. Financial report for the second quarter of 2022.
2. Progress report on the Company's fundraising proposal of 2022.
3. Submit the financial report for the second quarter of 2022.
4. Proposal for which the sub-subsidiary of the Company, Franbo Lohas S.A., applied to Mega International Commercial Bank for changing the conditions of the ship financing loan, including extending the repayment period, adjusting the principal repayment amount of some periods, and the loan interest rate.
5. The sub-subsidiary of the Company, Franbo Ocean Limited, applied to Entie Commercial Bank for ship mortgage financing. The sub-subsidiary of the Company, Franbo Ocean Limited, and the Directors present signed a "Negative Commitment Letter" to EnTie Commercial Bank.
6. Proposal of Franbo Way Limited, a sub-subsidiary company, disposing of its own ship, Medi Bangkok.
7. Proposal of Franco Legacy Limited, a sub-subsidiary company, disposing of its own ship, Thorco Legacy.
8. Proposal of Franbo Lohas S.A, a sub-subsidiary company, disposing of its own ship, Franbo Lohas.
9. Proposal of reducing the amount of endorsement and guarantee for a ship borrowing from a sub-subsidiary.
10. Proposal of new capital lending and credit line for subsidiaries and sub-subsidiaries.
11. Proposal of the subsidiary New Lucky Lines S.A.'s new investment in a sub-subsidiary company.</td></tr>
<tr><td>2022/11/4</td><td>1. Report on foreign investment in the third quarter of 2022.
2. Proposal of submitting the consolidated financial report for the third quarter of 2022.
3. Retroactive recognition of the sub-subsidiary, Franbo Way Limited entering into a finance charter with a repurchase agreement with the charterer.
4. Retroactive recognition of the sub-subsidiary, Franbo Legacy Limited entering into a finance charter with a repurchase agreement with the charterer.
5. Retroactive recognition of the application for medium- and long-term borrowing from The Kaohsiung Third Credit Co-operative by our sub-subsidiary, FB Justice Construction and Development Co., Ltd.
6. Amendment to the capital utilization plan for proposal of issuance of new shares by cash capital increase and issuance of domestic fifth unsecured convertible corporate bonds for financing in 2022
7. Proposal of the new and partially amended provisions of the Company's various rules and procedures.
8. Proposal of new formulation of various methods and procedures by a subsidiary, Franbo Asset Management Co., Ltd.
9. Proposal for which Uni-Morality Lines Limited, a subsidiary, handled the interim capital reduction of returning shares with non-cash assets.
10. Proposal of a sub-subsidiary, Franbo Wind S.A., to handle an interim distribution of earnings and a cash capital reduction.
11. Proposal of new land investment and development of the subsidiary Franbo Asset Management Co., Ltd.
12. Proposal of changing the shareholding structure of investment of subsidiary Franbo Asset Management Co., Ltd. in sub-subsidiary, FB Justice Construction and Development Co.,Ltd.
13. Proposal for the appointment of personnel in charge of corporate governance.
14. Proposal of cancellation of capital lending and credit line by the subsidiary or sub-subsidiary.
15. Proposal of new capital lending and credit line for subsidiaries and sub-subsidiaries.
16. Proposal of applying for new and renewed short-term fund-raising to financial institutions.</td></tr>
<tr><td>2022/12/23</td><td>1. Report on foreign investment in the fourth quarter of 2022.
2. In 2022, the Company promoted the execution of the Integrity Management Report.
3. Discuss the operating plan for 2023.
4. Discuss the audit plan for 2023.
5. Proposal of the Certified Public Accountant's independence evaluation.
<table>
<tr><th>Independence</th><th>Yes</th><th>No</th><th>Remarks</th></tr>
<tr><td>I. Does the CPA not serve as a Director of the Company or a related enterprise?</td><td>V</td><td></td><td></td></tr>
<tr><td>II. Is the CPA not a shareholder of the Company or related enterprises?</td><td>V</td><td></td><td></td></tr>
</table>
</td></tr>
</table>

Date	Important resolutions
	III. Has the CPA not been paid by the Company or related enterprises? V IV. Does the CPA confirm that their affiliated joint accounting firm has followed the standards of independence? V V. Whether the joint chartered CPA of the joint accounting firm to which the CPA belongs has not served as a Director or Manager of the Company or has a significant impact on any audit proposals within one year of leaving office? V VI. The CPA has not provided audit services to the Company for seven consecutive years. V VII. Has the CPA met the standards of independence in the Public Accountant Code of Professional Ethics Bulletin No. 10. V VIII. Other reference materials: Audit Quality Indicators (AQIs) V 6. The Group's sub-subsidiaries have proposed improvement plans due to the over-limit of capital borrowing. 7. Proposal of cancellation of capital lending and credit line by the subsidiary or sub-subsidiary. 8. Proposal of new capital lending and credit line for subsidiaries and sub-subsidiaries. 9. Proposal of the estimated annual bonus payment for Managers in 2022. 10. Confirm the Company's renewal of a short-term borrowing limit of NT$20,000,000 from VChang Hwa Commercial Bank. 11. Proposal of applying for short-term guaranteed financing borrowing from Federal Commercial Bank for the investment target of Franbo Asset, a subsidiary, in the Sanzhong District of New Taipei City. 12. Proposal for which the Company applies for short-term credit limits and renewal proposals from financial institutions.
2023/3/3	1. Investment report for the First Quarter of 2023. 2. Performance Evaluation Report of the Board of Directors in 2022. 3. Director and Manager Performance Evaluation Report of 2022. 4. Quarterly tracking report on the execution progress of the "2022 ESG Report Work Planning Schedule". 5. Quarterly tracking report for greenhouse gas emissions inventory and verification schedule planning. 6. Proposal of employees' remuneration and Directors' remuneration distribution in 2022. 7. Proposal of the 2022 final statement. 8. Proposal of distribution of 2022 earnings. 9. Setting the ex-dividend date for the Company's 2023 stock dividend distribution and the period during which the convertible bonds will cease to be convertible, etc. 10. Proposal of greenhouse gas emission inventory and verification schedule of the subsidiary. 11. Proposal of setting the base date for the fifth domestic unsecured convertible bond conversion and issuance of new shares by the Company. 12. 2022 Annual "Effectiveness Assessment of the internal Control System" and "Statement of the internal Control System". 13. Some provisions for various methods and procedures as well as the added provisions. 14. Proposal of revising the "Endorsement and Guarantee Operation Procedures". 15. Proposal of revising the "Procedures for Lending Funds to Others". 16. Proposal of "Procedures for Lending Funds to Others" was revised by our subsidiary, Franbo Asset Management Co., Ltd. 17. Proposal of retroactive recognition of interim surplus distribution of subsidiary Uni-Morality Lines Limited. 18. Proposal of the Group's wholly-owned subsidiary's surplus distribution and loss reversal for 2022. 19. Proposal of capital reduction for the sub-subsidiary, Dexin Shipping S.A. 20. Proposal of capital reduction for the subsidiary, New Lucky Lines S.A. 21. Proposal of cancellation of capital lending and credit line by the subsidiary or sub-subsidiary. 22. Proposal of new capital lending and credit line for subsidiaries and sub-subsidiaries. 23. Proposal for New investment of NT$ 150,000,000 in 100% subsidiary Franbo Asset Management Co., Ltd. 24. Proposal of the subsidiary, FB Justice Construction and Development Co., Ltd., to purchase additional land around the dangerous old investment project in Lingzhou section of Lingya District, Kaohsiung City and re-assess the planning. 25. Proposal for which the subsidiary Franbo Asset Management Co., Ltd. plans to reinvest and establish a new company to invest in the land development project of Datong section in Luzhu District, Kaohsiung

Date	Important resolutions
	City. 26. Proposal of pre-approval of (non-assurance services) provided to the Company and its subsidiaries by Certified Public Accountant, firms and firm affiliates. 27. Proposal of the comprehensive election of Directors. 28. Proposal for nomination and resolution of the list of candidates for Directors (including independent Directors). 29. Proposal for the lifting of non compete restrictions on newly appointed Directors and their representatives of the Company. 30. Proposal for convening the 2023 ordinary shareholders' meeting. 31. Proposal of fund-raising and borrowing proposals from financial institutions by subsidiaries. 13. Proposal for which the Company applies for short-term credit limits and renewal proposals from financial institutions.

(XII) In the most recent year and up to the date of publication of the annual report, if the directors or Supervisors had different opinions on the important resolutions adopted by the board of directors, which were recorded and declared in writing, the main contents of such important resolutions: None.

(XIII) In the most recent year and up to the date of publication of the annual report, a summary of resignations and dismissals of individuals related to financial reporting (including Chairman, President, Accounting Supervisor, Financial Supervisor, Internal Audit Supervisor, and R&D Supervisor): None.

V. Certified Public Accountant information regarding fee:

Amount: NT$ 1,000

Name of accounting firm	Name of Certified Public Accountant	Audit period of Certified Public Accountant	Audit fee	Non-audit fee	Total	Remarks
PwC Taiwan	Kuo-Hua Wang A-shen Liao	2022.01.01~2022.12.31	2,500	190	2,690	Note

Note: We declare an additional NT$ 50,000 for the issuance of new shares, NT$ 60,000 for the issuance of domestic unsecured convertible corporate bonds for the fifth time, and NT$ 30,000 for the salary information check list of employees who did not hold supervisor title in 2022.

(I) When the accounting firm is replaced and the audit fees paid for the year of replacement are reduced compared to the audit fees paid for the previous year: It’s not applicable.

(II) Audit fees have decreased by more than 10% compared to the previous year: No such situation.

VII. Change of Certified Public Accountant information: None.

VIII. The Chairman, President, or Manager responsible for financial or accounting affairs of a company who has worked for a CPA's affiliated firm or affiliated enterprise within the past year: None.

VIII. Changes in equity transfer and equity pledge of Directors, Supervisors, Managers and shareholders with a shareholding ratio of more than 10% in the most recent year and up to the date of publication of the annual report:

(I) Changes in equity of Directors, Supervisors, Managers, and shareholders holding more than 10% of the shares

Unit: Share

Title	Name	2022		As of April 3, 2023	
		Number of shares held Increase (decrease) in amount	Number of pledged shares Increase (decrease) in amount	Number of shares held Increase (decrease) in amount	Number of pledged shares Increase (decrease) in amount
Director	Prosperity Investment And Consulting Co., Ltd.	12,432,186	(500,000)	—	—
	Representative: Tsai Pang Chuan	—	—	—	—
	Representative: Tsai Ching Chuang	(1,270,000)	—	(133,000)	—
Director	Lo, Chun-Yu	693,904	—	(162,000)	—
Director	Shen, Yi-Wen	(15,851)	—	—	—
Independent Director	Tai, Chih-Tsung	—	—	—	—
Independent Director	Wu, Tien-Ming	136,956	—	(171,000)	—
Independent Director	Liu, Jung-Chin	—	—	—	—
President	Tsai Ching Chuang	(1,270,000)	—	(133,000)	—
Vice President	Wilson Lin	120,437	—	90,000	—
Vice President	Tsai Ping Jui	(120)	—	(164,000)	—
Major shareholders with more than 10%	Prosperity Investment And Consulting Co., Ltd. Responsible person: Tsai Ching Chuang	12,432,186	500,000	—	—

(II) Related parties that the Directors, Supervisors, Managers, and shareholders holding more than 10% of the shares transferred: none.

(III) Related parties that Directors, Supervisors, Managers, and shareholders with a shareholding ratio exceeding 10% of the pledged equity: none.

IX. Information on the relationship between shareholders who hold the top ten shares and are related persons, spouses, or relatives in a second-degree relationship:

April 3, 2023 Unit: share

Name		Shares held by him or her		Shares held by spouses and minor children		Total shares held in the name of others		Designation or name and relations of the shareholders with the top ten shareholding ratio who are related parties or spouses, and relatives in a second-degree relationship with each other.		Remarks
		The number of shares	Shareholding ratio	The number of shares	Shareholding ratio	The number of shares	Shareholding ratio	Name	Relationship	
1	Prosperity Investment And Consulting Co., Ltd.	41,020,836	17.11%	—	—	—	—	Tsai Ching Chuang Tsai Ping Jui	Chairman Responsible person and relatives in the second-degree relationship, etc	—
	Representative: Tsai Ching Chuang	5,088,786	2.12%	135,587	0.06%	—	—	Prosperity Investment And Consulting Co., Ltd. Tsai Ping Jui	Chairman Brothers	—
2	Hua Ming Steel Company Limited	8,207,550	4.42%	—	—	—	—	—	—	—
	Representative: Su-Ying Huang	—	—	—	—	—	—	—	—	—
3	Lo, Chun-Yu	6,839,429	2.85%	—	—	—	—	—	—	—
4	Tsai Ching Chuang	5,088,786	2.12%	135,587	0.06%	—	—	Prosperity Investment And Consulting Co., Ltd. Tsai Ping Jui	Chairman Brothers	—
5	Trade Concept Investment Limited	1,310,521	0.70%	—	—	—	—	—	—	
	Representative: CHUANG TZU LUNG	614	0.00%	—	—	—	—	Han Tai Investment Enterprise Co., Ltd.	Responsible person and relatives in the second-degree relationship, etc	—
6	XU JIN TONG	1,055,000	0.44%	—	—	—	—	—	—	—
7	Tsai Ping Jui	985,184	0.41%	119,985	0.05%	—	—	Prosperity Investment And Consulting Co., Ltd. Tsai Ching Chuang	Responsible person and relatives in the second-degree relationship, etc Brothers	
8	Chi-Sen Liao	894,112	0.37%	—	—	—	—	—	—	—
9	Han Tai Investment Enterprise Co., Ltd.	876,179	0.37%	—	—	—	—	Tsai Ping Jui	Supervisor	
	Representative: Yü-Hua Wu	780	0.00%	—	—	—	—	Trade Concept Investment Limited	Responsible person and relatives in the second-degree relationship, etc	—
10	TSAI CHEN CHENG	778,000	0.32%	—	—	—	—	—	—	—

X. The number of shares held by the Company, its Directors, Supervisors, Managers, and businesses directly or indirectly controlled by the Company in the same reinvested business, and the combined calculation of the comprehensive shareholding ratio:

March 31, 2023; Unit: Share

Name of reinvestment business	Investment of the Company		Investment of directors, Supervisors, managers and businesses directly or indirectly controlled		Comprehensive investment	
	The number of shares	Shareholding ratio	The number of shares	Shareholding ratio	The number of shares	Shareholding ratio
New Lucky Lines S.A.	119,916,000	100%	-	-	119,916,000	100%
Uni-Morality Lines Limited	1,000,000	100%	-	-	1,000,000	100%
BCTS Capital Inc.	2,000,000	100%	-	-	2,000,000	100%
FWF Shipping Limited	10,000	100%	-	-	10,000	100%
Franbo Asset Management Co., Ltd.	42,000,000	100%	-	-	42,000,000	100%
Taiwan Offshore Engineering Co., Ltd.	3,000	30%	-	-	3,000	30%

Four. Fund Raising

I. Capital and share

(I) Source of share capital

(1) Formation process of share capital:

March 31, 2023

Month Year	Issuing price (NT$)	Authorized share capital		Capital stock paid in		Remarks		
		The number of shares (1,000 shares)	Amount (NT$ 1,000)	The number of shares (1,000 shares)	Amount (NT$ 1,000)	Source of share capital (NT$ 1,000)	Those who use property other than cash to offset share capital	Other
September 1998	1,000	10	10,000	10	10,000	Establishment of capital	None	September 1998 Established with the approval of the Kaohsiung Municipal Government Construction Bureau
April 2009	10	15,000	150,000	15,000	150,000	Cash capital increase of 140,000	None	April 2, 2009 Kaohsiung City Government No. 09800485330
April 2010	10	100,000	1,000,000	71,840	718,398	Share conversion and capital increase of 568,398	None	April 12, 2010 Jing-Shou-Shang-Zhi No. 09901079270
May 2010	10	100,000	1,000,000	80,000	800,000	Cash capital increase of 81,602	None	May 10, 2010 Jing-Shou-Shang-Zhi No. 09901093190
June 2010	10	100,000	1,000,000	88,000	880,000	Cash capital increase of 80,000	None	June 8, 2010 Jing-Shou-Shang-Zhi No. 09901116190
November 2010	10	100,000	1,000,000	95,000	950,000	Cash capital increase of 70,000	None	November 26, 2010 Jing-Shou-Shang-Zhi No. 09901264250
October 2014	10	150,000	1,500,000	107,000	1,070,000	Cash capital increase of 120,000	None	October 31, 2011 Jing-Shou-Shang-Zhi No. 10301220880
February 2015	10	150,000	1,500,000	119,500	1,195,000	Cash capital increase of 125,000	None	February 5, 2015 Jing-Shou-Shang-Zhi No. 10401019200
August 2015	10	150,000	1,500,000	119,544	1,195,438	Domestic Corporate Bond Conversion 438	None	Augusy 4, 2015 Jing-Shou-Shang-Zhi No. 10401145250
June 2016	10	150,000	1,500,000	149,544	1,495,438	Cash capital increase of 300,000	None	June 1, 2016 Jing-Shou-Shang-Zhi No. 10501115220
November 2016	10	250,000	2,500,000	152,995	1,529,952	Domestic Corporate Bond Conversion 34,514	None	November 22, 2016 Jing-Shou-Shang-Zhi No. 10501271590
April 2017	10	250,000	2,500,000	185,012	1,850,115	Cash capital increase of 300,000 Domestic Corporate Bond Conversion 20,163	None	April 24, 2017 Jing-Shou-Shang-Zhi No. 10601044130
July 2018	10	250,000	2,500,000	151,124	1,511,246	Capital reduction of 393,087 Domestic Corporate Bond Conversion 54,218	None	July 24, 2018 Jing-Shou-Shang-Zhi No. 10701088060
August 2020	10	350,000	3,500,000	152,635	1,526,358	Surplus converted to a capital increase of NT$ 15,112,000	None	August 11, 2020 Jing-Shou-Shang-Zhi No. 10901150490
August 2021	10	350,000	3,500,000	188,635	1,886,358	Cash capital increase of 360,000	None	August 6, 2021 Jing-Shou-Shang-Zhi No. 11001139820
September 2022	10	350,000	3,500,000	238,635	2,386,358	Cash capital increase of 500,000	None	November 16, 2021 Jing-Shou-Shang-Zhi No. 11101178330
March 2023	10	350,000	3,500,000	239,156	2,391,567	Domestic Corporate Bond Conversion 5,209	None	March 20, 2022 Jing-Shou-Shang-Zhi No. 11230046650

(2) Types of shares

March 31, 2023; Unit: Share

Types of shares	Authorized share capital			Remarks
	Outstanding capital stock	Unissued capital stock	Total	
Registered common shares	239,156,773	110,843,227	350,000,000	None

Note: The Company passed a resolution at the shareholders' meeting on June 23, 2017 to amend the Articles of Association, with a revised authorized share capital of 350,000,000 shares.

(II) Shareholder structure

April 3, 2023

Shareholder structure Quantity	Government institution	Financial institution	Other corporate entities	Individual	Foreign institutions and foreigners	Total
Number of people (People)	—	—	146	42,310	45	42,501
Number of shares held (Share)	—	—	53,162,698	185,048,485	1,487,103	239,698,286
Shareholding ratio (%)	—	—	22.18%	77.20%	0.62%	100.00%

(III) Equity dispersion (value of NT$ 10 per share)

April 3, 2023

Shareholding grading	Number of shareholders	Number of shares held	Shareholding ratio (%)
1 to 999	11,066	783,645	0.33%
1,000 to 5,000	24,798	51,156,662	21.34%
5,001 to 10,000	3,804	30,811,544	12.85%
10,001 to 15,000	1070	13,647,138	5.69%
15,001 to 20,000	622	11,715,727	4.89%
20,001 to 30,000	485	12,363,604	5.16%
30,001 to 40,000	180	6,410,840	2.68%
40,001 to 50,000	154	7,271,055	3.03%
50,001 to 100,000	200	14,471,558	6.04%
100,001 to 200,000	73	10,283,162	4.29%
200,001 to 400,000	29	8,389,480	3.50%
400,001 to 600,000	7	3,272,421	1.37%
600,001 to 800,000	4	2,882,576	1.20%
800,001 to 1,000,000	3	2,755,475	1.15%
Above 1,000,001	6	63,483,399	26.48%
Total	42,501	239,698,286	100.00%

(IV) List of major shareholders

Names, shareholding amounts, and proportions of shareholders with a shareholding ratio of 5% or more, or shareholders with a shareholding ratio of the top ten:

April 3, 2023

Share / Name of major shareholders	Number of shares held (Share)	Shareholding ratio
Prosperity Investment And Consulting Co., Ltd.	41,020,836	17.11%

Hua Ming Steel Company Limited	8,207,550	3.42%
Tsai Ching Chuang	6,839,429	2.85%
Lo, Chun-Yu	5,088,786	2.12%
Han Tai Investment Enterprise Co., Ltd.	1,271,798	0.53%
Trade Concept Investment Limited	1,055,000	0.44%
Tsai Ping Jui	985,184	0.41%
Chi-Sen Liao	894,112	0.37%
Yu-Jen Li	876,179	0.37%
Cheng-Ping Fu	778,000	0.32%

(v) Market price, net value, earnings per share (EPS), dividends and related information of each share in the last two years

Unit: NT$; 1,000 shares

Items	Year		2021	2022	For the year ended March 31, 2023
Market price per share	Highest		43.85	29.95	22.80
	Lowest		10.00	14.25	17.30
	Average		26.13	21.87	19.37
Net value per share	Before distribution		15.25	22.36	Note 6
	After distribution (Note 1)		14.48	20.86	Note 6
Earnings per share	Weighted average number of shares (before tracing)		167,825	205,356	Note 6
	Earnings per share	Before adjustment	2.24	6.23	Note 6
		After adjustment	2.24	6.23	Note 6
Dividend per share	Cash dividend		0.8	1.49661129	—
	Stock dividends	Stock dividends	—	—	—
		Allotment of capital reserve	—	—	—
	Accumulated unpaid dividend		—	—	—
Analysis of returns on investment	Price-earnings ratio (Note 2)		11.67	3.51	—
	Price-to-dividend ratio (Note 3)		32.66	14.61	—
	Cash dividend yield (Note 4)		3.06%	6.84%	—

Source: Over-The-Counter Center
https://www.tpex.org.tw/web/stock/statistics/monthly/st42.php?l=zh-tw

Note 1: Based on the number of shares issued at the end of the year and filled in according to the distribution situation determined by the Board of Directors or the next annual shareholders' meeting

Note 2: Price-earnings ratio = Average closing price per share for the current year/Earnings per share

Note 3: Price-to-dividend ratio = Average closing price per share for the current year/Cash dividend per share

Note 4: Cash dividend yield =Cash dividend per share/Average closing price per share for the current year

Note 5: The distribution of earnings for the year 2022 was approved by the Board of Directors on March 3, 2023, and a cash dividend of NT$ 1.5 per share was distributed. Due to the conversion of convertible bonds into common shares after the distribution of earnings by the Board of Directors, the cash dividend per share was adjusted to NT$ 1.49661129.

Note 6: As of the publication date, the consolidated financial statements for the first quarter of 2023 have not yet been issued.

(VI) The Company's dividend policy and implementation status

1. The dividend policy stipulated in the Company's Articles of Association:

If the Company has surplus after annual final settlement, in addition to paying profit making enterprise income tax and making up losses in previous years according to law, if there is surplus, 10% of the statutory surplus reserve shall be set aside first, except when the statutory surplus reserve has reached the total capital, and after the special surplus reserve is set aside or reversed according to law or the competent authority's regulations, and the undistributed surplus at the beginning of the same period is the cumulative distributable surplus, the Board of Directors shall have a surplus distribution proposal, Submit a resolution to the shareholders' meeting for distribution.

The earnings distribution referred to in the preceding paragraph may be resolved by a special resolution of the Board of Directors, with the attendance of two-thirds or more of the Directors and a resolution of a majority of the Directors present, to distribute all or part of the dividends and bonuses, capital reserves, or statutory surplus reserves in cash and report to the shareholders' meeting. The provisions of the preceding paragraph that require a resolution of the shareholders' meeting shall not apply.

The Company aims to continuously expand its operating scale, enhance its competitive strength, and cooperate with the Company's long-term business development, future funding needs, and long-term financial planning. The dividend distribution policy is mainly based on stock dividends and matching cash dividends, with cash dividends not less than 10% of the total dividend distribution.

The distribution of dividends and bonuses shall be based on the proportion of shares held by each shareholder.When the Company has no surplus, dividends and bonuses shall not be distributed.

2. The situation of dividend distribution at this shareholders' meeting:
   The 2022 earnings distribution plan of the Company was proposed and resolved by the Board of Directors on March 3, 2023, to distribute a cash dividend of NT$358,735,160, each of which was NT$ 1.5. Subsequently, due to the conversion of convertible bonds into ordinary shares, the cash dividend of NT$1.49661129 per share was adjusted, and the dividend distribution date was April 28, 2023.
3. Explanation of significant changes in expected dividend policy: None.

(VII) The impact of the free allocation of shares at this shareholders' meeting on the Company's operating performance and earnings per share: Not applicable.

(VIII) Remuneration of employees, Directors and Supervisors:

1. The percentage or scope of remuneration for employees and Directors as stated in the Company's Articles of Association:

   The Company shall distribute employee compensation not less than 1% and Director compensation not more than 5% based on the current year's profit situation.But if the Company still has accumulated losses, they shall be compensated.

   Employee compensation may be based on stocks or cash, and the recipients of stocks or cash may include employees of affiliated companies who meet certain conditions.

   The profit situation referred to in the first paragraph refers to the pre tax benefits of the current year before deducting the distribution of employee compensation and Director

compensation.

The distribution of employee and Director remuneration shall be made by a resolution of the Board of Directors with the consent of more than two-thirds of the Directors present and a majority of the attending Directors, and shall be reported to the shareholders' meeting.

2. If there is any difference between the valuation basis of the amount of compensation of employees, Directors and Supervisors, the calculation basis of the number of shares of employee compensation distributed by shares and the actual distribution amount and the valuation amount, then the accounting treatment:

(1) The basis for estimating the compensation amounts of employees, Directors, and Supervisors in this period and the calculation of the number of shares of employee compensation distributed based on stocks:

The Company uses the profit situation of the current year as the basis for calculating the compensation amount for employees, Directors, and Supervisors, as well as the number of shares allocated for stock dividends. Additionally, we need to estimate within the percentage range specified in the Company's Articles of Association.

(2) If there is a difference between the actual distribution amount and the estimated amount as determined by the shareholders' meeting, it shall be treated according to changes in accounting estimates and adjusted and recorded in the shareholders' meeting resolution year.

3. The Board of Directors approves the distribution of remuneration:

(1) The amount of employee compensation and Director and Supervisor compensation distributed in cash or stock.If there is a difference between the annual estimated amount of recognized expenses and the recognized amount, the number of differences, reasons, and handling shall be disclosed:

The employee compensation and Director compensation of our company for the year 2022 were resolved by the Board of Directors on March 3, 2023 as follows:

Unit: NT$ 1,000

	Estimated amount	Actual allocation amount	Difference
The remuneration of employee	13,158	13,158	-
The remuneration of the Director	13,158	13,158	-
Handling situations	-		

(2) The amount of employee compensation distributed through stocks and its proportion to the total amount of net profit after tax and employee compensation in individual or individual financial reports for the current period:

The Company did not distribute employee stock compensation for the year 2022.

4. The actual distribution of employees, Directors, and Supervisors' salaries in the previous year (2021) (including the number, amount, and stock price of shares distributed), and any differences between the distribution and the recognized employees, Directors, and Supervisors' salaries, shall be explained, along with the reasons for the differences and the handling situation:

Unit: NT$ 1,000

	Estimated amount	Actual allocation amount	Difference
The remuneration of employee	3,815	3,816	1
The remuneration of the Director	3,815	3,816	1
Handling situations	According to changes in accounting estimates, it is classified as profit and loss in 2022.		

(IX) The Company repurchases its shares: None

II. Handling of the Company's bonds (including the overseas Company's bonds):

(I) Handling of corporate bonds

Types of the Company's bonds		The first secured ordinary corporate bond of 2020	The 5th unsecured conversion of corporate bonds in Taiwan
Issue date		November 25, 2020	July 28, 2022
Par value		NT$1,000,000 of each piece	NT$100,000 of each piece
Place of Issuance and Trading		Republic of China	Republic of China
Issuing price		Less than NT$ 100	Less than NT$ 101
Total amount		NT$ 400,000,000	NT$ 600,000,000
Interest rate		Fixed interest rate 0.57%	0%
Term		Three year term (November 25, 2020 - November 25, 2023)	Three year term (July 28, 2022 - July 28, 2025)
Assurance institution		Taiwan Cooperative Bank Co, Ltd.	None
Trustee		Taipei Fubon Commercial Bank Co., Ltd.	Bank SinoPac Co., Ltd.
Underwriting institution		Taiwan Cooperative Securities Co., Ltd.	Taichung Bank Securities Co. Ltd.
Certified Public Lawyer		Lawyer Ya-Wen Chiu of Far East United Law Firm	Lawyer Shih-Fang Chiu of Te Kai Law Firm
Certified Public Accountant		PwC Taiwan Certified Public Accountants Kuo-Hua Wang and Chien-Chih Wu	PwC Taiwan Certified Public Accountants Kuo-Hua Wang and A-shen Liao
Method for repayment		The principal of the Company's bonds shall be repaid once at the expiration of three years from the issue date.	Unless the bondholder converts the bonds into common shares of the Company, or they are redeemed in advance by the Company, or purchased and written off by the Company from the securities dealer's business place, the Company shall, within ten business days from the next day after the maturity of the convertible corporate bonds, reimburse the convertible corporate bonds held by bondholders, at par value, in cash in a lump sum.
Outstanding amount		NT$ 400,000,000	NT$ 577,800,000
Terms of reimbursement or early settlement		Not applicable.	Please refer to Article XIX of the Measures for the Fifth Issuance and Conversion of Unsecured Convertible Corporate Bonds in Taiwan.
Restrictions		None	None
Name of credit rating agency, rating date, and corporate bond rating results		Organization name: Taiwan Ratings Rating category: twAAA Rating date: May 6, 2022	Not applicable
Additional rights attached	Amount of converted common shares, overseas depositary receipts, or other negotiable securities	Not applicable	Not applicable

Types of the Company's bonds		The first secured ordinary corporate bond of 2020	The 5th unsecured conversion of corporate bonds in Taiwan
	Issuance and conversion (exchange or share subscription) method	Please refer to Page 62 for the first issuance of secured ordinary corporate bonds in 2020	Please refer to Page 64 for the fifth unsecured convertible corporate bonds in Taiwan
Possible dilution of stock rights and impact on existing shareholders' equity		Not applicable	Not applicable
Name of entrusted custodian organization for object exchange		Not applicable	Not applicable

Note: Information as of March 31, 2023.

(II)Convert corporate bond information

Unit: NT$

Types of corporate bonds		The 5th unsecured conversion of corporate bonds in Taiwan	
Items	Year	2022	For the year ended March 31, 2023
conversion of corporate bonds	Highest	111.00	116.00
	Lowest	90.35	100.00
	Average	103.03	106.04
Conversion price		19.39	19.39
Issuing (handling) date and conversion price at the time of issuance		1Issued on July 28, 2022, the conversion price is NT$19.99	
Fulfillment of conversion obligations		The target of conversion is ordinary shares of the company by issuing new shares	

III. Handling of special shares: None.

IV. Handling of overseas depositary receipts: None.

V. Handling of employee share option certificate: None.

VI. Handling of new shares with restricted employee rights: None.

VII. Handling of issuance of new shares by acquiring and transferring the shares of other companies: None.

Franbo Lines Corp.

Measures for the first issuance of secured ordinary corporate bonds in 2020

I. Bond name: Franbo Lines Corp.'s first secured ordinary corporate bond for the Year 2020 (hereinafter referred to as the Company's Bond).

II. Total issuance amount: The total amount of bonds issued by the Company is NT$ 400 million.

III. Face amount: The face amount of the Company's bonds is NT$ 1 million only.

IV. Issuing price: The Company's bonds are fully issued on the issue date according to the face amount.

V. Term of issuance: The bonds of the Company are issued for a period of three years from November 25, 2020 to November 25, 2023.

VI. Coupon rate: The coupon rate of the Company's bonds is a fixed annual interest rate of 0.57%.

VII. Method for repayment of principal: The principal of the Company's bonds shall be repaid once at the expiration of three years from the issue date.

VIII. Interest calculation and payment method: The Company's bonds are calculated and paid with interest at a simple interest rate per year according to the coupon rate from the issue date. Each NT$ 1 million bond shall bear interest rounded to NT$ 1, and amounts below NT$ 1 shall be rounded off. If the principal and interest repayment date of the Company's bonds is the closing date of the banking industry in the place of payment, the principal and interest shall be paid on the business day following the closing date, and no additional interest shall be calculated.If the principal and interest are claimed beyond the repayment date, no additional interest will be charged.

IX. The way of security: The Company's bonds are entrusted by Taiwan Cooperative Bank Co, Ltd. to perform the Company's bond guarantee in accordance with the appointed guarantee agreement.

X. Underwriting method: The securities firm is authorized to publicly underwrite the securities through negotiation.

XI. Organizations for underwriting or sales by proxy: Taiwan Cooperative Securities Co., Ltd.

XII. Trustee: Taipei Fubon Commercial Bank Co., Ltd. is the trustee of the creditor of the Company's bonds, which exercises the right to check and supervise the Company's performance of the Company's bond issuance on behalf of the debtor's benefits, and signs a consignment contract.All debt holders of the Company's bonds, regardless of whether they subscribe the bonds at the time of issuance or buy the bonds in the middle of the issuance, agree to recognize and grant full power of attorney to the trustee as stipulated in the consignment contract between the Company and the trustee and the Company's bond issuance methods, and such authorization shall not be revoked in the middle of the issuance. As for the contents of the consignment contract, the creditor may inquire at any time during specified business hours at either the Company or trustee's business places.

XIII. Organizations for repayment of principal and interest: The Company entrusted Tashun Branch of Taiwan Cooperative Bank Co, Ltd. to act as an agent for the repayment of principal and interest, and handled the principal and interest allocation according to the registration information of bond owners provided by Taiwan Depository Clearing Corporation and the organizations for repayment of principal and interest made a withholding statement and sent it to the bond owners.

XIV. Notification method: Unless otherwise specified by laws and regulations, the matters concerning the Company's bonds that shall be notified to the creditor are announced at the Market Observation Post System (http://mops.twse.com.tw) or handled in accordance with the regulations of Taiwan Depository Clearing Corporation.

XV. Bond form: The Company's bonds are not issued by entities, and shall be registered with Taiwan Depository Clearing Corporation.

XVI. Sales object: Only professional investors as stipulated in the Foreign Currency-denominated International Bond Management Rules of the Taipei Exchange.

Franbo Lines Corp.
Measures for the Fifth Issuance and Conversion of Unsecured Convertible Corporate Bonds in Taiwan

I. Bond name:
Franbo Lines Corp. (hereinafter referred to as the "Company") has issued its fifth unsecured convertible corporate bonds in Taiwan (hereinafter referred to as the "convertible corporate bond").

II. Issue date:
(The same below) July 28, 2022 (hereinafter referred to as the "issue date").

III. Total issuance amount, par value per bond and issuing price:
The par value of each convertible corporate bond is NT$ 100,000 only, the total number of issued bonds is 6,000, and the total amount of issuance is NT$ 600 million only; In addition, the convertible corporate bonds are put on public underwriting by competitive auction. The actual issuing price was 101% of the par value, and the actual raised amount was NT$ 606,431,000.

IV. Issuance period:
The issuance period is three years, starting from July 28, 2022 and expiring on July 28, 2025 (hereinafter referred to as the "maturity date").

V. Bond coupon rate:
The annual coupon rate is 0%.

VI. Date and method of principal repayment:
In addition, the holders of the convertible corporate bonds (hereinafter referred to as the "bondholder") convert the bonds into the Company's common shares in accordance with Article X of the Measures, or they are redeemed by the Company in advance according to Article XIX of the Measures, or purchased and wrote off by the Company from the securities dealer’s business place, the Company shall, within ten business days from the next day after the maturity of the convertible corporate bonds, reimburse the convertible corporate bonds held by bondholders, at par value, in cash in a lump sum. In the event that at the above-mentioned date, the Taipei Securities Centralized Trading Market ceases to operate, it will be postponed to the next business day.

VII. Security:
Convertible corporate bonds are unsecured bonds. Provided that if, after the issuance of this convertible corporate bond, the Company issues or privately places other secured or convertible corporate bonds, this convertible corporate bond will also set up the same level of creditor's right or security interest in the same order as the secured corporate bond with warrants or convertible corporate bond.

VIII. Object conversion:
For the common shares of the Company, the Company will perform the conversion obligation by issuing new shares.The newly issued shares will be allocated and delivered through account books instead of entity printing.

IX. Conversion period:
The bondholders shall have the right to hold the convertible corporate bonds from the next day (October 29, 2022) after the expiration of the three-month period following issuance of the convertible corporate bonds to the maturity date (July 28, 2025), except (I) from the fifteenth business day before the date on which the Company ceases to allot shares, the date on which the cash dividend ceases to be transferred or the date on which the cash increase share subscription ceases to be transferred, to the base date for assignment of rights, (II)

From the base date for handling the capital reduction to the day before the starting trading day of the newly issued stocks for capital reduction, (III) From the date for handling the change of face amount of stocks to the day before the starting trading day of the newly issued stocks, (IV) Except for the period when other common shares of the Company are suspended from transfer according to law, Taiwan Depository Clearing Corporation (hereinafter referred to as the "TDCC") may request the share agency of the Company to convert the Company's debt-equity swap into common shares of the Company in accordance with the provisions of Articles 10, 11, 13 and 15 of the Measures at any time through the transfer of the original trading securities trader.

X. Request conversion procedure:

(I) When the bondholder submits in the Application for Conversion/Redemption/Repurchase of Convertible Corporate Bond Account Book (with conversion indicated) to the original trading securities trader, the securities trader must then apply to Taiwan Depository & Clearing Corporation (TDCC). After accepting the application, the TDCC shall notify the stock affairs agency of the Company by electronic means. The conversion shall be effective upon delivery and shall not be withdrawn. The conversion formalities shall be completed within five business days after delivery, and the common shares of the Company shall be directly transferred to the TDCC account of the original bondholder.

(II) When overseas Chinese and foreigners convert their convertible corporate bonds into common shares of the Company, they shall all be distributed by TDCC through account book allocation.

XI. Conversion price and its adjustment:

(I) The base date of the conversion price of this convertible corporate bond is July 8, 2022. The conversion price of this convertible corporate bond is based on the simple arithmetic average of the closing price of the Company's common shares on the business day, three business days and five business days prior to the base date, and then the base price is multiplied by the conversion premium rate of 102%, then the obtained amount is the conversion price of the convertible corporate bond (calculated to one cent of New Taiwan Dollars, rounded down and rounded up for figures less than one cent).If there are ex-rights or ex-dividends before the base date, the closing price sampled to calculate the conversion price shall be set as the ex-rights or ex-dividend price first; In case of ex-right or ex-interest after the determination of the conversion price and before the actual issue date, they shall be adjusted according to the conversion price adjustment formula in Paragraph (II) or (III) of this Article.In accordance with the above method, the conversion price of this convertible corporate bond is NT$ 19.99 per share.

(II) After the issuance of the convertible corporate bonds, in addition to issuing various types of negotiable securities with the right to convert or subscribe for common shares, or issuing new shares due to employee remuneration, if there is an increase in the Company's issued (or privately offered) common shares (including but not limited to cash increase, surplus transfer increase, capital reserve transfer increase, the Company's merger or acquisition of new shares issued by other companies' shares, stock split and cash increase to participate in the issuance of overseas depositary receipts, etc.), the Company shall adjust the conversion price of the convertible corporate bonds according to the following formula (calculated to one cent of New Taiwan Dollars, rounded down and rounded up for the figures less than one cent, adjusted downwards, not adjusted upwards), and shall request the Taipei Exchange (hereinafter referred to as the "TPEx") for announcement through letter and make the adjustment on the ex-right base date of

new shares issuance (Note 1). If there is an increase in the number of issued common shares due to a change in the par value of shares, the adjustment shall be made on the base date of the replacement of the new shares (or on the date when the full payment is made if there is an actual payment operation).

$$\text{Conversion price after adjustment} = \text{Conversion price before adjustment} \times \frac{\text{Number of issued shares (Note 2)} + (\text{Payment per share (Note 3)} \times \text{Number of new shares issued or privately offered}) / \text{Share price at current time (Note 4)}}{\text{Number of issued shares (Note 2)} + \text{Number of new shares issued or privately offered}}$$

Note 1: If the issuance of new shares through cash capital increase or participating in the issuance of overseas depositary receipts through cash capital increase is handled, and there is no ex-right base date, the adjustment will be made on the date when the full payment of shares is received.In the case of stock splits, it will be adjusted on the base date of the split. In case of a merger or transfer of capital increase, the base date of the merger or transfer shall be adjusted. If private placement is used for cash increase or the increased shares are privately placed negotiable securities, the adjustment shall be made on the delivery date of privately placed negotiable securities. If the issuing price of the updated shares is changed after the ex-right base date for the issuance of new shares by cash increase, the issuing price of the updated new shares and the share price at the current time (the updated issuing price of the new shares after the update is determined by the Board of Directors shall be taken as the updated share price at the current time) shall be adjusted again according to the previous formula. If the conversion price after the adjustment is lower than the conversion price announced before the original ex-right base date, please request the TPEx through a letter for re-announcement, and adjust the conversion price.

Note 2: The number of issued shares refers to the total number of issued shares of common shares (including issued and privately offered shares) less the number of hidden shares repurchased by the Company but not yet written off or transferred.

Note 3: If there is no free allotment of shares or stock split, the payment amount will be zero. In the case of a consolidated capital increase and issuance of new shares, the payment amount per share shall be the net value per share calculated on the basis of the latest certified or reviewed financial statements of the eliminated company before the merger base date multiplied by the share conversion ratio.If a new share is issued through the acquisition of shares from another company, the payment amount of each share shall be the net value of each share calculated in the latest financial statements certified or reviewed by the CPA of the transferred other companies multiplied by the share conversion ratio.

Note 4: The formation of the share price at the current time shall be based on the simple arithmetic average of the closing price of common shares calculated at one, three or five business days before the ex-right base date, the base date of pricing, the base date of stock merger or stock split, or the delivery date of privately placed negotiable securities.

(I) Where the par value of shares is changed:

$$\text{Conversion price after adjustment} = \frac{\text{Conversion price before adjustment} \times \text{Number of common shares issued before the change of par value of shares}}{\text{Number of common shares issued after the change of par value of shares}}$$

(II)

(III) After the issuance of the convertible corporate bonds, when the Company distributes cash dividends for common shares, the Company shall adjust the conversion price according to the following formula (calculated to one cent of New Taiwan Dollars, rounded down and rounded up for the figures less than one cent, adjusted downwards, not adjusted upwards) on ex-dividend base date, and shall request the "TPEx" for announce the conversion price after adjustment. The provisions on the reduction of the conversion price do not apply to those who have requested conversion before the ex-dividend base date (excluding).The adjustment formula is as follows:

(III)

Conversion price after reduction = conversion price before reduction × (1-ratio of distributed cash dividends for common shares in current price per share (Note))

Note: The current price per share is determined by selecting one among the simple arithmetic averages of the

closing prices of the Company's common shares calculated on the first, third and fifth business days prior to the date on which the cash dividend ceases to be transferred for ex-dividend announcement.

(IV) After the issuance of the convertible corporate bonds, when the Company reissues (or privately places) securities with common share conversion rights or share options at a conversion or subscription price lower than the current price per share (Note 1), the Company shall adjust the conversion price of the convertible corporate bonds in accordance with the following formula (calculated to one cent of New Taiwan Dollars, rounded down and rounded up for the figures less than one cent, adjusted downwards, not adjusted upwards), and shall request the "TPEx" through letter for announcement. And the Company shall adjust it on the date of issuance of the aforesaid securities or share options or the date of delivery of the privately placed securities:

$$\text{Conversion price after adjustment} = \text{Conversion price before adjustment} \times \frac{\text{Number of issued shares (Note 2)} + \left(\text{Conversion or subscription price of newly issued (or privately placed) securities or share options} \times \text{Number of shares that can be converted or subscribed for newly issued (or privately placed) securities or share options}\right) \div \text{Current price per share}}{\text{Number of shares issued (note 2) + number of shares that can be convertible or subscribed for newly issued (or privately placed) securities or share options}}$$

Note 1: The current price per share is determined by selecting one among the simple arithmetic averages of the closing prices of the Company's common shares calculated on the first, third and fifth business days prior to the prising base date for the re-issued (or privately placed) securities with various conversion rights of common shares or share options.

Note 2: The number of issued shares refers to the number of common shares issued and privately placed minus the number of treasury shares repurchased by the Company that have not been canceled or transferred.If treasury shares are used to finance the re-issuance (or private placement) of securities with conversion rights of common shares or share options, the number of shares issued in the adjustment formula shall be reduced by the number of shares that can be converted or subscribed for the newly issued (or privately placed) securities.

(V) After the issuance of the convertible corporate bonds, if the reduction of the number of common shares is not due to the reduction of capital through cancellation of treasury shares, the Company shall calculate the conversion price after adjustment shall be calculated according to the following formula (calculated to one cent of New Taiwan Dollars, rounded down and rounded up for the figures less than one cent, adjusted downwards, not adjusted upwards), and shall request the "TPEx" through letter for announcement. The adjustment shall be made on the base date of the reduction of capital. If the reduction of the number of common shares is due to the change in the par value of the shares, the adjustment shall be made on the base date of the replacement of new shares:

(IV)

Where the losses are compensated through capital decrease:

$$\text{Conversion price after adjustment} = \frac{\text{Conversion price before adjustment} \times \text{Number of common shares issued before capital reduction (Note)}}{\text{Number of common shares issued after capital reduction}}$$

Where the capital is reduced in the way of cash:

$$\text{Conversion price after adjustment} = (\text{conversion price before adjustment} - \text{cash refunded per share}) \times \frac{\text{Number of common shares issued before capital reduction (Note)}}{\text{Number of common shares issued after capital reduction}}$$

Where the par value of shares is changed:

$$\text{Conversion price after adjustment} = \frac{\text{Conversion price before adjustment} \times \text{Number of common shares issued before the change of par value of shares}}{\text{Number of common shares issued after the change of par value of shares}}$$

Note: The number of issued shares refers to the number of common shares issued (including shares issued and privately placed), minus the number of treasury shares repurchased by the Company that have not been canceled or transferred.

XII. The convertible corporate bonds are listed on TPEx and terminated to be listed on TPEx:
The Company shall apply to TPEx for convertible corporate bonds to be listed on TPEx before issuance date, and terminate being listed on TPEx when the convertible corporate bonds are fully converted into common shares or fully redeemed or repaid by the Company. The above matters will be announced upon the consent of the Company and the TPEx.

XIII. New shares after conversion, are listed on TPEx:
The common shares re-issued after conversion of the convertible corporate bonds will be traded on the TPEx from the delivery date. The above matters will be announced upon the consent of the Company and the TPEx.The common shares of the Company are issued in a dematerialized form, and the common shares after conversion are traded on the TPEx in a dematerialized form from the delivery date.

XIV. Registration of changes in share capital
Within 15 days after the end of each quarter, the Company shall publicly announce the amount of shares delivered for the conversion of the convertible corporate bonds in the preceding quarter, and shall apply to the competent authority where the Company registers for changes in capital at least once every quarter.

XV. Handling of the amount of less than one share during conversion:
In the event of conversion into common shares of the Company, if there are odd lots of less than one share, the amount of the shares shall be paid in cash by the Company (calculated to one dollar of New Taiwan Dollars, rounded off for the figures less than one dime), in addition to offsetting the expenses allocated by Taiwan Depository & Clearing Corporation.

XVI. The shares of the Company are redeemed in advance due to the termination of being listed on TPEx
If the Company's common shares are terminated to be listed on TPEx upon approval of the competent authority, the holders may request the Company to redeem the convertible corporate bonds held by them at par value of bonds.

XVII. Attribution of convertible annual cash dividends and stock dividends:

(I) Cash dividends

1. Holders of the convertible corporate bonds, who request conversion from January 1 of the current year to the 15th business day (excluding) prior to the date on which the Company’s cash dividend ceases to be transferred in the current year, may enjoy the cash dividends in the previous year approved by the resolution of the shareholders’ meeting at the current year.
2. The conversion of the convertible corporate bonds shall be suspended, from the 15th business day (including) prior to the date on which the Company’s cash dividend ceases to be transferred in the current year to the ex-dividend base date (including) of cash dividends.
3. Holders of the convertible corporate bonds, who request conversion from the day following the ex-dividend base date of cash dividends in the current year to December 31 in the current year (including), shall not enjoy the cash dividends in the previous year approved by the resolution of the shareholders’ meeting at the current year, but they may participate in the cash dividends in the current year approved by the resolution of the shareholders’ meeting at the next year.

(II) Stock dividends

1. Holders of the convertible corporate bonds, who apply for conversion from January 1 of the current year to the 15th business day (excluding) prior to the date on which the Company's stock dividend ceases to be transferred in the current year, may participate in the stock dividends in the previous year approved by the resolution of the shareholders' meeting at the current year.
2. The conversion of the convertible corporate bonds shall be suspended, from the 15th business day (including) prior to the date on which the Company's stock dividend ceases to be transferred in the current year to the ex-rights base date (including) of stock dividends.
3. Holders of the convertible corporate bonds, who request conversion from the day following the ex-rights base date of stock dividends in the current year to December 31 in the current year (including), shall not enjoy the stock dividends in the previous year approved by the resolution of the shareholders' meeting at the current year, but they may participate in the stock dividends in the current year approved by the resolution of the shareholders' meeting at the next year.

XVIII. Rights and obligations after conversion:

The rights and obligations of the new shares after conversion shall be the same as those of the issued common shares of the Company.

XIX. The Company's redemption right for the convertible corporate bonds:

(I) From the next day (October 29, 2022) after the expiration of the three-month period following issuance of the convertible corporate bonds to the 40th day (June 18, 2025) prior to the maturity date, if the closing price of the common shares of the Company exceeds the current conversion price by 30% (including) for 30 consecutive business days, the Company may, within the following 30 business days, send by registered mail a "Notice of Bond Recovery" expiring within 30 days (the aforesaid period starts from the date for sending the letter by the Company, the expiration date of such period is taken as the base date of bond recovery, and the aforesaid period shall not be the period of cessation of conversion under Article IX) to the bondholders (subject to those recorded on list of bondholders on the fifth business day prior to the date for sending the "Notice of Bond Recovery"; investors who subsequently acquire this convertible corporate bonds due to trading or other reasons shall be notified through announcement). The redemption price is set as the par value of the convertible corporate bonds, and all the bonds are recovered in cash, and a letter is sent to the TPEx for announcement. Upon execution of the recovery request, the Company shall, within five business days after the base date of recovery of the bonds, redeem all the outstanding convertible corporate bonds in cash at the par value of the bonds.

(II) From the next day (October 29, 2022) after the expiration of the three-month period following issuance of the convertible corporate bonds to the 40th day (June 18, 2025) before the maturity date, if the outstanding balance of the convertible corporate bonds is less than 10% of the total par value originally issued, the Company may, at any time thereafter, send by registered mail a "Notice of Bond Recovery" expiring within 30 days (the aforesaid period starts from the date for sending the letter by the Company, the expiration date of such period is taken as the base date of bond recovery, and the aforesaid period shall not be the period of cessation of conversion under Article IX) to the bondholders (subject to those recorded on list of bondholders on the fifth business day prior to the date for sending the "Notice of Bond Recovery"; investors who

subsequently acquire this convertible corporate bonds due to trading or other reasons shall be notified through announcement). The redemption price is set as the par value of the convertible corporate bonds, and all the bonds are recovered in cash, and a letter is sent to request the TPEx for announcement. Upon execution of the recovery request, the Company shall, within five business days after the base date of recovery of the bonds, redeem the outstanding convertible corporate bonds in cash at the par value of the bonds.

(III) If the creditor fails to reply in writing to the stock affairs agency of the Company before the bond recovery base date stated in the "Notice of Bond Recovery" (In the case of sending the notice in person, it will be deemed to be delivered upon being sent to the target place; in the case of sending notice by mail, the postmark date will be deemed to be the delivered date), the Company shall recover the convertible corporate bonds held by the creditor in cash at the par value of bonds within five business days after the bond recovery base date.

(IV) If the Company executes the recovery request, the deadline for the bondholder to request conversion shall be the second business day after the termination of being listed on TPEx of the convertible corporate bonds.

XX. All of the convertible corporate bonds recovered (including those redeemed from securities dealer’s business place), repaid or converted by the Company shall be canceled and shall not be sold or issued again. The conversion rights attached thereto shall be forfeited.

XXI. The convertible corporate bonds and the common shares issued through conversion are registered. The transfer, registration of changes, pledge and loss of the bonds shall be handled in accordance with the "Guidelines for the Handling of Shares of Companies Offering Shares to the Public" and the relevant provisions of the Company Act. Other tax matters shall be handled in accordance with the provisions of the tax law at that time.

XXII. Bank SinoPac Co., Ltd. is the trustee of the bondholders of the convertible corporate bonds, and exercises the powers and responsibilities of checking and supervising the Company's performance of the issuance of the convertible company bonds on behalf of the bondholders. Whether subscribed at the time of issuance or purchased in the interim, all bondholders holding the convertible corporate bonds agree to the provisions of the entrustment agreement between the Company and the trustee, the rights and obligations of the trustee as well as the issuance and conversion method, and entrust the trustee full agency in respect of the entrusted matters. Such entrustment cannot be revoked in the interim, and the contents of the entrustment agreement can be consulted by the bondholder at the Company or the trustee's business place at any time during business hours.

XXIII. The entrustment for the convertible corporate bonds shall be handled by the stock affairs agency of the Company, including the repayment of principal and interest and conversion matters.

XXIV. No physical bonds shall be printed for the issuance of convertible corporate bonds in accordance with Article 8 of the Securities and Exchange Act.

XXV. Any matters not covered in this Measures for the Issuance and Conversion of the Convertible Corporate Bonds shall be handled in accordance with relevant laws and regulations.

VIII. Implementation of capital utilization plan:

(I) Contents of the plan: As of the quarter prior to the date of publication of the annual report, the previous issuance or private placement of securities that have not been completed, or completed within the last three years, without the benefits of the plan shown:

■ Proposal of issuance of common shares through cash capital increase in 2021

I. Plan contents before change

(1) Approval date and document number of the competent authority: Letter Jin-Guan-Zheng-Fa-Zhi No. 1100346311 on June 17, 2021.

(2) Total fund required for the plan: NT$1,008,000,000.

(3) Source of funds: issuance of 36,000,000 new shares through cash capital increase, with a par value of NT$10 per share and issue price of NT$14 per share. A total amount of NT$ 504,000,000 was raised.

(4) Planned items and estimated progress of capital utilization

Unit: NT$ 1,000

Planned items	Scheduled completion date	Total funds required	Estimated progress of capital utilization
			The third quarter of 2021
Re-investment in subsidiaries	The third quarter of 2021	313,940	313,940
Repay bank borrowings	The third quarter of 2021	162,500	162,500
Replenish working capital	The third quarter of 2021	27,560	27,560
Total		504,000	504,000

As for the re-investment in subsidiaries, the Company reinvests in a 100% shareholding subsidiary, New Lucky Lines S.A., which in turn re-invests in a 100% shareholding sub-subsidiary, Franbo Legacy Limited. The estimated investment amount is US$11,000,000, equivalent to NT$ 313,940,000, based on the exchange rate of 28.54:1 between NT$: US$. The above-mentioned sub-subsidiary's capital utilization plan is as follows:

Unit: NT$1,000

Types of company	Planned items	Total funds required (Note 1)	
		NT$	US$
Franbo Legacy Limited (Note 2)	Purchase a general bulk ship with a deadweight tonnage of 16,934 tons	285,400	10,000
	Operate turnover funds	28,540	1,000
Total		313,940	11,000

Note 1: Temporarily converted at the exchange rate of 28.54:1 for NT$: US$.

Note 2: The estimated reinvestment amount is US$11,000,000, among which there is US$10,000,000 used for purchasing the existing ships and US$1,000,000 for the operating turnover of the sub-subsidiaries.

(5) Expected possible benefits

①Re-investment in subsidiaries

Among the raised funds, it is expected that NT$ 313,940,000 (equivalent to approximately US$11,000,000, at an exchange rate of 28.54) will be re-invested in the subsidiary, New Lucky Lines S.A., which will reinvest in the sub-subsidiary, Franbo Legacy Limited to purchase a second-hand general bulk ship with a deadweight tonnage of 16,954 tons. After the new ship was delivered in August 2021, it is estimated that the reinvestment incomes in Franbo Legacy Limited from

2021 to 2032 will be recognized as NT$ 6,688,000, NT$ 12,298,000, NT$ 2,034,000, NT$ 12,935,000, NT$ 12,640,000, NT$ 13,573,000, NT$ 14,055,000, NT$ 3,795,000, NT$ 13,363,000, NT$ 13,078,000 and NT$ 12,657,000, respectively. (Estimated at the exchange rate of 28.54:1 for NT$: US$)

②Repay bank borrowings

Among the raised funds, it is expected that NT$162,500,000 will be used to repay bank borrowings. By calculating based on the interest rate of the bank borrowings to be repaid, it is expected to save interest expenses of approximately NT$1,419 in 2021, and approximately NT$3,403,000 per year thereafter, as well as improve the financial structure, reduce dependence on banks and increase the flexibility of capital procurement.

③Replenish working capital

Among the raised funds, it is expected that NT$27,560,000 will be used to replenish the working capital. If the cash capital increase is not handled this time, the working capital gap must be injected by borrowing from financial institutions. Based on the average interest rate of 2.14% of short-term loans in the financial statements in the first quarter of 2021 of the Company, it is expected to save the interest expenses of approximately NT$246,000, and NT$590,000 per year thereafter.

II. Plan contents before change

(1) Total fund required for the plan: NT$1,008,000,000.

(2) Source of funds: issuance of 36,000,000 new shares through cash capital increase, with a par value of NT$10 per share and issue price of NT$28 per share. A total amount of NT$ 1,008,000,000 was raised.

(3) Reasons for changing the plan

For the total amount of funds required by this plan of the Company, because in terms of cash capital increase, the price per share was raised from the tentative NT$14 per share to the actual NT$28 per share during raising, the total amount of funds for this plan increased from NT$504,000 at the time of declaration to NT$1,008,000 at the completion of the actual fund raising. Therefore, the Company increased the plan items to repay bank borrowings and replenish working capital. However, considering the efficiency of the use of funds under the original capital increase plan, to avoid idle funds, improve the efficiency of the use of funds and protect stockholders' equity, and meet the Group's overall fleet operation plan, as the Group mainly operates bulk shipping business and the ships in its fleet are mainly lightweight ships, the Company increased the plan for re-investing NT$323,176,000 in sub-subsidiary to purchase two new (Handysize) bulk ships with DWT 40,000 tons, in addition to increasing the plans for repaying bank borrowings of NT$122,245,000 and repaying the borrowings of subsidiaries of NT$55,720,000. As a result, in addition to expanding the scale of fleet operation, by making the ships' age younger, the Group is able to provide stable and efficient services to meet customer needs, and lightweight ships are easy to repair, thus further enhancing the Group's operating efficiency and profitability. For the reasons mentioned above, the Company will make appropriate use of the total funds raised and change the use of funds in the original cash capital increase plan.

According to the above mentioned, the planned amounts of repayment of bank borrowings, repayment of subsidiaries' borrowings, replenishment of working capital and reinvestment in subsidiaries increased by NT$ 122,245,000, NT$55,720,000,

NT$10,399,000 and NT$315,696,000 respectively. Therefore, the adjustment amounts of individual items of the original fund raising plan have reached the requirements of handling the change matters of the plan specified in Subparagraph 9, Paragraph 2 1, Article 9 of the "Guidelines for the Treatment of Issuers Offering and Issuing Securities" and requirements of the change of the fund raising plan specified in Article 3 of the "Notes on Plan Changes for Public Offering Companies Cash Capital Increase or Issuing Corporate Bonds". And the amendments to the planned items have been approved by resolution of the Board of Directors' meeting on August 4, 2021, and entered into the information reporting website designated by the FSC on the day when the changes are approved by resolution of the Board of Directors' meeting. In addition, it is proposed to report it to the Shareholders' Meeting for subsequent confirmation on May 26, 2022.

(4) Plan items and estimated progress of capital utilization:

Unit: NT$ 1,000

Planned items	Scheduled completion date	Total funds required	Estimated progress of capital utilization
			The third quarter of 2021
Repay bank borrowings	The third quarter of 2021	284,745	284,745
Repay subsidiaries' borrowings	The third quarter of 2021	55,720	55,720
Replenish working capital	The third quarter of 2021	37,899	37,899
Re-investment in subsidiaries	The third quarter of 2021	629,636	629,636
Total		1,008,000	1,008,000

As for the re-investment in subsidiaries, the Company reinvests in a 100% shareholding subsidiary, New Lucky Lines S.A., which in turn re-invests in 100% shareholding sub-subsidiaries, Franbo Legacy Limited, Franbo Ace Limited (tentative) and Franbo Art Limited (tentative). The estimated re-investment amount is NT$306,460,000 (US$11,000,000), NT$161,588,000 (US$5,800,000) and NT$161,588,000 (US$5,800,000), respectively, and the estimated total investment amount is US$22,600,000, equivalent to NT$ 629,636,000 based on the exchange rate of 27.86:1 between NT$: US$. The above-mentioned sub-subsidiaries' capital utilization plan is as follows:

Unit: NT$1,000

Types of company	Planned items	Total funds required (Note 1)	
		NT$	US$
Franbo Legacy Limited (Note 2)	Purchase a general bulk ship with a deadweight tonnage of 16,934 tons	278,600	10,000
	Operate turnover funds	27,860	1,000
Franbo Ace Limited (Note 3)	Purchase a general bulk ship with a deadweight tonnage of 40,000 tons	160,195	5,750
	Operate turnover funds	1,393	50
Franbo Art Limited (Note 3)	Purchase a general bulk ship with a deadweight tonnage of 40,000 tons	160,195	5,750
	Operate turnover funds	1,393	50
Total		629,636	22,600

Note 1: Temporarily converted at the exchange rate of 27.86:1 for NT$: US$.

Note 2: The estimated reinvestment amount is US$11,000,000, among which there is US$10,000,000 used for purchasing the existing ships and US$1,000,000 for the operating turnover of the sub-subsidiaries.

Note 3: The estimated reinvestment amount is US$5,800,000, among which there is US$5,750,000 used for signing contract amount, 20% of the new ship purchase cost of US $28,750,000, and US$50,000 for the operating turnover; The remaining 20% of the construction cost of the ship, US$5,750,000 will be paid in accordance with the progress of the construction of the ship, which will be paid by the

Company through bank borrowings and its own funds, and 60% balance will be paid by bank mortgage loans.

(5) Expected possible benefits

①Repay bank borrowings and subsidiaries' borrowings

Part of the funds raised at this time will be used to repay the bank borrowings of NT$284,745,000. By calculating based on the interest rate of the bank borrowings to be repaid, it is expected to save interest expenses of approximately NT$2,568 in 2021, and approximately NT$6,163,000 per year thereafter, as well as improve the financial structure, reduce dependence on banks and increase the flexibility of capital procurement.

For the item of this change plan, the Company will additionally repay the subsidiary's borrowings amounting to NT$ 55,720,000 (US$2,000,000). According to the borrowing contract signed with the subsidiary New Lucky Lines S.A. on August 7, 2020, the total borrowings is US$6,000,000, and the balance that the Company can allocate actually is US$2,323,000. Therefore, for the item of this change plan, the Company will repay the subsidiary's borrowings of US$2,000,000 (equivalent to NT$55,720,000), to improve the financial structure and increase the flexibility of capital procurement.

②Replenish working capital

Replenishing working capital, it is changed from NT$ 27,560,000 under the original plan to NT$ 37,899,000. Based on the average interest rate of 2.14% of short-term loans in the financial statements in the first quarter of 2021 of the Company, it is expected to save the interest expenses of approximately NT$92,000, and NT$221,000 per year thereafter. It is expected that the possible interest expenses may be reduced, which can prevent the interest expenses influencing the Company's profits and strengthen the Company's financial structure, so that the Company's benefits should be reasonable.

③Re-investment in subsidiaries

The Company reinvests in a 100% shareholding subsidiary, New Lucky Lines S.A., which in turn invests in its 100% shareholding sub-subsidiaries, Franbo Legacy Limited, Franbo Ace Limited (tentative) and Franbo Art Limited (tentative). The estimated investment amounts are NT$306,460,000 (US$11,000,000), NT$161,588,000 (US$5,800,000) and NT$161,588,000 (US$5,800,000), respectively, and the estimated total investment amount is US$22,600,000, equivalent to NT$629,636,000 based on the exchange rate of 27.86:1 between NT$: US$.

Among the raised funds, it is expected that NT$306,460,000 (equivalent to approximately US$11,000,000, at an exchange rate of 27.86) will be re-invested in New Lucky Lines S.A., which will reinvest in the sub-subsidiary, Franbo Legacy Limited, to purchase a second-hand general bulk ship with a deadweight tonnage of 16,954 tons. After the new ship was delivered in August 2021, it is estimated that the reinvestment incomes in Franbo Legacy Limited from 2021 to 2032 will be recognized as NT$ 6,529,000, NT$ 12,005,000, NT$ 1,986,000, NT$ 12,627,000, NT$ 12,339,000, NT$ 13,250,000, NT$ 13,721,000, NT$ 3,705,000, NT$ 13,045,000, NT$ 12,766,000, NT$ 12,355,000 and NT$11,652,000, respectively.

Among the raised funds, it is expected that NT$ 161,588,000 (equivalent to approximately US$5,800,000, at an exchange rate of 27.86) will be re-invested in the subsidiary, New Lucky Lines S.A., which will in turn reinvest such funds in the new sub-subsidiary, Franbo Ace Limited to purchase a newly-built general bulk ship with a deadweight tonnage of 40,000 tons. Among such reinvestment funds, US$5,750,000 is taken as the signing contract amount, 20% of the new ship purchase cost of US $28,750,000, and US$50,000 taken as the operating turnover; The remaining 20% of the construction cost of the ship, US$5,750,000 will be paid in accordance with the progress of the construction of the ship, which will be paid by the Company through bank borrowings and its own funds, and 60% balance will be paid by bank mortgage loans. After the new ship is delivered in April 2023, it is estimated that the reinvestment incomes in Franbo Ace Limited from 2023 to 2033 will be recognized as NT$32,516,000, NT$44,661,000, NT$45,894,000, NT$47,816,000, NT$37,678,000, NT$53,873,000, NT$53,889,000, NT$53,889,000, NT$53,124,000, NT$41,800,000 and NT$52,063,000, respectively. (Estimated at the exchange rate of 28.03:1 for NT$: US$)

Among the raised funds, it is expected that NT$ 161,588,000 (equivalent to approximately US$5,800,000, at an exchange rate of 27.86) will be re-invested in the subsidiary, New Lucky Lines S.A., which will in turn reinvest such funds in the new sub-subsidiary, Franbo Art Limited to purchase a newly-built general bulk ship with a deadweight tonnage of 40,000 tons. Among such reinvestment funds, US$5,750,000 is taken as the signing contract amount, 20% of the new ship purchase cost of US $28,750,000, and US$50,000 taken as the operating turnover; The remaining 20% of the construction cost of the ship, US$5,750,000 will be paid in accordance with the progress of the construction of the ship, which will be paid by the Company through bank borrowings and its own funds, and 60% balance will be paid by bank mortgage loans. After the new ship is delivered in May 2023, it is estimated that the reinvestment incomes in Franbo Art Limited from 2023 to 2033 will be recognized as NT$31,705,000, NT$44,179,000, NT$45,414,000, NT$47,336,000, NT$37,197,000, NT$52,658,000, NT$53,889,000, NT$53,889,000, NT$53,124,000, NT$41,800,000 and NT$52,343,000 respectively. (Estimated at the exchange rate of 28.03:1 for NT$: US$)

III. Implementation

Unit: NT$ 1,000

Planned items	Implementation			Progress ahead or behind, reasons and improvement plan
Repay bank borrowings	Expenditure amount	Planned	284,745	This fund raising plan was completed in the third quarter of 2021 as planned and the raised funds were used to repay borrowings from banks and subsidiaries. Due to the fluctuation of the exchange rate between the New Taiwan Dollar and the U.S. Dollar, the repayment of borrowings from subsidiaries resulted in NT$ 55,611,000 recorded, which was slightly lower than the original estimate of NT$ 55,720,000. The two plan items were completed in the third quarter of 2021 according to the original plan.
		Actual	284,745	
	Implementation progress (%)	Planned	100.00	
		Actual	100.00	
Repay subsidiaries' borrowings	Expenditure amount	Planned	55,720	
		Actual	55,611	
	Implementation progress (%)	Planned	100.00	
		Actual	99.80	
Replenish working capital	Expenditure amount	Planned	37,899	For the fund raising item of this plan, the part for replenishing the working capital was originally planned to be completed in the third quarter of 2021. However,
		Actual	40,423	
	Implementation	Planned	100.00	

Planned items	Implementation			Progress ahead or behind, reasons and improvement plan
	progress (%)	Actual	106.65	because some of the funds were generated in the fourth quarter of 2021 and the first quarter of 2022, actual implementation of the plan was delayed. The item was completed in the first quarter of 2022.
Re-investment in subsidiaries	Expenditure amount	Planned	629,636	This fund raising plan was completed in the third quarter of 2021 as planned. Due to the fluctuation of the exchange rate between the New Taiwan Dollar and the U.S. Dollar, the repayment of borrowings from subsidiaries resulted in NT$629,297,000 recorded, which was slightly lower than the original estimate of NT$629,636,000.This plan item was completed in the third quarter of 2021 as originally scheduled.
		Actual	629,297	
	Implementation progress (%)	Planned	100.00	
		Actual	99.95	
Total	Expenditure amount	Planned	1,008,000	This fund raising plan was completed in the first quarter of 2021.
		Actual	1,010,076	
	Implementation progress (%)	Planned	100.00	
		Actual	100.20	

As of the first quarter of 2022, the fund-raising plan of the Company has entered the fund utilization situation into the Market Observation Post System quarterly according to the regulations, and all the plan items have been completed without any major abnormal situation.

IV. Benefit evaluation

(1) Repay borrowings (repay borrowings from bank and subsidiaries):

The Company raised and issued cash capital increase in 2021 to issue common shares to repay the bank borrowings of NT$284,745,000 and the subsidiary borrowings of NT$55,720,000. The details of the expected repayment and actual repayment of the borrowings are as follows:

Repay bank borrowings

Unit: NT$ 1,000

Lending institutions	Interest rate (%)	Original line contract commencement date	Term of contract (Note)	Usages of original loans	Time point of starting use	Original loan balance	Proposed repayment amount	Actual repayment amount 2021 The third quarter
Taiwan Cooperative Bank-Taisun Branch	1.885	2017/12/21~2018/12/21	2020/10/28~2021/10/28	Operate turnover funds	2020/10/28	50,000	50,000	50,000
	1.885	2014/7/29~2015/7/29	2020/9/24~2021/9/24		2020/9/24	20,000	20,000	20,000
E.SUN BANK-Kaohsiung Branch	2.010	2014/8/19~2015/8/19	2020/7/2~2021/7/2		2020/10/20	10,000	10,000	10,000
Taiwan Enterprise Bank-Renda Branch	2.080	2014/8/27~2015/8/27	2020/10/26~2021/10/26		2020/12/10	20,000	20,000	20,000
CTBC Bank Co., Ltd.-Minzu Branch	1.788	2015/3/31~2016/3/31	2020/8/26~2021/8/26		2020/9/15	10,000	10,000	10,000
Land Bank of Taiwan-Nanzi Branch	1.750	2014/9/25~2015/9/25	2020/11/4~2021/11/4		2020/11/13	30,000	15,500	15,500
Entie Bank-Kaohsiung Branch	3.150	2017/10/27~2018/10/27	2020/9/2~2021/9/2		2021/1/4	20,000	20,000	20,000
Chang Hua Bank-North Kaohsiung Branch	2.210	2014/9/23~2015/9/30	2020/11/27~2021/11/27		2020/12/18	10,000	10,000	10,000
JihSun International Commercial Bank Co., Ltd. -Kaohsiung Branch	2.350	2019/8/20~2020/8/20	2021/3/9~2022/3/9	Operate turnover funds	2021/4/7	10,000	15,000	15,000
					2021/4/28	5,000		
Bank Sinopac-Taipei Branch	2.250	2089/9/11~2020/5/11	2020/5/11~2021/5/11		2018/9/20	160,000	73,000	73,000

Lending institutions	Interest rate (%)	Original line contract commencement date	Term of contract (Note)	Usages of original loans	Time point of starting use	Original loan balance	Proposed repayment amount	Actual repayment amount 2021 The third quarter
The Shanghai Commercial & Savings Bank, Ltd. Qianjin Branch	2.500	2021/3/9~2024/3/9	2021/3/9~2024/3/9		2021/3/9	20,000	20,000	20,000
First Bank-Gangshan Branch	2.200	2020/6/22~2023/6/22	2020/6/22~2023/6/22		2020/6/22	20,000	12,778	12,778
Land Bank of Taiwan-Nanzi Branch	1.750	2019/10/14~2022/10/14	2019/10/14~2022/10/14		2019/10/14	20,000	8,467	8,467
Total							284,745	284,745

Note: This contract period is a new extension of the original contract before the credit line expires. The contract periods listed in the above table are the most recent valid contract periods. The funds can be used within the valid period and the agreed credit line.

The bank borrowings of "Bank Sinopac-Taipei Branch" listed above are used for repaying the following bank borrowings after the appropriation, and the terms of the borrowings are described as follows:

Lending institutions	Interest rate (%)	Original line contract commencement date	Term of contract (Note)	Usages of original loans	Starting point of starting use	Original loan balance	Amount repaid
Entie Bank-Kaohsiung Branch	3.34	2017/10/27-2018/10/27	2017/10/27-2018/10/27	Operate turnover funds	2018/8/21	10,000	20,000
					2018/9/10	5,000	
					2018/9/18	5,000	
Taiwan Cooperative Bank-Taisun Branch	2.05	2017/12/21-2018/12/21	2017/12/21-2018/12/21	Operate turnover funds	2018/4/24	20,000	50,000
					2018/4/25	10,000	
					2018/5/2	20,000	
Taiwan Cooperative Bank-Taisun Branch	2.05	2014/7/29-2015/7/29	2018/7/24-2019/7/24	Operate turnover funds	2018/9/13	20,000	20,000
Taishin International Bank-Chihsien Branch	2.35	2017/9/15-2018/9/15	2017/9/15-2018/9/15	Operate turnover funds	2018/4/17	15,000	15,000
CTBC Bank Co., Ltd.-Minzu Branch	1.9362	2015/3/31-2016/3/31	2018/7/31-2019/7/31	Operate turnover funds	2018/4/16	20,000	20,000
Land Bank of Taiwan-Nanzi Branch	1.9465	2014/9/29-2015/9/29	2017/9/29-2018/9/29	Operate turnover funds	2018/4/16	30,000	30,000
Total						155,000	155,000

Note: This contract period is a new extension of the original contract before the credit line expires. The contract periods listed in the above table are the most recent valid contract periods. The funds can be used within the valid period and the agreed credit line.

Repay subsidiaries' borrowings

Unit: NT$1,000

Lending company	Interest rate (%)	Term of contract	Usages of original loans	Time point of starting use	Original loan amount		Proposed repayment amount		Actual repayment amount The third quarter of 2021	
New Lucky Lines S.A.	-	2020/8/7~ 2025/8/6	Operating turnover	2020/8/24	US$	2,323	US$	2,000	US$	2,000
					Equivalent to NT$	64,719	Equivalent to NT$	55,720	Equivalent to NT$	55,720

Note: The exchange rate of NT$: US$ is estimated at 27.86:1.

The benefits after repayment of the aforesaid borrowings are described as follows:

①Save interest expenses and reduce financial burden

Unit: NT$ 1,000

Quarter / Interest expenses	Pre-financing	After-funding
	The second quarter of 2021	The third quarter of 2021
Interest expense of bank borrowings in the current period	2,184	1,471

After the funds are available in the third quarter of 2021 by issuance of common shares through cash capital increase in 2021, the Company will immediately use the funds raised of NT$340,465,000 to repay borrowings from banks and subsidiaries. As can be seen from the above table, the Company's interest expense after financing in the third quarter of 2021 decreased by NT$713,000 compared to the second quarter of 2021 (before financing). The Company has already had the benefit from actually saving interest expenses related to borrowings, and the benefits of using the previous funds raised for repaying the borrowings from banks and subsidiaries have been achieved.

②Strengthen financial structure and improve debt paying ability

Unit: NT$1,000; %

Year		The second quarter of 2021 (Pre-financing)	The third quarter of 2021 (After-financing)
Basic financial information	Current assets	61,984	249,319
	Current liability	316,709	195,552
	Total liabilities	813,649	618,005
	Business income	16,169	16,194
	Earnings per share (NT$)	0.69	0.69
Financial structure	Ratio of liabilities (%)	33.48	18.41
	Ratio of long-term capital to real estate property, plant and equipment (%)	4,222.87	6,360.85
Debt paying ability	Current ratio (%)	19.57	127.49
	Quick ratio (%)	18.76	126.51

Source: Provided by the Company; standalone financial report made by the Company self

After the funds are available in the third quarter of 2021 by issuance of common shares through cash capital increase in 2021, the Company immediately use part of the funds to repay borrowings from the bank of NT$284,745,000 and borrowings from subsidiaries of NT$55,720,000 in the third quarter of 2021 to reduce the Company's financial burden and improve debt paying ability. Comparing the basic financial data before and after financing, the Company's funds were fully raised and partially used to repay the borrowings from banks and subsidiaries in the third

quarter of 2021. Afterwards, the current liabilities and total liabilities decreased compared with those before financing, and the current assets also increased due to the increase in cash and cash equivalents caused by operating growth and funds raised. With the booming demand for shipping, the business income and earnings per share are stable. In terms of improving the financial structure, the ratio of long-term funds to real estate property, plant and equipment of the Company has increased from 4,222.87% before financing to 6,360.85% after financing, and the debt ratio has decreased to 18.41% after financing compared with that before the financing; In terms of debt paying ability, the current ratio increased from 19.57% before financing to 127.49% after financing, and the quick ratio increased from 18.76% before financing to 126.51% after financing. To sum up, in terms of its financial structure and debt paying ability, all ratios are improved compared with those before financing, which obviously shows that the benefits of these funds raised for repaying bank borrowings have already been achieved.

③Benefits of the original borrowings purpose

Unit: NT$ 1,000

Quarter / Items	2019 The fourth quarter	2020 The first quarter	2020 The second quarter	2020 The third quarter	2020 The fourth quarter	2021 The first quarter	2021 The second quarter
Business income	14,590	14,778	14,358	14,358	16,045	14,444	16,169

Source: Standalone financial report made by the Company self

The original borrowings of the Company were used for the operating turnover of daily expenses, and these borrowings were gradually allocated from the fourth quarter of 2019 to the second quarter of 2021.In terms of the operating income of the Company during appropriation of the original borrowings, the operating incomes of the Company for each quarter from the first quarter of 2020 to the second quarter of 2021 were NT$14,778,000, NT$14,358,000, NT$14,358,000, NT$16,045,000 NT$14,444,000 and NT$16,169,000 respectively.In the second quarter of 2020, due to the gradual slowdown of the epidemic, countries began to actively revitalize their economies and trade, and the transportation industry entered the stage of demand recovery from mid-to-late June. The third quarter is the peak season of cereal products in North America, and the shortage of iron ore stocks in Mainland China drives the demand for iron ore to rise. Therefore, the global transportation demand will be recovered, and the market rebound will be strengthened. An increase in the demolition market is the key, which will be favorable for the market to get better continuously, and the freight rate and chartering amount of bulk ships will be significantly improved. In 2021, the Company benefited from a significant increase in chartering amount after the renewal of the contract. As the traditional off-season in the fourth quarter is not an off-season with an unexpected boom, freight rates continued to soar, and the Company's business income increased slowly, indicating benefits of its original borrowings have been achieved. In order to pay for the funds needed for daily operations, the Company continued to allocate bank borrowings to cope with it, which was necessary and helpful to the overall operation of the Company, with no abnormal issues.

(2) Re-investment subsidiaries

① Franbo Legacy Limited

In August 2021, the Company reinvested in a 100% shareholding subsidiary, New Lucky Lines S.A., which in turn reinvested in its 100% sub-subsidiary, Franbo Legacy Limited, in August 2021, to purchase a 16,954 DWT second-hand general bulk ship. In August 2021, the ship was obtained and delivered for operation, and the re-investment incomes in Franbo Legacy Limited were recognized as NT$36,343,000, NT$269,346,000 and NT$3,700,000 respectively, from 2021 to 2022 and the first quarter of 2023. The achievement rate was 556.64% and 2,243.53%, respectively, compared to the original estimate of NT$6,529,000 and NT$12,005,000, and the achievement rate for the first quarter of 2023 was 745.22%. In 2021, the shipping capacity of each shipping company has been fully provided after countries successively lifted the lockdown for the COVID-19 pandemic in 2021. However, due to the impact of poor container scheduling and the continuous epidemic affecting each continent, all ocean carriers lack cabins, workers, and even ships from time to time. Therefore, the freight rate continued to rise again in late April. The ship was taken over and put into operation in August 2021, and the daily chartering amount on the chartering contract was significantly higher than the original estimated daily chartering amount. The investment benefit of the re-investment subsidiary has been achieved and the profit achievement rate is good. On the whole, the benefit achievement is good, with no major abnormal issues.

Unit: NT$ 1,000

Year	2021 (Note 1)			2022			2023			2024	2025	2026	2027	2028	2029	2030	2031	2032
Items	Expected number	Actual number	Achievement rate	Expected number	Actual number	Achievement rate	Expected number	The first quarter of actual number	Achievement rate	Expected number	Expected number	Expected number	Expected number	Expected number	Expected number	Expected number	Expected number	Expected number
Business income	28,835	58,537	203.01	69,204	209,238	302.35	68,243	15,791	23.14	69,204	69,204	69,204	69,204	68,243	69,204	69,204	69,204	69,204
Business cost	(20,217)	(19,041)	94.18	(48,520)	(63,097)	130.04	(58,211)	9,434	16.21	(49,157)	(50,085)	(49,806)	(50,469)	(59,523)	(51,145)	(51,423)	(51,834)	(52,537)
Business gross profit	8,619	39,496	458.24	20,684	146,142	706.53	10,032	6,357	63.37	20,048	19,119	19,398	18,735	8,720	18,059	17,781	17,370	16,667
Business expenses	(2,090)	(2,955)	141.39	(5,015)	(7,317)	145.91	(5,015)	1,491	29.74	(5,015)	(5,015)	(5,015)	(5,015)	(5,015)	(5,015)	(5,015)	(5,015)	(5,015)
Business gains (A)	6,529	36,541	559.67	15,670	138,825	885.95	5,017	4,866	96.98	15,033	14,105	14,383	13,721	3,705	13,045	12,766	12,355	11,652
Non-business expenditure	-	(198)	(100.00)	(3,664)	130,521	3562.06	(3,031)	(1,166)	38.46	(2,406)	(1,766)	(1,133)	-	-	-	-	-	-
Net profit after tax	6,529	36,343	556.64	12,005	269,346	2243.53	1,986	3,700	186.33	12,627	12,339	13,250	13,721	3,705	13,045	12,766	12,355	11,652

Note: Expected number is converted at the exchange rate of 28.03:1 for NT$.

Note 1: The ship is expected to be delivered and chartered in August 2021, and the ship was actually delivered and chartered in August 2021.

② Franbo Ace Limited

This investment is used to purchase a newly built general bulk ship with a deadweight tonnage of 40,000 tons. It is expected that the ship is fully built in March 2023 and put for operation in April. The ship was actually full built and delivered in March 2023 and a 5-year time charter contract was signed with NS UNITED KAIUN KAISHA, LTD. In the first quarter of 2023, the recognized reinvestment income is NT$3,851 thousand, the original estimate is NT$32,516,000. It is a good achievement.

Unit: NT$ 1,000

Year / Items	2023 (Note 1)			2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
	Expected number	The first quarter of actual number	Achievement rate	Expected number	Expected number	Expected number	Expected number	Expected number	Expected number	Expected number	Expected number	Expected number	Expected number
Business income	101,883	12,703	12.47	135,844	135,844	135,844	133,957	135,844	135,844	135,844	135,844	133,957	135,844
Business cost	(52,584)	(8,778)	16.69	(70,536)	(71,295)	(71,295)	(82,092)	(72,069)	(72,858)	(72,858)	(73,663)	(83,686)	(74,485)
Business gross profit	49,299	3,925	7.96	65,308	64,549	64,549	51,865	63,775	62,986	62,986	62,181	50,271	61,359
Business expenses	(4,731)	(720)	15.23	(6,309)	(6,309)	(6,309)	(6,309)	(6,309)	(6,309)	(6,309)	(6,309)	(6,309)	(6,308)
Business gains	44,568	3,205	7.19	58,999	58,240	58,240	45,556	57,466	56,677	56,677	55,872	43,962	55,051
Non-business expenditure	(10,370)	646	6.23	(12,027)	(9,972)	(7,950)	(5,929)	(807)	-	-	-	-	-
Net profit after tax	34,198	3,851	11.26	46,972	48,268	50,290	39,627	56,659	56,677	56,677	55,872	43,962	55,051

Note: Expected number is converted at the exchange rate of 28.03:1 for NT$.

Note 1: The ship is expected to be delivered and chartered in April 2023, and the ship was actually delivered and chartered in March 2023.

③ Franbo Art Limited

This investment is used to purchase a newly built general bulk ship with a deadweight tonnage of 40,000 tons. It is expected that the ship will be fully built and put into operation in May 2023. The ship was actually fully built and delivered in April 2023 and a 5-year time charter contract was signed with Canfornav Limited. Under the contract, the chartering income is recognized based on the month, and its benefits should be gradually shown.

Unit: NT$ 1,000

Year / Items	2023 (Note 2)	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
	Expected number	Expected number	Expected number	Expected number	Expected number	Expected number	Expected number	Expected number	Expected number	Expected number	Expected number
Business income	90,562	135,844	135,844	135,844	133,957	135,844	135,844	135,844	135,844	133,957	135,844
Business cost	(46,646)	(70,536)	(71,295)	(71,295)	(82,092)	(72,069)	(72,858)	(72,858)	(73,663)	(83,686)	(74,485)
Business gross profit	43,916	65,308	64,549	64,549	51,865	63,775	62,986	62,986	62,181	50,271	61,359
Business expenses	(4,206)	(6,309)	(6,309)	(6,309)	(6,309)	(6,309)	(6,309)	(6,309)	(6,309)	(6,309)	(6,308)
Business gains	39,710	58,999	58,240	58,240	45,556	57,466	56,677	56,677	55,872	43,962	55,051
Non-business expenditure	(7,027)	(12,534)	(10,477)	(8,456)	(6,435)	(2,084)	-	-	-	-	-
Net profit after tax	32,683	46,465	47,763	49,784	39,121	55,382	53,889	53,889	53,124	41,800	52,343

Note: Expected number is converted at the exchange rate of 28.03:1 for NT$.

Note 2: The ship is expected to be delivered and chartered in May 2023, and the ship was actually delivered and chartered in April 2023.

(3) Replenish operating capital:

After the change, the Company plans to use NT$37,899,000 to replenish operating funds. In terms of the financial structure and debt paying ability after the financing, the Company's financing can be used to reduce the interest expenses arising from borrowings due to the demand for funds. In addition, the ratio of long-term funds to real estate property, plant and equipment, the current ratio and quick ratio are significantly improved compared with those before the financing, so the benefits have been achieved.

■ Proposal of issuance of new shares through cash capital increase and the fifth unsecured convertible corporate bonds in Taiwan in 2022

1. Plan content before amendment

(1) Approval date and document number of competent authority Letter Jin-Guan-Zheng-Fa-Zhi No. 1110346749 in June 24, 2022.

(2) Total fund required for the plan: NT$1,806,000,000.

(3) Source of funds:

①Source of funds: issuance of 50,000,000 new shares through cash capital increase, with a par value of NT$10 per share and an issue price of NT$18.28 per share. A total amount of NT$ 914,000,000 was raised.

②The fifth domestic unsecured convertible corporate bonds were issued in a total of 6,000 bonds. The par value per bond is NT$100,000 only, and the total par value issued is NT$600,000,000, with an annual coupon rate of 0% and a 3-year issue period.Bonds are put on public underwriting by competitive auction. The actual issue price is 101% of the par value, and the actual raised amount is NT$606,431,000.

③Bank borrowings or self-owned funds: NT $285,569,000.

(4) Planned projects and estimated progress of capital utilization

Unit: NT$ 1,000

Planned items	Scheduled completion date	Total funds required	Estimated progress of capital utilization	
			The third quarter of 2022	The fourth quarter of 2022
Re-investment in subsidiaries	The fourth quarter of 2022	1,806,000	84,755	1,721,245
Total		1,806,000	84,755	1,721,245

The important contents of this issuance of new shares through cash capital increase and the fifth unsecured convertible corporate bonds in Taiwan have been approved by the resolution of the Board of Directors' meeting of the Company on March 4, 2022, and the issue plan was revised by the Board of Directors' meeting on November 4, 2022. The raised funds will be used to reinvest in 100% shareholding subsidiary, New Lucky Lines S.A., which will in turn reinvest in sub-subsidiaries Franbo Ace Limited (hereinafter referred to as Ace), Franbo Art Limited (hereinafter referred to as Art), Franbo Cosmos Limited (hereinafter referred to as Cosmos), Franbo Century Limited (hereinafter referred to as Century) and Franbo Brave Limited (hereinafter referred to as Brave) in the third and fourth quarters of 2022, respectively, to bear various funds for the newly built general bulk ships with deadweight tonnage of 40,000 tons (one ship for each sub-subsidiary). The expected plan and the progress of capital utilization for New Lucky Lines S.A.'s reinvestment

in Ace, Art, Cosmos, Century and Brave are as follows:

Unit: NT$ 1,000

Planned items		Expected completion date	Expected total amount of reinvestment	Estimated progress of capital utilization	
				The third quarter of 2022	The fourth quarter of 2022
New Lucky Lines S.A. Re-investment in subsidiaries	Ace	The fourth quarter of 2022	593,285 (US$20,125,000)	-	593,285 (US$20,125,000)
	Art		678,040 (US$23,000,000)	84,755 (US$2,875,000)	593,285 (US$20,125,000)
	Cosmos		175,230 (US$5,944,000)	-	175,230 (US$5,944,000)
	Century		175,230 (US$5,944,000)	-	175,230 (US$5,944,000)
	Brave		184,215 (US$6,249,000)	-	184,215 (US$6,249,000)
	Total		1,806,000 (US$61,262,000)	84,755 (US$2,875,000)	1,721,245 (US$58,387,000)

Note: Converted at the exchange rate of 29.48:1 for NT$: US$.

(5) Expected possible benefits

At this time, the Company plans to indirectly reinvest 100% shareholding sub-subsidiaries Ace, Art, Cosmos, Century and Brave by 100% shareholding subsidiary New Lucky Lines S.A. to pay for their respective newly built 40,000 DWT general bulk ships. It is expected that the ships will be completed and delivered in the first-fourth quarters of 2023 and the first quarter of 2024 respectively, and will be operated by chartering after the new ships are delivered one after another. It is estimated that the accumulated recognizable investment incomes from the five newly purchased ships will be NT$2,853,039,000 in 2023-2024. Based on the funds of NT$1,806,000,000 raised by this offering and issuance, the accumulated recognized reinvestment income is estimated to reach NT$2,082,996,000 by 2031, and the capital recovery period of reinvestment will be about 8.00 years.However, the ultimate purpose of this reinvestment is to pay for part of the funds for the construction of ships by sub-subsidiaries. Therefore, based on the total cost of newly built ships calculated, the capital recovery years of each ship are 10.46 years, 10.55 years, 11.44 years, 11.61 years and 11.53 years, respectively.

Reinvestment income recognized by Franbo Lines Corp. through New Lucky Lines S.A

Unit: NT$ 1,000

Re-investment in subsidiaries	Name of ship	2023	2024	2025	2026	2027	2028
Franbo Ace Limited	Franbo Ace	34,198	46,972	48,268	50,290	39,627	56,659
Franbo Art Limited	Franbo Art	32,683	46,465	47,763	49,784	39,121	55,382
Franbo Cosmos Limited	Franbo Cosmos	15,022	42,593	44,016	46,125	35,632	50,671
Franbo Century Limited	Franbo Century	8,129	42,241	43,665	45,774	35,281	49,607
Franbo Brave Limited	Franbo Brave	-	40,561	49,144	50,528	52,637	42,764
Investment income recognized per year		90,032	218,832	232,856	242,501	202,298	255,083
Investment income recognized cumulatively		90,032	308,864	541,720	784,221	986,519	1,241,602

Note: Converted at the exchange rate of 29.48:1 for NT$: US$.

Unit: NT$ 1,000

Re-investment in subsidiaries	Name of ship	2029	2030	2031	2032	2033	2034
Franbo Ace Limited	Franbo Ace	56,677	56,677	55,872	43,962	55,051	55,051
Franbo Art Limited	Franbo Art	56,677	56,677	55,872	43,962	55,051	55,051
Franbo Cosmos Limited	Franbo Cosmos	53,983	53,983	53,214	41,351	53,214	53,214
Franbo Century Limited	Franbo Century	53,983	53,983	53,214	41,351	53,214	53,214
Franbo Brave Limited	Franbo Brave	60,194	60,194	60,194	59,440	47,477	59,440
Investment income recognized per year		281,514	281,514	278,366	230,066	264,007	275,970
Investment income recognized cumulatively		1,523,116	1,804,630	2,082,996	2,313,062	2,577,069	2,853,039

Note: Converted at the exchange rate of 29.48:1 for NT$: US$.

2. Plan content after amendment

(1) Total fund required for the plan: NT$1,806,000,000.

(2) Source of funds:

①Source of funds: issuance of 50,000,000 new shares through cash capital increase, with a par value of NT$10 per share and an issue price of NT$18.28 per share. A total amount of NT$ 914,000,000 was raised.

②The fifth domestic unsecured convertible corporate bonds were issued in a total of 6,000 bonds. The par value per bond is NT$100,000 only, and the total par value issued is NT$600,000,000, with an annual coupon rate of 0% and a 3-year issue period. Bonds are put on public underwriting by competitive auction. The actual issue price is 101% of the par value, and the actual raised amount is NT$606,431,000.

③Bank borrowings or self-owned funds: NT $285,569,000.

(3) Reasons for changing the plan

The Company's cash capital increase for the issuance of new shares and the issuance of the fifth domestic convertible corporate bonds in 2022 was originally planned to be used for re-investment in subsidiaries, and the overall capital utilization was expected to be completed in the fourth quarter of 2022. The war occurred between Russia and Ukraine in 2022, the global inflation rate rose and the U.S. Increased the exchange rate and strengthened the value of the U.S. dollar by raising interest rates to curb inflation. Therefore, in order to prevent the use of funds from failing to achieve the expected benefits, the Company plans to make appropriate use of the total amount raised, and proposes to revise the use of funds in the original capital increase plan, increase the repayment of bank borrowings by NT$ 70,000,000, and reduce the amount of investment in subsidiaries by NT$ 70,000,000, considering improvement of the efficiency of capital use and related timeliness, to protect shareholders' rights and interests, and to coordinate with the overall operational plan of the Group's fleet.

The amended amounts of individual items of the original fund raising plan have not reached the requirements of handling the change matters of the plan specified in Subparagraph 9, Paragraph 1, Article 9 of the "Guidelines for the Treatment of Issuers' Offering and Issuing Securities" and requirements of the change of the fund raising plan specified in Article 3 of the "Notes on Plan Changes for Public Offering Companies' Cash Capital Increase or Issuing Corporate Bonds". However, the amendments to the planned items have been still approved by resolution of the Board of Directors' meeting on November 4, 2022, and entered into the information

reporting website designated by the FSC on the day when the changes are approved by resolution of the Board of Directors' meeting. In addition, it is proposed to report it to the Shareholders' Meeting on June 1, 2023.

(4) Plan items and estimated progress of capital utilization:

Unit: NT$ 1,000

Planned items	Expected completion date	Total amount of funds required	Expected fund utilization after amendment			
			2022		2023	
			The third quarter (actual)	The fourth quarter	The first quarter	The second quarter
Re-investment in subsidiaries New Lucky Lines S.A.	The second quarter of 2023	1,736,000	848,544	311,357	290,509	285,590
Repay bank borrowings	The fourth quarter of 2022	70,000	-	70,000	-	-
Total		1,806,000	848,544	381,357	290,509	285,590

Note: Before the amendment (approved effective version), the exchange rate of the plan was estimated at 29.48; the exchange rate after the amendment is estimated at the actual swap rate, and estimated at 31.75 for those who have not yet settled the purchase.

For this issuance of new shares through cash capital increase and the fifth unsecured convertible corporate bonds in Taiwan, the raised funds will be used to reinvest in 100% shareholding subsidiary, New Lucky Lines S.A., which will in turn reinvest in sub-subsidiaries Franbo Ace Limited (hereinafter referred to as Ace), Franbo Art Limited (hereinafter referred to as Art), Franbo Cosmos Limited (hereinafter referred to as Cosmos), Franbo Century Limited (hereinafter referred to as Century) and Franbo Brave Limited (hereinafter referred to as Brave) in the third and fourth quarters of 2022, respectively, to bear various funds for the newly built general bulk ships with deadweight tonnage of 40,000 tons (one ship for each sub-subsidiary). The expected plan and the progress of capital utilization for New Lucky Lines S.A.'s reinvestment in Ace, Art, Cosmos, Century and Brave are as follows:

Unit: NT$1,000

Planned items		Expected completion date after amendment	Expected capital utilization progress of the plan after amendment:				
			Expected total amount of reinvestment	2022		2023	
				The third quarter (actual)	The fourth quarter	The first quarter	The second quarter
New Lucky Lines S.A. Re-investment in subsidiaries	Ace	The first quarter of 2023	614,687 (USD20,125)	231,220 (USD7,500)	179,214 (USD5,875)	204,253 (USD6,750)	-
	Art	The second quarter of 2023	708,416 (USD23,000)	347,523 (USD11,335)	132,144 (USD4,302)	86,256 (USD2,875)	142,494 (USD4,488)
	Cosmos	2022 The third quarter of 2022	178,442 (USD5,944)	178,442 (USD5,944)	-	-	-
	Century	The second quarter if 2023	185,720 (USD5,944)	91,359 (USD2,972)	-	-	94,361 (USD2,972)
	Brave	The second quarter of 2023	48,735 (USD1,535)	-	-	-	48,735 (USD1,535)
			1,736,000 (USD56,548)	848,544 (USD27,751)	311,357 (USD10,177)	290,509 (USD9,625)	285,590 (USD8,995)

Note: Before the amendment (approved effective version), the exchange rate of the plan was estimated at 29.48. After the amendment, the actual swap rate is estimated at 31.75 for those who have not yet settled the purchase.

(5) Expected possible benefits

①Re-investment in subsidiaries

At this time, the Company plans to indirectly reinvest 100% shareholding sub-subsidiaries Ace, Art, Cosmos, Century and Brave by 100% shareholding subsidiary New Lucky Lines S.A. to pay for their respective newly built 40,000 DWT general bulk ships.

It is expected that the ships will be completed and delivered in the first-fourth quarters of 2023 and the first quarter of 2024 respectively, and will be operated by chartering after the new ships are delivered one after another. It is estimated that the accumulated recognizable investment incomes from the five newly purchased ships will be NT$2,853,039,000 in 2023-2024. Based on the funds of NT$ NT$1,736,000,000 raised by this offering and issuance, the accumulated recognized reinvestment income is estimated to reach NT$1,804,630,000 by 2030, and the capital recovery period of reinvestment will be about 8.00 years. However, the ultimate purpose of this reinvestment is to pay for part of the funds for the construction of ships by sub-subsidiaries. Therefore, based on the total cost of newly built ships calculated, the capital recovery years of each ship are 10.46 years, 10.55 years, 11.44 years, 11.61 years and 11.53 years, respectively. (The exchange rate is estimated at 29.48)

Reinvestment income recognized by Franbo Lines Corp. through New Lucky Lines S.A

Unit: NT$ 1,000

Re-investment in subsidiaries	Name of ship	2023	2024	2025	2026	2027	2028
Franbo Ace Limited	Franbo Ace	34,198	46,972	48,268	50,290	39,627	56,659
Franbo Art Limited	Franbo Art	32,683	46,465	47,763	49,784	39,121	55,382
Franbo Cosmos Limited	Franbo Cosmos	15,022	42,593	44,016	46,125	35,632	50,671
Franbo Century Limited	Franbo Century	8,129	42,241	43,665	45,774	35,281	49,607
Franbo Brave Limited	Franbo Brave	-	40,561	49,144	50,528	52,637	42,764
Investment income recognized per year		90,032	218,832	232,856	242,501	202,298	255,083
Investment income recognized cumulatively		90,032	308,864	541,720	784,221	986,519	1,241,602

Note: Converted at the exchange rate of 29.48:1 for NT$: US$.

Unit: NT$ 1,000

Re-investment in subsidiaries	Name of ship	2029	2030	2031	2032	2033	2034
Franbo Ace Limited	Franbo Ace	56,677	56,677	55,872	43,962	55,051	55,051
Franbo Art Limited	Franbo Art	56,677	56,677	55,872	43,962	55,051	55,051
Franbo Cosmos Limited	Franbo Cosmos	53,983	53,983	53,214	41,351	53,214	53,214
Franbo Century Limited	Franbo Century	53,983	53,983	53,214	41,351	53,214	53,214
Franbo Brave Limited	Franbo Brave	60,194	60,194	60,194	59,440	47,477	59,440
Investment income recognized per year		281,514	281,514	278,366	230,066	264,007	275,970
Investment income recognized cumulatively		1,523,116	1,804,630	2,082,996	2,313,062	2,577,069	2,853,039

Note: Converted at the exchange rate of 29.48:1 for NT$: US$.

②Repay bank borrowings

Planned funds after amendment at this time will be used to repay the bank borrowings of NT$70,000,000. By calculating based on the interest rate of the bank borrowings to be repaid, it is expected to save interest expenses of approximately NT$240,000 in 2022, and approximately NT$1,538,000 per year thereafter, as well as improve the financial structure, reduce dependence on banks and increase the

flexibility of capital procurement.

3. Implementation

Unit: NT$ 1,000

Planned items	Implementation		Accumulated up to the first quarter of 2023	Causes of leading or lagging in progress and improvement plans
Re-investment in subsidiaries New Lucky Lines S.A.	Expenditure amount	Planned	1,450,410	Since the exchange rate of the Taiwan dollar against the US dollar has fallen sharply since 2022, in order to reduce the risk of potential exchange loss, early exchange and remittance were carried out to invest in subsidiaries.
		Actual	1,450,431	
	Implementation progress (%)	Planned	83.55%	
		Actual	83.55%	
Repay bank borrowings	Expenditure amount	Planned	70,000	The bank borrowing has been repaid according to the revised scheduled capital utilization plan, so the plan item has been completed in the fourth quarter of 2022.
		Actual	70,000	
	Implementation progress (%)	Planned	100%	
		Actual	100%	
Total	Expenditure amount	Planned	1,520,410	
		Actual	1,520,431	
	Implementation progress (%)	Planned	84.19%	
		Actual	84.19%	

As of the first quarter of 2023, the fund-raising plan of the Company has entered the fund utilization situation into the Market Observation Post System according to the regulations, and all the plan items have been implemented without any major abnormal situation.

4. Benefit evaluation

(1) Re-investment in subsidiaries

At this time, the Company plans to indirectly reinvest in 100% shareholding sub-subsidiaries, Ace, Art, Cosmos, Century and Brave, through the 100% shareholding subsidiary New Lucky Lines S.A., to pay for the payment that their respective new construction of one general bulk ship with a deadweight tonnage of 40,000 tons, which are expected to be completed in the first to fourth quarters of 2023 and the first quarter of 2024, respectively, and after the new ships are delivered, they will be operated on chartering. The cumulative recognized investment income from the five newly purchased ships is estimated to be NT$2,853,039,000 from 2023 to 2034, which is shown in the following table.

①Franbo Ace Limited

For the benefits of reinvesting in Franbo Ace Limited to build new bulk general cargo ships, please refer to 8. (1) Explanation on the benefits of reinvesting in subsidiaries in 4(2) of 2021 Cash Capital Increase and Issuance of New Shares.

②Franbo Art Limited

For the benefits of reinvesting in Franbo Art Limited to build new bulk cargo ships, please refer to 8. (1) Explanation on the benefits of reinvesting in subsidiaries in 4(2) of 2021 Cash Capital Increase and Issuance of New Shares.

③ Franbo Cosmos Limited, Franbo Century Limited, and Franbo Brave Limited are under construction according to the contract, and are expected to be delivered and put into operation in September 2023, November 2023, and March 2024, respectively.

On the whole, in the company's 2022 annual cash capital increase and the fifth domestic unsecured conversion corporate bond plan, the company's plan to reinvest in subsidiaries to pay for Sun's new 40,000-ton bulk general cargo ship has been implemented according to The progress of the plan is in progress, and its benefits should be gradually revealed.

(2) Repay bank borrowings

The Company's revised plan to raise and issue cash capital increase to issue new shares in 2022 and the fifth domestic unsecured convertible corporate bonds to repay bank borrowings of NT$70,000,000. The expected repayment and actual repayment of the details of borrowings are as follows:

Unit: NT$ 1,000

Lending institutions	Interest rate (%)	Original line contract commencement date	Contract period (Note 1)	Usages of original loans	Original loan balance	Time point of starting use	Proposed repayment amount	Interest expenses that can be saved	
								2022	Subsequent years
Taiwan Cooperative Bank-Taisun Branch	2.065%	2014/7/29~2015/7/29	2020/8/22~2021/8/22	Operate turnover funds	20,000	111/07/05	20,000	64	413
E.SUN BANK-Kaohsiung Branch	2.42%	2014/8/19~2015/8/19	2020/7/18~2021/7/18		10,000	111/07/04	10,000	38	242
CTBC Bank Co., Ltd.-Minzu Branch	2.18%	2015/3/31~2016/3/31	2020/8/2~2021/8/2		20,000	111/01/04	20,000	68	436
Mega - Foreign	2.24%	2021/3/30~2022/3/30	2022/3/30~2023/3/30		20,000	111/09/30	20,000	70	447
Total					70,000		70,000	240	1,538

The benefits after repayment of the aforesaid borrowings are described as follows:

①Save interest expenses and reduce financial burden

Unit: NT$ 1,000

Quarter / Interest expenses	Before repayment of borrowing			After repayment of borrowing
	The first quarter of 2022	The first two quarters of 2022	The third quarter of 2022	The fourth quarter of 2022
Interest expense of bank borrowings in the current period	1,081	867	3,472	3,963
Interest expense growth %	-	(19.80%)	300.46%	14.14%

The Company immediately used the capital raised to repay the bank borrowing in the amount of NT$70,000,000, after the Board of Directors reviewed and approved the amended capital plan and progress on November 4, 2022.As shown in the above table, the Company's interest expense after the capital raising decreased by NT$240 thousand in the first quarter of 2023 compared to the fourth quarter of 2022 before the capital raising, which is the benefit of actual savings in interest expense related to the borrowing, indicating that the benefit of the previous capital raising for repayment of bank borrowings has been demonstrated.

②Strengthen financial structure and improve debt paying ability

Unit: NT$1,000; %

Year		The third quarter of 2022 (Before repayment of borrowing)	The fourth quarter of 2022 (After repayment of borrowing)
Basic financial information	Current assets	230,000	120,000
	Current liability	2,189	2,190
	Total liabilities	20,240	19,700
	Business income	252,429	141,890
	Earnings per share (NT$)	1,555,692	1,631,828
Financial structure	Ratio of liabilities (%)	16.22%	8.69%
	Ratio of long-term capital to real estate property, plant and equipment (%)	23.58%	23.42%
Debt paying ability	Current ratio (%)	11,484.68	11,414.45
	Quick ratio (%)	130.68	45.41

Information source: The Company's self-closing individual financial report

After the company's 2022 cash capital increase and issuance of new shares and the fifth domestic unsecured conversion corporate bond fund utilization plan were reviewed and approved by the board of directors on November 4, 2022, the raised funds of 70,000,000 yuan will be used to repay bank loans. After the debt, the ratio of total bank loans to total liabilities on December 31, 2022 has dropped significantly from 16.22% on September 30, 2022 to 8.69%, which has greatly reduced the bank's dependence. It is obvious that the company's repayment of bank loans has shown benefits.

In terms of financial structure, the company's debt ratio decreased slightly

from 23.58% before financing to 23.42% after financing; the ratio of long-term funds to real estate, plant and equipment decreased slightly from 11,484.68% before financing to 11,414.45% after financing. The company will issue 400 million yuan of 3-year ordinary corporate bonds in 2020, which will mature in November 2023, and will be classified as "long-term loans due within one year or within one business cycle" in the financial statements of the fourth quarter of 2022 As a result of the significant decrease in long-term liabilities, the benefits of the company's repayment of bank loans to improve its financial structure have emerged.

In terms of solvency, the company's current ratio dropped from 130.68% before financing to 45.41% after financing, and the quick ratio dropped from 130.47% before financing to 45.30% after financing, mainly due to the cash capital increase in 2022 Funds for the plan to issue new shares and unsecured convertible corporate bonds were in place in the third quarter of 2022, but the funds have not been used according to the plan, resulting in a substantial increase in cash and equivalent cash balances in this quarter, resulting in a substantial increase in the current ratio and quick ratio. However, looking back to the previous quarter, the current ratio on June 30, 2022 was 48.17%, and the quick ratio was 47.97%, both slightly higher than the ratio after debt repayment, mainly for the 3-year ordinary company that issued 400 million yuan in 109 The debt will be due in November 2023, and it will be classified as "long-term borrowings due within one year or within one business cycle" in the financial statements of the fourth quarter of 2022, resulting in a substantial increase in current liabilities. However, the ratio of the two periods is still No major differences.

On the whole, the benefits of the company's 2022 cash capital increase and new share issuance and the fifth domestic unsecured conversion corporate bond fund utilization plan for repaying bank loans have emerged.

Five. Operating Profile

I. Business content

(I) Scope of business

1. Main contents of the business:
   (1) Shipping agent.
   (2) Ocean freight forwarder.
   (3) Other consultation services.
2. Various products and operating proportion (consolidated statements):

Unit: NT$ 1,000

Year / Product items	2021		2022	
	Sales amount	Operating proportion	Sales amount	Operating proportion
Operating charter income	1,218,796	99.40	1,364,588	93.02
Financing charter income	5715	0.47	83,995	5.73
Customer contract income	1,628	0.13	18,366	1.25
Total	1,226,139	100.00	1,466,949	100.00

3. The current products (services) items of the Company:

The Company is mainly engaged in operating and contracting bulk cargo transportation services, and its mode of operation is mainly long and short term time-based chartering, mileage-based chartering and bareboat chartering in cooperation with charterers. The advantage of short-term chartering is that active market trading can be maintained and the amount for chartering can be adjusted timely. While the advantage of long-term time-based chartering mode is that the relationship with existing renters can be kept and efficient and stable chartering services can be provided.As of the date of publication of the annual report, there are 16 ships in total owned by the Company and its reinvestment companies.Among them, seven ships are operated on long-term time-based chartering or short-term (less than one year) time-based chartering, and nine are operated on bareboat chartering, which helps to reduce the overall operating costs as they no longer bear any responsibilities and expenses.The bulk transportation of self-operated ships is mainly based on mass transport such as steel, wood, chemical products and hardware machinery, etc. The main operating routes are mainly in Asia and the Pacific regions such as Taiwan, Southeast Asia and New Guinea.Term charter routes are spread all over the world, mainly in Europe, the United States, the Middle East, India, Africa and Southeast Asia, and the charterer's main operating routes have covered the whole world.

4. Products (services) to be developed:

The Company continues to replace energy-saving ships built in Japan with new ones, which not only meets environmental regulations and responds to the trend of green transportation, but also reduces fuel expenses in charterers' operating costs and enhances the competitiveness of the fleet. The Group will continue to increase the deadweight tonnage of

its fleet, strengthen safety management and risk control, improve the quality of ship management and continue to develop quality charterers. The Franbo fleet is mainly Handysize ships. The ships are mainly in the niche market for bulk and general cargo dual-purpose type, double deck type and heavy crane machinery, mainly for transporting equipment and large KEY PART. Based on the diversified business philosophy of reducing single market risk and developing diversified markets to obtain greater market benefits, the Company excepts to continue to strengthen its core competitiveness in the Asia-Pacific region, and starts to develop the global bulk shipping market, and enters the goal of globalization and diversified operation with the minimum risk operation mode.

(II) Industry profile

1. Status and development of industry:

In 2022, the outbreak of the Russo-Ukrainian War caused geopolitical tensions between the two countries, and the global food supply and demand pattern has been affected as both Russia and Ukraine are major food exporters. At the same time, the real estate market in China suffered an unprecedented crisis last year, which greatly affected the Capesize bulk ship market, while the energy crisis pushed up the volume of coal and the freight price of Panamax ships. In spite of the macro-economic and geopolitical challenges, the volume of dry bulk cargo volume has remained largely stable over the past two years. Cargo volume of dry bulk in the third quarter of 2022 was boosted by the restart of the Black Sea "Food Corridor", but the prices of Supramax and Handysize ships remained weak. In the coming year, the growth rate of the Chinese economy will be an important factor affecting the demand for mass bulk commodities.According to data from the National Bureau of Statistics, the annual gross domestic product (GDP) in 2022 reached NT$121 trillion, an increase of 3.0% over the previous year. Wen Pin, the Chief Economist of China Minsheng Bank said that overall, China's economic operation would face more shocks in 2022, and the 3% growth rate is still relatively fast compared to other major economies. Based on the data from Signal Ocean, we have studied the trend of the freight fee market and dry bulk cargo flow of goods traffic on some routes over the past two years. The results show that the demand for Capesize and Panama ships were extremely high in 2021, and the demand for small ships seems to have entered a downward cycle in 2022. The first quarter of 2023 shows that the surge in COVID-19 cases in China will obviously pose a new threat to the global economy and the demand for seaborne iron ore. At present, the ballast speed of dry bulk ships has dropped to the lowest level since 2020.

(1) Shipping industry:

Marine transportation refers to the use of ships to transport goods between ports of different countries and regions through sea lanes. It is widely used in international cargo transportation and is the most important mode of transportation internationally.The maritime industry can be divided into container shipping (5%) and bulk shipping (95%) depending on the cargo items and ship equipment, and container shipping is mainly for the transportation of finished and semi-finished industrial products, and its routes are

mainly regular ocean line routes; while bulk shipping is mainly for the transportation of large volume and difficult packaging of industrial raw materials and livelihood materials, such as cement, iron ore, coking coal, fire barrier coal and grain. Because each voyage of bulk shipping depends on the mass bulk cargoes to be chartered, with the adjustment of the production volume, price and seasonal changes of mass materials in various exporting countries, bulk shipping has no fixed shipping schedule and sailing route.

Bulk shipping industry characteristics

Types of freight	Form of shipping	Main ship types	Cargo carried
Container	Regular	Full Container Semi-Container ConvertibleContainer Combination Container	Dry container: general cargo Heavy cargo containers: overall machinery, steel materials Frozen/refrigerated containers: food Flat container: steel, cable, glass, wood, barreled liquid Car container: small vehicles Liquid containers: chemicals, paper pulp, grease, etc. Bulk container: bulk goods Livestock containers: animal livestock
Bulk ship	Irregular	Capesize Handysize Supramax Panamax	Capesize: coal mine, iron mine Panamax: grain, iron ore, coal, bauxite Handysize: small grains, coal, bauxite, but mainly secondary bulk goods, magnesium ore, copper ore, nickel ore, sulfur, cassava powder, crude sugar, potassium sulfonate, salt, cement, gypsum, etc.

Information Source: Shipping Operations and Management, data collection of Taiwan Institute Economic Service.

Bulk ships can be divided into four major categories, including Capesize, Panamax Supramax and Handysize, depending on their carrying capacity, and each ship type is weighted by the freight rates of several typical routes to produce four indexes, including BCI, BPI, BSI and BHSI, which represent the average freight rates of this ship type. The BDI (Baltic Dry Index) is calculated by the BCI (40% weighting), BPI (30% weighting) and BSI (30% weighting) of the Baltic Shipping Exchange, and is used to represent the supply and demand in the spot market in the bulk shipping market and to reflect the global bulk shipping boom. Therefore, the BDI can be regarded as the leading economic indicator.

In general, the BHSI tariffs are less representative of the overall market because small ships carry a wide range of cargo types and some types of cargo may have special requirements for ship specifications, so the difference of tariffs significantly.

Classification of bulk ship types and characteristics

Bulk ship type	Capesize	Panamax	Supramax	Handysize
Load capacity	110,000+	67-109,999	50-66,999	26-49,999
Mainly carrying cargo	Coal, iron ore	Bulk materials such as grains, coal, ore, and various industrial raw materials, etc.	Bulk materials such as grains, coal, ore, and various industrial raw materials, etc.	Grain, steel, fertilizer, cement, wood, wood chips and paper pulp, etc.
Shipping price index	BCI	BPI	BSI	BHSI

(2) Industry profile of the Company:

Looking back at the chartering amount quotation of the overall maritime market in 2022; according to the Clarkson Seaborne Index, the average value rose to US$ 37,253 per day, a 30% increase compared to the average level in 2021. This is the best income level of the composite index since records began in 1990. In the first half of 2022, most of the market segmentation returns are still at a high level, and the favorable factors brought about by the "Russia-Ukraine conflict" continue to drive the energy transportation related markets, and the spot freight fee and chartering amount for crude oil ship, product ship, LNG tanker and LPG tanker increased further in the second half of the year. According to Clarkson's statistics, the average one-year time chartering amount of 174K m3 LNG ships in 2022 was as high as US$ 170,000/day.

As the global macro-economic "headwinds" intensify, the Russia-Ukraine conflict aggravates inflation, and major economies raise interest rates sharply, the economies of developing countries are hit hard, and the expectation of the global economic recession strengthens, so market institutions further lower their forecasts of global GDP growth. At present, it is generally expected that the global economic growth rate will slow down to 0.5%-3.5% in 2022, and it will further slow down to 1.5%-2.5% in 2023. The possibility of an economic "low situation" will increase. The shipping trade in 2022 is the same as that in 2021, and the total freight volume has not fully recovered from the impact of the epidemic. Clarkson counted that the global shipping trade volume in 2022 was 12 billion tons, still slightly lower than the pre-epidemic level.The trade of major bulk goods in the subdivided goods has dropped significantly, with the trade of small bulk goods decreasing by 57 million tons, the trade of iron ore decreasing by 29 million tons and the trade of grain decreasing by 18 million tons; in addition, due to the shift of European and American consumer demand for goods to service, bulk goods decreased by 34 million tons; energy commodity trade has become a bright spot, with crude oil and refined oil trade increasing by 95 million tons and 23 million tons respectively, and LNG trade increasing by 18 million tons.

In supply and demand of ships, the overall fleet growth rate further slowed down, and the dismantling volume reached the lowest level in the past 14 years. Clarkson counted that the global fleet growth rate in 2022 was 3.1%, and the growth rate of other major ship types remained at a low level except for LPG ships which increased by 7%.Compared with 2021, the delivery of new ships decreased slightly, and only 356 ships were dismantled in the same period, setting the lowest single-year dismantling volume since 2008.Among them, there are only 8 container ships, all of which are small bulk ships below 6000TEU.With regard to new ship orders, Clarkson counted the number of new shipbuilding orders for the whole of 2022 as 1,384, equivalent to 42.78 million Compensated Gross Tonnage.Orders for LNG carriers hit a record high. Orders for container ships and automobile carriers continued to be hot, while orders for oil tankers hit a record low. Orders for bulk carriers were relatively weak.At present, LNG

ship orders account for nearly 50% of the fleet, and the delivery volume will increase year by year from 2024.Large bulk ships will also usher in centralized delivery.

As for the impact of environmental protection on shipping, due to the increase in the use of alternative fuels and the expansion of the economic impact of environmentally friendly ship types, Clarkson counted that the proportion of alternative fuel orders in total orders in the same period in 2022 increased to 64% (calculated based on Compensated Gross Tonnage). The trend that freight of different types of ships shows "stratification" continues, and the "premium" of freight and amount for chartering of "environment-friendly" ships is obvious. For the "X" factors, such as the entry into force of environmental protection laws and regulations, the impact of low capacity efficiency and the increase of extra costs, the shipping industry has been accelerating the green transformation. Since January 2023, the carbon emission laws and regulations EEXI/CII have come into effect, so it is necessary to pay continuous attention to the impact of low capacity efficiency. Clarkson makes a preliminary analogy of two scenarios of capacity impact, drawing a conclusion that the impact of CII on potential active capacity absorption of container ships in 2023 accounts for 1.9% and 6.5% of the fleet ratio. In addition, at the end of 2022, the EU legislature reached a preliminary consensus on the inclusion of shipping in the carbon emissions trading system. Clarkson calculated the extra cost of potential cargo ships by analogy, and the results showed that the cost increase of large bulk carriers and large oil tankers could not be ignored.

In conclusion, the International Monetary Fund (IMF) predicts that the global economy will grow by 2.9% in 2023 and 3.1% in 2024. For now, China's economy is expected to grow by 5.2% in 2023, which is 0.8% higher than the previous forecast of the IMF. Therefore, driven by China's economic recovery, the market demand growth in 2023 will be between 1.5% and 2.5%. Improved consumer sentiment will help resolve the housing crisis in China and boost demand for bulk goods. However, due to the expected decrease in coal transportation, the market demand growth in 2024 may drop to 1-2%. As India and China continue to promote the development of domestic mining industries, as well as the shift towards fossil fuel reduction in Europe, import demand will decrease. Bulk fleet size is expected to grow by 2.7% in 2023 and 2.0% in 2024. Due to the small volume of orders, accounting for only 7.5% of the existing fleet, ship delivery is still limited. Due to the slow speed caused by the implementation of regulations EEXI and CII, the growth of fleet capacity supply is expected to be 0.5-1.5% lower than the growth of fleet size in 2023 and 2024. The market balance of supply and demand will be improved in 2023, although the risk will last until 2024.It is predicted that with the recovery of demand in China market, freight will start to rebound.

2. Relationship between upstream, midstream and downstream industries：

Because the demand for bulk materials comes from all walks of life, and the industrial

characteristics of bulk shipping do not include product process and raw material supply, there is no obvious relationship between upstream, midstream and downstream.

3. Development trends of products:

Since the beginning of maritime trade, the shipping industry has existed, and the average cost of shipping is the lowest among all modes of transportation; with the deepening of global economic division, most of the minerals, grain, processed raw materials and final products in the world need to be transported by sea to achieve the goal of economic activities. The future development priorities are as follows.

(1) Because the shipping routes are mostly transnational, the operation of the shipping industry often involves different cultural, political and economic backgrounds. Although the main rules of shipping and sea transportation come from international laws and regulations, there are still some differences in specific requirements and implementation among countries, regions or ports. Therefore, shipping and sea transportation need to be more capable of collecting information and international views than before, so as to fully grasp the regulations and changes, avoid risks and effectively improve operational efficiency.

(2) Compared to generations, economic and business cycles are becoming faster and faster. Therefore, for the execution and management of ships, seafarers, operations and other operations, it is necessary to introduce systematic and standard operation procedures, accumulate operation data and integrate company resources, so as to create the maximum operation value for enterprises.

(3) Due to the need to comply with the requirements of the International Maritime Organization (IMO) in terms of safety, it is necessary to provide a relatively young fleet to meet customer needs in operation, as well as appropriate fleet configuration, so that efficient operational output can be achieved. Therefore, the necessity of capital intensity in the shipping industry is becoming increasingly apparent.

(4) Under the situation of higher international demands for environmental protection and energy conservation as well as high prices and costs, the new bulk ship must be developed to meet the needs of environmental protection and energy saving. The bulk ship will become the mainstream of the shipping market in the future and traditional ships will be gradually eliminated.

4. Competition situation:

Due to the differences in shipping distance between ocean and near-shore routes, ship operations can be divided into self-operated ship operation, charter operation, ship management, and provision of crew services. Therefore, various domestic shipping companies may have different business models, resulting in different main business items.In addition, routes for the bulk shipping industry are the global non-scheduled routes, and most of the fleets of bulk shipping operators have business models such as

self-contracting and chartering ship, and not all ships carry their own goods.Because some ships operate in a chartering mode, they can collect stable chartering income; some self-owned ships carry bulk cargo and earn freight income from contracting; another bulk shipping operator charters ships from other operators, and then charters ships to carry goods or charter them, so as to obtain freight income or intermediary income from chartering.

As of the end of 2022, the Group has 16 ships with a dead weight capacity of about 588,800 tons, which accounts for a small proportion of domestic and foreign shipping companies respectively. Because the cargo space cannot be stored, the carrying capacity of each company depends on its cargo collection and ship scheduling capacity. Therefore, it is difficult to count the market share of each shipping company based on the industry characteristics of bulk shipping.

(III) Overview of technology and R&D

1. Technical level and R&D of the business: In the shipping industry, the Company has no R&D plan and estimated investment cost, and has no R&D plan in the future.
2. R&D personnel and their academic experience: Not applicable.
3. R&D expenses invested in each year of the last five years and technologies or products successfully developed: Not applicable.

(IV) Long-and short-term business development plans

In response to the increasingly volatile phenomenon of the bulk market, to ensure the sustainable operation of the Company and strengthen its international competitiveness, the Company adopts the principle of "professional and stable operation", and plans for the long-term and short-term business development directions as follows:

1. Long-term business development plan:
   (1) In terms of the development of fleet size, close attention should be paid to the trends of major shipbuilding markets, and continuous implementation of plans to build and purchase new ships and replace old ones with new ones should be carried out to reduce the average age of the fleet, expand the operational scale of the fleet, enhance bargaining power and service quality in the market, and overall improve competitiveness and profitability.
   (2) In terms of business operation, the Company will plan appropriate fleet operation configuration, develop Handy and Handy-max excellent charterers, focus on bulk shipping in the Asia-Pacific region, transform and increase intercontinental service capability, and arranges development space for global layout.
   (3) The Company will strengthen the active functions of ship "International Safety Management System (ISM)" and ship maintenance and management, and improve the effective operation rate of ships; continue to implement the investment and business model with small standard deviation, and provide shareholders with relatively stable income.
   (4) In terms of operation management, we should cooperate with the long-term business

development of the Company, introduce more effective enterprise resource management, continuously recruit and train talents, and cultivate professional teams for the sustainable operation of the Company.

2. Short-term business development plan:

(1) Fleet operation management: In addition to paying attention to fleet lightening and operating cost competition, ship management should be implemented to maintain high standards of ship safety navigation performance.

(2) Business operation: Strengthen ship dispatching planning and cost control, maintain cooperative relationships with existing time ship charters, and actively develop potential excellent charterers for time-based chartering. Maintain close cooperation with freight forwarders and brokers for mileage-based chartering, develop valuable bareboat chartering contracts, expand the scale of operations, and achieve a stable income and operational growth.

(3) Financial planning: In 2021-2022, the Company increased its profits and handled cash capital increase, and its financial structure was more stable than that at the initial stage of starting a business. For new shipbuilding funds, most of them came from bank loans.In the future, the Company will continue to strengthen its capital structure, improve its net worth and provide a more stable leverage base for the funds needed for its sustainable growth in the future.

(4) Corporate governance: In addition to implementing internal audit and control system to improve corporate governance and protect shareholders' rights, we will also develop professional bulk business to enhance the value of the whole enterprise.

II. Market as well as production and sales profile

(I) Market analysis

1. Sales (provision) regions of main goods (services):

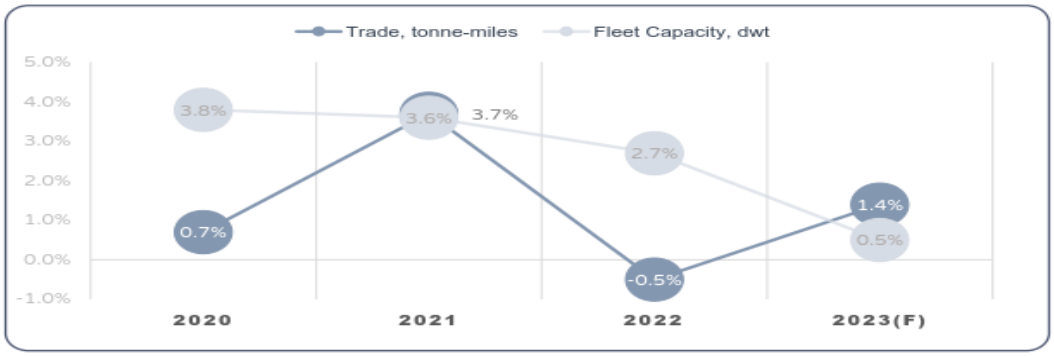
The Group's main customers for long-term chartering are major shipping companies in Europe and Hong Kong, with routes all over the world; the routes of self-operated ships cover Asia and the Pacific, mainly including Taiwan, Southeast Asia and Papua New Guinea.

2. Market share:

The sea cargo transportation mode can distinguish among different properties such as containers, bulk cargo and general cargo, the routes can be divided into ocean and near-shore routes, and the business models can be divided into self-operated ship operation, chartering ship operation, ship management, and providing crew services. Therefore, the projects operated by various domestic shipping companies are different. In addition, the bulk shipping industry is globally competitive, and the proportion of domestic shipping companies is very small, in terms of the world's number of dry bulk carriers and weight tonnage. The quantity of cargo carried by each company depends on its cargo collection and ship scheduling capabilities. As a result, based on the characteristics of the bulk shipping industry, it is difficult to calculate the overall market share of each shipping company.

3. Market supply and demands, and growth in the future:

As market fundamentals become better and international oil price is expected to be reduced, it is estimated that the bulk shipping industry in Taiwan in 2023 will grow slightly compared to 2022. The global demand for bulk shipping in 2023 is expected to continue to improve due to the transportation of coal, grains, and other small raw materials, which will help alleviate the continued weakness of iron ore. The well-known maritime research institution Clarkson estimates that global bulk shipping demand in 2023 will increase by 1.4% compared to 2022. The outlook for iron ore imports in 2023 is not good, with an estimated continuous decline of 0.2% for the entire year, mainly due to China, which accounts for about 70% of the global trade volume. Because of the sluggish demand for terminal applications in steel production and the unchanged official carbon reduction direction, the import volume of iron ore in 2023 is estimated to decline by 1%, which is the main reason for the bearish trend.According to the forecast of Metallurgical Industry Planning and Research Institute on December 20, 2022, it reflects an estimated annual decrease of 3.1% and 1.1% in China's consumption in 2022 and 2023. The Chinese government continues to request that steel companies abandon the past extensive production and move towards high-quality development. China's crude steel production will reach 1.01 billion tons and 1.00 billion tons respectively in 2022 and 2023, with an annual decrease of about 2.4% and 1.0%.The estimated annual trade volume of coal and grain in 2023 is expected to increase by 2.1% and 4.2%, with a more optimistic outlook compared to iron ore, indicating that European demand is expected to continue to strengthen, while there is room for growth in Asian trade.



Source: Clarkson, Taiwan Economic Research Institute Sankei Database, December 2022.

In conclusion, due to the continued weakness of iron ore trade volume, although the annual growth rate of global bulk trade in 2023 is estimated to be difficult to break by 2%, the rebound and growth strength are slightly limited. However, since 2020, the bulk shipping market has shown ups and downs in terms of demand and freight rates, which makes ocean carriers more cautious in handling capacity. It is different from the market situation of placing orders to build new ships on a large scale in container transportation. In addition, deferred new ships were generally launched in 2020 before the epidemic, which weakened the new ship factor. Besides, new regulations for carbon reduction issued by IMO came into effect in January 2023, so there may be more old ships disassembled in the world. Clarkson estimates that dead weight tonnage will increase from 4.5 million tons in 2022 to

25.6 million tons, with an annual increase rate of 464%; the global supply of bulk ships will only increase slightly by about 0.5% in 2023, which is 2.2% lower than the estimated value in 2022. Therefore, as market fundamentals become better, the trend of overall shipping price can be supported, not decline. While the prospect of international oil prices is not good in 2023 and the Energy Information Administration (EIA) forecast in December 2022 that the oil price would be US$ 92.36 a barrel throughout the year (decreased by 8.99% one year), which will further help to ease the difficulty of maintaining the unit shipping revenue for ocean carriers. And the bulk shipping industry in Taiwan is expected to show slight growth in 2023.

4. Competitive niche:

(1) Professional management team

The Group's self-operated ships are mainly used for shipping steel, timber, chemical products and hardware and machinery, etc. and the main shipping routes are Taiwan, Southeast Asia and other near-ocean routes. Since most of the shipping routes are cross-country routes, we have to make quick and correct decisions on the operation in response to the differences in culture, politics and economy in different regions. Our management team has a sound academic background, accumulated years of experience and professional skills in maritime transportation, and can effectively judge the market fluctuations to ensure smooth operation and grasp the opportunities in business planning.

(2) Long-term good partnership

As the shipping market changes with the global economy, developing a stable business partner in the unstable shipping market is a top priority for the Company. Through long-term mutually beneficial cooperation, both parties will be able to get through difficult times together. Therefore, in addition to actively developing new customers, the Group has long been committed to building and maintaining customer relationships, and the Group's management team has long maintained good relationships with brokers and major customers at home and abroad. The team signed long-term transportation contracts with some of them, to perform the shipping according to the contracts by adjusting to the appropriate capacity per voyage by dispatching the available ships of the Group's fleet. Therefore, the Group is able to maintain a high utilization rate and high economic efficiency of these ships. As a result, the Group has been able to maintain a stable income from chartering even in the global economic downturn, reducing the uncertainty of the economic cycle.

(3) Secure and flexible operating model

The Group adopts a relatively secure business model, chartering some ships to Japanese charterers with sound financial and operational capabilities on a long-term basis, while actively developing other good charterers to expand the customer base and retaining some ships to seek goods for shipping in the shipping market. Coupled with flexible business strategies and mastering of market trends, the Group can ensure that we can maximize revenue and reduce operational risk in the face of market fluctuations.

The Group's management team and sales staff have many years of experience in freight forwarding. Through the accumulation of extensive contacts and long-term good cooperation with customers, the freight source is not in shortage, the utilization rate of the ships is increased, and the times and distance that ships are left unused are reduced, so as to achieve the highest economic efficiency.

(4) Diversified operating fleet

In response to market changes and customer demand, the Group has been actively increasing 40,000-60,000 DWT ships in recent years and replaced ships less than 10,000 DWT persistently, so that the Group can not only provide stable and efficient services but also avoid the impact of changes in market shipping price of the single type of ship.

(5) Long-term charter guarantees profitability

As the Group and the ships chartered for the long term are guaranteed by the charter, they are relatively unaffected by short-term fluctuations of the Baltic Dry Index (BDI), but will be affected when the long-term charter expires and new charter is negotiated. Up to the date of publication of the annual report, the Group possesses a total of 16 ships, 9 of which were chartered to European and Hong Kong charterers with strong operational capabilities for long term in the way of bare boat charter. Since the income from chartering is guaranteed by long-term charter, it is not easily affected by the fluctuation of the economy. The Group can still obtain stable income from chartering even in the case of an economic downturn.

(6) Strengthen ship maintenance and safety management

As the maintenance of bulk ships directly affects the safety and depreciation of ships, ship maintenance is therefore, the first priority of shipping companies to reduce risks. All members of the Group's maintenance department have extensive professional knowledge and background, provide regular inspection and maintenance of ships daily, and work together with the procurement department to effectively plan and execute the applications of spare parts and various repair operations requested by various departments of ships through professional division and cooperation of labor.

In addition, the Group has set up a safety management department within the company for systematic management of ship safety, and established a management system in accordance with international maritime related conventions, regulations and laws to implement various shore-side and ship-side audits, safety education and training, and enhance the safety skills of ship-shore personnel, including emergency supplies related to safety and environmental protection, in order to ensure the safety of ships and crew.

5. Advantages, disadvantages and countermeasures of the development prospect

(1) Advantages

A. Business strategy allocation: The Group's operating income is derived from time-based chartering and shipping by seeking goods on the spot market. In this way, the Group can avoid the risk of market fluctuations and guarantee profits from

operation, while obtaining a higher return from self-seeking goods for shipping, by means of flexible business operations. This balanced allocation combines stable profitability and revenue growth.

B. Good quality of ships: The Group expanded the fleet by cooperating with a well-known Japanese shipyard with a good reputation and skilled shipbuilding techniques to ensure the quality of the ships; if the Group has a disposal plan in the future, Japanese shipyards are more popular with buyers and the Group can obtain a higher disposal profit, compared with the same type of ships built by Chinese, Korean and Vietnamese shipyards.

(2) Disadvantages and countermeasures

A. The overall increase in the cost of crew manpower supply market poses the risk of higher crew costs and lower crew quality:

Countermeasures:

a. The Company gradually developed the cooperation relationship with crew agencies in the Philippines, Indonesia, Vietnam and other regions to find suitable crew members, and clearly stated the mechanism to ensure the quality of crew members in the agency contract, including the qualification requirements, pre-employment training, and training and assessment after crew members arrive at their post in the Company or the reinvestment companies, hence controlling the cost and ensuring the quality of crew members at the same time.

b. By taking advantage of the shipping-related preferential policies of the governments of Panama and the Marshall Islands, the Company can fully utilize the local tax incentives to enhance operating efficiency, strengthen competitiveness, and further improve reinvestment efficiency.

B. The shipping industry is deeply affected by the fluctuation of the global economic cycle and dry bulk freight services are oversupplied:

Countermeasures:

a. Major charterers around the world are more stringent about the age, equipment and maintenance of ships in order to reduce the chance of freight damage and shorten freight delivery time.In addition to maintaining the established policy of younger age of the fleet, the Group never neglects the regular maintenance of its ships to keep them in the best condition and to enhance its competitiveness with other global ocean carriers.

b. To avoid the impact of the rapid decline of a single market, the Group diversified the risk, and focused on lightweight bulk shipping, which is conducive to resisting market decline, with a combination of self-operated or chartered modes as well as a combination of near- and far-ocean routes, in order to safely tide over this crisis of downturn in shipping price.

C. The impact of environmental protection regulations on the shipping industry may lead to increased operating costs in the shipping market.

■ Ballast Water Management (BWM) Convention came into effect in September 2019:

Countermeasures:

The Company has installed relevant equipment on the fleet according to the Convention, and the new ships were built in compliance with Convention.

■ The Sulphur Limit Order (low sulphur fuel) came into effect in January 2020:

Countermeasures:

The Company's all ships are operated under long- and short-term charters, and fuel costs are paid by charterers, so the impact is relatively small.

■ Greenhouse gas emission reduction targets and regulations - EEDI/EEXI/SEEMP (CII) came into effect in January 2023:

Countermeasures:

a. In response to the fact that EEDI standards become stricter and their implementation was advanced to 2022, new ships need to be installed with energy-saving, waste energy recovery and exhaust scrubbing equipment, which will increase construction costs.

b. Due to the implementation of EEXI/SEEMP (CII), the existing ships are required to limit their main engine's power, reduce the speed, improve the paint and add energy saving devices, which will increase the operating cost.

(II) Important usages and manufacturing processes of main products: Not applicable.

(III) Main raw material supply status:

The Company engages in the shipping service industry, and our incoming materials are mainly fuel oil and lubricating oil for the operation of ships. In order to balance the bargaining power of centralized purchasing and the risk of over-centralized purchasing, the Company carefully selects a few well-known international oil suppliers for purchasing, mainly foreign oil companies such as Gulf Oil Marine Ltd...with normal and stable supply. In the bunkering arrangement, after considering the condition of freight forwarding, the voyage, the weather, the stock and the price difference between ports, etc., we make the purchase at a reasonable price through comprehensive analysis. The Company is very careful in choosing the refueling port and controlling the stock of oil on board, so as to reduce the losses of oil prices and save costs.

(IV) List of major customers for the purchase and sale of goods

1. List of major suppliers for the purchase of goods:

A list of any suppliers contributing to more than 10% of the Company's total purchase amount in either of the 2 most recent fiscal years, the amounts bought from each, the percentage of total purchase amount accounted for by each, and an explanation of the reason for increases or decreases in the above figures.

Unit: NT$1,000; %

Items	2021				2022				The first quarter of 2023			
	Name	Amount	Percentage of net purchase amount in the whole year	Relationship with the issuer	Name	Amount	Percentage of net purchase amount in the whole year	Relationship with the issuer	Name	Amount	Percentage of net purchase amount in the whole year	Relationship with the issuer
1	Fairwind International Shiping Co., Ltd.	11,541	15.17	None	Gulf Oil Marine Ltd	17,185	19.43	None	As of the date of publication, the consolidated financial statements for the first quarter of 2023 have not yet been issued.			
2	D'Amico Dry D.A.C.	10,484	13.78	None	Sinoway Chartering (Group) Limited	16,436	18.58	None				
3	Gulf Oil Marine Ltd	9,298	12.22	None	An Shun Shipping(HK)Limited	12,767	14.43	None				
4	—	—	—	None	CPM Asia Line Limited	11,001	12.44	None				
5	—	—	—	None	Ocean Mariner International Co., Ltd.	10,024	11.33	None				
6	Other	44,758	58.83	None	Other	21,039	23.79	None				
	Net purchases	76,081	100.00		Net purchases	88,452	100.00					

Explanation: (1) The Company is engaged in the shipping industry. Due to the nature of the industry, our incoming materials are mainly fuel for ship operations and lubricating oil required for the operation of the main engine. In addition, most of the Company's ships are chartered out and the oil used for lubricating the machinery and equipment on board is borne by the Company, while the fuel for daily operations is borne by the charterers. Only when the charter expires and the newly purchased ship is delivered, does the Company need to purchase the remaining fuel on board, but in the case of bareboat chartering, the fuel and lubricating oil shall be borne by the charterers.

(2) The remaining suppliers do not contribute to more than 10% of the total purchase amount.

2. List of major customers for the sale of goods

A list of any customers contributing to more than 10% of the Company's total sale amount in either of the 2 most recent fiscal years, the amounts sold to each, the percentage of total sale amount accounted for by each, and an explanation of the reason for increases or decreases in the above figures.

Unit: NT$1,000; %

Items	2021				2022				The first quarter of 2023			
	Name	Amount	Ratio of net sales in the whole year (%)	Relations hip with the issuer	Name	Amount	Ratio of net sales in the whole year (%)	Relations hip with the issuer	Name	Amount	Ratio of net sales in the whole year (%)	Relationship with the issuer
1	T Company	195,653	15.96	None	T Company	346,646	23.63	None	As of the date of publication, the consolidated financial statements for the first quarter of 2023 have not yet been issued.			
2	V Company	32,251	2.63		V Company	199,429	13.59	None				
3	A Company	157,039	12.81	None	A Company	189,212	12.90	None				
4	S Company	229,559	18.72	None	S Company	141,059	9.62	None				
	Other	611,637	49.88	None	Other	590,603	40.26	None				
	Sale amount	1,226,139	100.00		Sale amount	1,466,949	100.00					

Explanation: (1) The Group's ship chartering revenue accounted for more than 90% of the operating revenue. Some of the Company's and subsidiaries' ships were dispatched flexibly in response to market demand, the customers we serve were different, and the renewal of charters upon expiration caused some changes. These cases caused the proportion of the Group's operating revenue from the major customers in the consolidated operating revenue to be increased or decreased, and the main customers of the subsidiary are the charterers for long-term time-based chartering.

(2) The remaining customers for the sale of goods do not contribute to more than 10% of the total sale amount.

(V) Sales volume and value table in the last two years: Not applicable.

(VI) Sales volume and value in the last two years:

1. The Company's major operating revenues are from ship chartering, ship management and freight...etc.
2. The operating revenues of each business for the last two years are shown in the following table:

Unit: NT$ 1,000

Year / Sales volume and value / Main merchandises	2021				2022			
	Domestic sales		Export sales		Domestic sales		Export sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Ship chartering revenue		537	—	1,225,602	—	175	—	1,466,774

III. Number, average years of service, average age and educational distribution ratio of employees in the last two years and up to the date of publication of the annual report

Unit: People

Year		2021	2022	Up to March 31, 2023
Number of employees	Manager	9	9	9
	Onshore staff	35	39	40
	Maritime staff	149	121	124
	Total	193	169	173
Average age		44.62	38.3	38.4
Average years of service		1.95 年	2.3	2.4
Educational distribution ratio	Doctoral degree	—	—	—
	Master	14%	12.5%	16.7%
	College degree	83.7%	85.4%	81.3%
	High-school degree	2.3%	2.1%	2.1%
	Below high-school degree	—	—	—

IV. Information of environmental protection expenditure

(I) Explain the total amount of losses (including compensation) and penalties suffered by the Company as a result of environmental pollution in the most recent year and up to the date of publication of the annual report, as well as countermeasures and possible expenditures in the future: No major environmental pollution incidents have occurred.

(II) Explain the impact of the current pollution situation and its improvement on the Company's earnings, competitive position and capital expenditures, as well as the estimated significant capital expenditures for environmental protection in future years: None.

(III) In the event that the Company shall apply for a pollution facility installation permit or a pollution discharge permit, or pay the fees for pollution prevention and control, or arrange a special environmental protection person in accordance with the laws and regulations, the explanation regarding application, payment or arrangement is as follows:

The Company’s all ships are equipped with facilities for pollution prevention in accordance with the relevant provisions of International Maritime Law. Besides, the Company establishes pollution prevention plans and management procedures. Facilities for

pollution prevention and the attached pollution prevention plans, have all been inspected by CR Classification Society, obtaining a compliance certificate or permit, for example: obtaining a Fuel Oil Convention Certificate issued by the contracting state in accordance with the "International Convention on Civil Liability for Oil Pollution Damage in 2001" (2001 Bunker Convention).

(IV) List the Company's investment in major equipment for the prevention and control of environmental pollution as well as their use and possible benefits:

The Company's all ships are equipped with the equipment for the prevention and control of sump oil, sewage and air pollution in accordance with MARPOL 73/78/97, in order to meet international environmental protection standards. The anti-pollution equipment are attached to the ship itself at the time of shipbuilding. Therefore, if the ship-related equipment for prevention and control of sump oil, sewage and air pollution are purchased, to comply with MARPOL 73/78/97, the costs for purchasing them will also be included in the cost of the ship. The above anti-pollution equipment can not only comply with the requirements of the Convention on the International Maritime Organization, but also enhance the shipping ability of the ships in routes of different regions in the world.

V. Labor-capital relationship

(I) List the Company's various employee welfare measures, further education, training, and retirement systems and their implementation, as well as labor management agreements and various employee rights protection measures:

1. Employee welfare measures:
   (1) Leave: Two days off per week.
   (2) Special leave: Employees are entitled to special leave after six months of service, and the number of days will increase according to the accumulation of years of service.
   (3) Insurance: labor insurance, national health insurance, group insurance, medical insurance for employees' overseas business trips and hospitalization injuries, and liability insurance for important employees and Directors and Supervisors.
   (4) Various types of subsidies: wedding gift money, memorial ceremony, injury and illness consolation money, emergency assistance and fertility gift money.
   (5) Health care: Regular health checks.
   (6) Employee welfare: year-end party, employee tourism activities, birthday celebration gift money, and tea and snack in the afternoon of the monthly meeting.
2. Continuing education and training status of employees:

In order to implement the functional education of each unit, strengthen the overall education and training performance, and improve the Company's human resources quality, the personnel unit is responsible for implementing employee education and training. Internal training includes pre employment training for new employees, management communication courses, professional functional training courses, etc.External training is based on the needs of employees, including on-the-job training, professional training, etc., to enhance the knowledge and skills required for employees' positions.The education and training statistics

of the Company's employees in 2022 are as follows:

Unit: NT$

Items		Number of people	Total expenses
1	Training of new employees	14	-
2	Professional and functional training	44	139,239
Total		58	139,239

3. Retirement system and its implementation:

The Company has established a retirement policy based on the "Labor Retirement Regulations", which applies to employees of our own nationality. Every month, an employee's pension shall be paid at a rate of no less than 6% of their salary to the personal account of the Labor Insurance Bureau. The payment of the employee's pension shall be based on the amount of the employee's personal pension special account and accumulated income, and shall be obtained through monthly or one-time pension.The pension benefits applicable to the appointment system are received in a single insurance policy or in installments, and there are no retirees currently.

4. Agreements between labor and management and measures for safeguarding employee rights and interests:

The Company holds monthly meetings through two-way communication for policy promotion, and sets up opinion boxes to fully express employees' opinions. In addition, in accordance with the Labor Standards Law, Labor Pension Regulations, Employment Services Law, and Gender Equality in Employment Act, personnel management regulations are formulated to protect employees' rights and interests, and submitted to the competent authority for approval. The Employee Welfare Committee shall be established in accordance with the law to coordinate and handle the planning, allocation, custody and utilization of employee welfare funds as well as the matters specified in relevant laws and regulations, and act as a communication bridge between the labor party and the Company to implement the maintenance and welfare system of various rights and interests of employees.

5. Behavior or ethical code of employees:

The Company has established the "Code of Integrity Management of the Company", "Code of Ethical Conduct for Directors and Managers", and "Code of Ethics for Employees" to guide the behavior of Directors, Managers, and employees of the Company to comply with ethical standards, prevent conflicts of interest, and avoid opportunities for profit and personal gain; In addition, each employee is required to:

(1) Comply with all company regulations and work processes, be loyal to your duties, and obey the orders, commands, and supervision of your Supervisor.

(2) We shall have a clear distinction between public and private, be cautious in our words and actions, maintain integrity, uphold company honor, and eliminate all bad habits. Colleagues shall live in harmony and respect each other.

(3) We shall adhere to the hierarchical responsibility of our positions, maintain close contact with relevant departments, and work together to complete the matters to be handled, so as to promote the Company's business.

(4) Never engage in bribery/corruption when providing services.

(5) Strictly prohibit discrimination against employees, manufacturers, or customers.

(6) Comply with global competition regulations and never engage in any behavior that violates competition laws.

6. Protective measures for the working environment and personal safety of employees:

The Company has established occupational safety and health management personnel in accordance with the law, providing a safe and hygienic working environment for employees, and continuously reminding and promoting them to reduce the probability of occupational disasters. Their main responsibilities are as follows:

(1) According to the Occupational Safety and Health Law, a safety and health work code has been established, and employees are required to abide by it after the announcement.

(2) Organize safety education and training courses for new and current employees regarding the rights and responsibilities of occupational safety and health management personnel and the norms of occupational safety and health laws.

(3) According to the provisions of the Fire Protection Law, regular fire safety lectures or practical training shall be held for employees.

(4) Provide regular health checks for employees.

(5) Set up an access control system at the entrance and exit of the Company's office floor to ensure the safety of company property and personnel.

(6) In response to the "Sexual Harassment Prevention and Control Law" implemented on February 5, 2005, we strengthened propaganda and provided complaint channels.

(7) Apply for labor insurance (including occupational disaster insurance) and health insurance in accordance with the law, and provide regular injury insurance for employees worth NT$ 3,000,000 and regular life insurance worth NT$ 200,000.

(II) The losses suffered by the Company due to labor disputes in the most recent fiscal year and up to the date of publication of the annual report, and the estimated amount and corresponding measures that may occur at present and in the future shall be disclosed. If such estimation cannot be reasonably made, the facts that cannot be reasonably estimated shall be explained:

1. The Company has suffered losses due to labor disputes in the most recent fiscal year and as of the date of publication of the annual report: No such situation.

2. The estimated amount of losses and corresponding measures that may occur in future labor disputes: No such situation.

VI. Information communication security management:

(I) State the information communication security risk management structure, the information communication security policy, the specific management plan and the resources invested in the information communication security management, etc.:

The Company has established an internal control system for information management operations and personal data protection management operations to control network and information security. In addition, for internal information security, we have dedicated information personnel responsible for inspecting the security of information system

operations, controlling the usage of colleagues, setting daily and scheduled backups of important data, and promoting relevant information security concepts and correct operating methods; In the future, according to the actual operation demand, the Asset Safety Director and Asset Safety Supervisor will be set up to strengthen the asset safety protection and management of the Company.

3. Information security policy:

The Administration Department is responsible for planning, implementing, and promoting information security management matters is the Information Security Authority.

The Audit Office is the auditing unit for information security. If any deficiencies are found, the information unit is required to propose relevant improvement plans to reduce and improve information security risks.

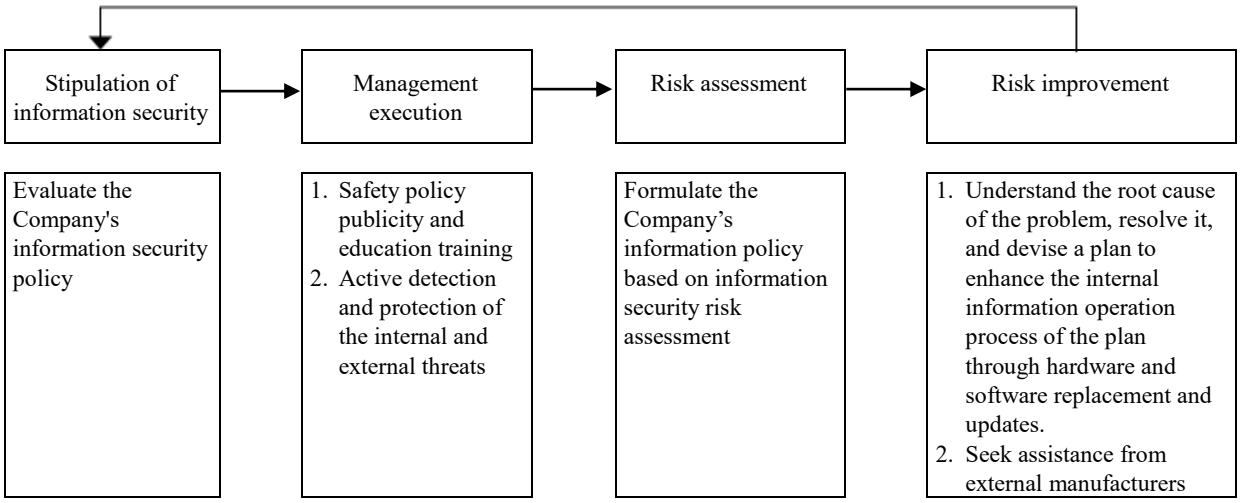
The Company implements information security policies and complies with information security laws and regulations in accordance with the established "Electronic Operation Cycle" management measures.

4. Information security risk management:

To ensure the implementation of information security risk management, the Company has two aspects to deal with and prevent risks:

(1) Protection against unexpected threats: actively defend against internal and external attacks, actively prevent data loss caused by environmental factors (power failure/equipment damage), and regularly backup files to ensure the integrity of data for post disaster reconstruction.

(2) Handling of problems that have occurred: address them based on risk improvement.



5. Specific management plan:

Specific management plan for information security		
Type	**Description**	**Related operations**
Educational training	Publicity of information security training	● Education and training for new colleagues ● Unscheduled publicity of current issues related to information security
Permission management	Management of personnel accounts, permissions, and system operations	● Personnel account permission management and review ● Regular review of personnel account permissions
Management and	Control measures for personnel access	● Mechanism of management and control of

control of access	system and data transmission channel	access ● Operation behavior trajectory recording
External threats	Software vulnerabilities, virus threats, and protective measures	● Computer hardware vulnerability detection and update ● Virus protection and malicious program detection
System availability	Measures for handling system availability and service interruption	● System operation monitoring and abnormal notification ● Response to service interruption ● Regular backup of data and configuration files

(II) In the most recent 2 years and up to the date of publication of the annual report, if the loss, possible impact and countermeasures of a major information communication security incident cannot be reasonably estimated, the fact that it cannot be reasonably estimated shall be stated: No such situation.

VII. Important contract:

Contractual nature	Parties	Start and end dates of contract	Main content	Restrictions
Long-term borrowing contract	Franbo Lines and Taiwan Cooperative Bank	2012/1/11~2032/1/11	Credit granting agreement	None
	Subsidiary Franbo Asset Management Co., Ltd. and the Kaohsiung Third Credit Co-operative	2022/3/21~2024/3/21	Credit granting agreement	
	Sub-subsidiary FB Propriety Construction and Development Co., Ltd. Co., Ltd. and Taichung Commercial Bank	2022/6/23~2026/6/23	Credit granting agreement	
	Sub-subsidiary FB Justice Construction and Development Co., Ltd., Ltd. and the Kaohsiung Third Credit Co-operative	2022/10/3~2024/10/3	Credit granting agreement	
	Sub-subsidiary Franbo Shipping S.A. and Taiwan Commercial Bank	2011/6/30~2024/6/30	Credit granting agreement	None
	Sub-subsidiary Franbo Transportation S.A. and E.SUN Commercial Bank	2021/8/17~2026/8/10	Credit granting agreement	None
	Sub-subsidiary Franbo Lohas S.A. and Mega International Commercial Bank	2016/4/27~2026/12/27	Credit granting agreement	Maintain the financial ratio level required by the bank
	Sub-subsidiary Franbo Ocean Limited and Entie Commercial Bank	2022/8/4~2027/8/4	Credit granting agreement	None
	Sub-subsidiary FB Pioneer Limited and Pan-Hsin Commercial Bank	2020/12/28~2024/12/28	Credit granting agreement	None
	Sub-subsidiary FB Navigation Limited and Pan-Hsin Commercial Bank	2021/1/22~2024/7/22	Credit granting agreement	None
	Sub-subsidiary Franbo Legacy Limited and Pan-Hsin Commercial Bank	2021/10/21~2026/10/21	Credit granting agreement	None
	Sub-subsidiary Franbo Bright Limited and O-Bank	2021/11/23~2026/11/23	Credit granting agreement	Maintain the financial ratio level required by the bank
	Sub-subsidiary Franbo Cosmos Limited and O-Bank	2023/3/7~2024/3/7	Credit granting agreement	Maintain the financial ratio level required by the bank
Bulk ship construction contract	Sub-subsidiary Franbo Cosmos Limited and Cardinal Maritime S.A.	2021/11/30~2023/12/31	Bulk ship construction contract	None
	Sub-subsidiary Franbo Century Limited and Cardinal Maritime S.A.	2021/11/30~2023/12/31	Bulk ship construction contract	None

Contractual nature	Parties	Start and end dates of contract	Main content	Restrictions
	Sub-subsidiary Franbo Brave Limited and Namura Shipbuilding Co.,Ltd.	2021/12/28~2024/6/30	Bulk ship construction contract	None
	Sub-subsidiary Franbo Bravo Limited and Namura Shipbuilding Co.,Ltd.	2021/12/28~2024/9/30	Bulk ship construction contract	None
Chartering contract	Sub-subsidiary Franbo Shipping S.A. and Wareasaga Maritime Co., Ltd	2022.07.23~ 2027.07.23	Ship chartering	None
	Sub-subsidiary Franbo Transportation S.A. and Wareasaga Maritime Co., Ltd	2022.07.23~ 2027.07.23	Ship chartering	None
	Sub-subsidiary Franbo Logos S.A. and Ultrabulk MPP A/S	2022/2/19~2024/2/19	Ship chartering	None
	Sub-subsidiary Franbo Logic S.A. and Thorco Projects A/S	2022/11/1~2024/2/1	Ship chartering	None
	Sub-subsidiary Franbo Lohas S.A. and Thorco Projects A/S	2022/11/1~2023/11/1	Ship chartering	None
	Sub-subsidiary Franbo Logic S.A. and Thorco Projects A/S	2022/11/1~2024/2/1	Ship chartering	None
	Sub-subsidiary Franbo Sagacity S.A. and Owell Shipping Ltd	2018/1/24~2025/1/24	Ship chartering	None
	Sub-subsidiary Franbo Sino Limited and Hope Young Shipping Ltd	2019/4/1~2023/7/1	Ship chartering	None
	Sub-subsidiary Franbo Ocean Limited and Owell Shipping (HK) Ltd	2022/8/5~2027/8/5	Ship chartering	None
	Sub-subsidiary FB Pioneer Limited and Wareasaga Maritime Co., Ltd	2019/8/24~2026/4/24	Ship chartering	None
	Sub-subsidiary FB Navigation Limited and Hope Young Shipping Ltd	2019/9/25~2024/9/25	Ship chartering	None
	Sub-subsidiary Franbo Way Limited and Wealth Holdings Shipping Pte Ltd	2022/10/17~2027/10/17	Ship chartering	None
	Sub-subsidiary Franbo Legacy Limited and Wealth Holdings Shipping Pte Ltd	2022/11/5~2027/11/5	Ship chartering	None
Chartering contract	Sub-subsidiary Franbo Bright Limited and NYK BULK and Projects Carriers, Ltd	2021/11/29~2023/11/29	Ship chartering	None
	Sub-subsidiary Franbo ACE Limited and NS United Kaiun Kaisha, Ltd	2023/3/10~2028/5/10	Ship chartering	None
	Sub-subsidiary Franbo ART Limited and Canfonav Limited	2023/4/12~2030/4/12	Ship chartering	None
Ship management consultant contract	Sub-subsidiary Franbo Logos S.A. and Franbo Lines Corp.	2019.07.01 –The contract can be extended and terminated with the consent of both parties	Ship insurance, maintenance and supply, crew, ship's classification, and ISM compliant management services, with additional environmental management service terms	None
	Sub-subsidiary Franbo Logic S.A. and Franbo Lines Corp.	2019.07.01 –The contract can be extended and terminated with the consent of both parties		
	Sub-subsidiary Franbo Lohas S.A. and Franbo Lines Corp.	2019.07.01 –The contract can be extended and terminated with the consent of both parties		
	Sub-subsidiary Franbo Legion Limited and Franbo Lines Corp.	2021.02.01 –The contract can be extended and terminated with the consent of both parties		
	Sub-subsidiary Franbo Bright Limited and Franbo Lines Corp.	2021.12.01 –The contract can be extended and terminated with the consent of both parties		
	Sub-subsidiary Franbo ACE Limited and Franbo Lines Corp.	2023.03.01 –The contract can be extended and terminated with the consent of both parties		
	Sub-subsidiary Franbo ART Limited and Franbo Lines Corp.	2023.04.01 –The contract can be extended and terminated with the consent of both parties		
Ship consultant	Sub-subsidiary Franbo Shipping S.A. and	2018.11.01 –The contract can	Services of ship	None

Contractual nature	Parties	Start and end dates of contract	Main content	Restrictions
Contract	Franbo Lines Corp.	be extended and terminated with the consent of both parties	management and consulting	
	Sub-subsidiary Franbo Transportation S.A. and Franbo Lines Corp.	2018.11.01 –The contract can be extended and terminated with the consent of both parties		
	Sub-subsidiary Franbo Sagacity S.A. and Franbo Lines Corp.	2018.02.01 –The contract can be extended and terminated with the consent of both parties		
	Sub-subsidiary Franbo Sino S.A. and Franbo Lines Corp.	2019.07.01 –The contract can be extended and terminated with the consent of both parties		
	Sub-subsidiary Franbo Ocean S.A. and Franbo Lines Corp.	2019.12.01 –The contract can be extended and terminated with the consent of both parties		
	Sub-subsidiary FB Pioneer Limited and Franbo Lines Corp.	2019.09.01 –The contract can be extended and terminated with the consent of both parties		
	Sub-subsidiary FB Navigation Limited and Franbo Lines Corp.	2019.10.01 –The contract can be extended and terminated with the consent of both parties		
	Sub-subsidiary Franbo Way Limited and Franbo Lines Corp.	2022.10.17 –The contract can be extended and terminated with the consent of both parties		
	Sub-subsidiary Franbo Legacy Limited and Franbo Lines Corp.	2022.11.05 –The contract can be extended and terminated with the consent of both parties		
	Franbo Courage S.A. and Franbo Lines Corp.	2020.12.01 –The contract can be extended and terminated with the consent of both parties		
	BCI Loyalty Inc. and Franbo Lines Corp.	2021.01.01 –The contract can be extended and terminated with the consent of both parties		
Escrow contract of ship operation	Sub-subsidiary Franbo Logos S.A. and Franbo Lines Corp.	2015.09.18 –The contract can be extended and terminated with the consent of both parties	Ship agent's operation and management	None
	Sub-subsidiary Franbo Logic S.A. and Franbo Lines Corp.	2016.01.15 –The contract can be extended and terminated with the consent of both parties		
	Sub-subsidiary Franbo Lohas S.A. and Franbo Lines Corp.	2016.04.28 –The contract can be extended and terminated with the consent of both parties		
	Sub-subsidiary Franbo Legion Limited and Franbo Lines Corp.	2021.02.01 –The contract can be extended and terminated with the consent of both parties		
	Sub-subsidiary Franbo Bright Limited and Franbo Lines Corp.	2021.12.01 –The contract can be extended and terminated with the consent of both parties		
	Sub-subsidiary Franbo ACE Limited and Franbo Lines Corp.	2023.03.01 –The contract can be extended and terminated with the consent of both parties		
	Sub-subsidiary Franbo ART Limited and Franbo Lines Corp.	2023.04.01 –The contract can be extended and terminated with the consent of both parties		

Six. Financial Overview

I. Condensed balance sheet and composite income sheet for the last five years:

(I) Condensed balance sheet and composite income sheet - International financial reporting standards (IFRS):

1. Consolidated condensed balance sheet:

Unit: NT$ 1,000

Items \ Year		Financial information for the last five years (Note 1)					Financial information for the year ended March 31, 2023
		2018	2019	2020	2021	2022	
Current assets		241,909	113,903	164,141	720,392	2,737,033	Note 3
Real estate property, plant and equipment		3,975,089	4,020,482	4,195,556	4,018,921	2,505,566	
Intangible assets		424	282	183	540	382	
Other assets		172,386	225,642	257,613	978,631	2,769,311	
Total assets		4,389,808	4,360,309	4,617,493	5,718,484	8,012,292	
Current liability	Before distribution	626,820	1,120,377	757,484	633,091	1,028,962	
	After distribution	626,820	1,135,489	757,484	784,000	1,387,697 (Note 2)	
Non-current liabilities		2,195,708	1,645,466	2,295,701	2,207,798	1,646,505	
Total liabilities	Before distribution	2,822,528	2,765,843	3,053,185	2,840,889	2,675,467	
	After distribution	2,822,528	2,780,955	3,053,185	2,991,798	3,034,202 (Note 2)	
Equity attributable to owners of parent company		1,567,280	1,594,466	1,564,308	2,877,595	5,336,825	
Share capital		1,511,246	1,511,246	1,526,358	1,886,358	2,391,567	
Capital reserve		7,274	6,483	5,677	652,668	1,107,999	
Retained surplus	Before distribution	81,255	161,848	226,588	601,850	1,730,852	
	After distribution	81,255	146,736	226,588	450,941	1,372,117 (Note 2)	
Other equities		(32,945)	(85,111)	(194,315)	(263,281)	106,407	
Treasury stock		—	—	—	—	—	
Non-controlling equity		—	—	—	—	—	
Total equity	Before distribution	1,567,280	1,594,466	1,564,308	2,877,595	5,336,825	
	After distribution	1,567,280	1,579,354	1,564,308	2,726,686	4,978,090 (Note 2)	

Note 1: The financial information has been certified or audited by a CPA in accordance with international accounting standards; No asset revaluation has been handled in the past five years.

Note 2: The amount was determined by the Board of Directors on March 3, 2023.

Note 3: As of the date of publication, the consolidated financial statements for the first quarter of 2023 have not yet been issued.

2. Individual concise balance sheet:

Unit: NT$ 1,000

Items \ Year		Financial information for the last five years (Note 1)				
		2018	2019	2020	2021	2022
Current assets		66,406	116,559	39,635	56,485	475,092
Real estate property, plant and equipment		54,772	52,882	50,992	53,267	51,885
Intangible assets		424	282	183	540	382
Other assets		2,138,394	2,181,204	2,262,982	3,229,026	6,441,294
Total assets		2,259,996	2,350,927	2,353,792	3,339,318	6,968,653
Current liability	Before distribution	112,100	707,735	286,240	39,854	1,046,268
	After distribution	112,100	722,847	286,240	190,763	1,405,003 (Note 2)
Non-current liabilities		580,616	48,726	503,244	421,869	585,560
Total liabilities	Before distribution	692,716	756,461	789,484	461,723	1,631,828
	After distribution	692,716	771,573	789,484	612,632	1,990,563 (Note 2)
Equity attributable to owners of parent company		—	—	—	—	—
Share capital		1,511,246	1,511,246	1,526,358	1,886,358	2,391,567
Capital reserve		7,274	6,483	5,677	652,668	1,107,999
Retained surplus	Before distribution	81,255	161,848	226,588	601,850	1,730,852
	After distribution	81,255	146,736	226,588	405,941	1,372,117 (Note 2)
Other equities		(32,495)	(85,111)	(194,315)	(263,281)	106,407
Treasury stock		—	—	—	—	—
Non-controlling equity		—	—	—	—	—
Total equity	Before distribution	1,567,280	1,594,466	1,564,308	2,877,595	5,336,825
	After distribution	1,567,280	1,579,354	1,564,308	2,726,686	4,977,090 (Note 2)

Note 1: The financial information has been certified or audited by a CPA in accordance with international accounting standards; No asset revaluation has been handled in the past five years.

Note 2: The amount was determined by the Board of Directors on March 3, 2023.

3. Consolidated condensed composite income sheet:

Unit: NT$ 1,000

Items \ Year	Financial information for the last five years (Note 1)					Financial information for the year ended March 31, 2023
	2018	2019	2020	2021	2022	
Business income	795,087	787,399	747,534	1,226,139	1,466,949	Note 2
Business gross profit	205,810	210,430	194,582	469,593	768,011	
Business gains and losses	147,618	156,511	140,484	378,480	634,364	
Non-business income and expenditure	(57,221)	(73,608)	(44,368)	(5,110)	654,251	
Net profit before tax	90,397	82,903	96,116	373,370	1,288,615	
Net profit of units to continue to operate in the current period	91,865	80,593	95,182	375,262	1,279,911	
Losses of units to stop operating	—	—	—	—	—	
Net profit in the current period	91,865	80,593	95,182	375,262	1,279,911	
Other comprehensive gains and losses in the current period (net after tax)	62,475	(52,616)	(109,204)	(68,966)	369,688	
Total comprehensive gains and losses in the current period	154,340	27,977	(14,022)	306,296	1,649,599	
Net profit attributable to owners of parent company	91,865	80,593	95,182	375,262	1,279,911	
Net profit attributable to non-controlling equity	—	—	—	—	—	
Total comprehensive gains and losses attributable to owners of parent company	154,340	27,977	(14,022)	306,296	1,649,599	
Total comprehensive gains and losses attributable to non-controlling equity	—	—	—	—	—	
Earnings per share (Note 3, Note 4)	0.61	0.53	0.62	2.24	6.23	

Note 1: The financial information has been certified or audited by a CPA in accordance with international accounting standards; No asset revaluation has been handled in the past five years.
Note 2: As of the date of publication, the consolidated financial statements for the first quarter of 2023 have not yet been issued.
Note 3: On May 30, 2018, the Company passed a resolution at the ordinary shareholders' meeting to reduce its capital to eliminate accumulated losses of NT$ 393,087,000 and 39,309,000 common shares. Therefore, the previous year's earnings per share were retroactively adjusted.
Note 4: On May 28, 2020, at the ordinary shareholders' meeting, the Company decided to transfer the surplus to increase the capital by NT$ 15,112,000, so the earnings per share of the previous year were retroactively adjusted.

4. Standalone condensed composite income sheet:

Unit: NT$ 1,000

Year / Items	Financial information for the last five years (Note 1)				
	2018	2019	2020	2021	2022
Business income	73,386	54,993	56,967	62,854	63,261
Business gross profit	40,110	41,556	46,855	50,688	48,316
Business gains and losses	(873)	1,990	5,764	(21,821)	(64,677)
Non-business income and expenditure	91,270	80,913	90,352	395,191	1,353,292
Net profit before tax	90,397	82,903	96,116	373,370	1,288,615
Net profit of units to continue to operate in the current period	91,865	80,593	95,182	375,262	1,279,911
Losses of units to stop operating	—	—	—	—	—
Net profit in the current period	91,865	80,593	95,182	375,262	1,279,911
Other comprehensive gains and losses in the current period (net after tax)	62,475	(52,616)	(109,204)	(68,966)	369,688
Total comprehensive gains and losses in the current period	154,340	27,977	(14,022)	306,296	1,649,599
Earnings per share (Note 2, Note 3)	0.61	0.53	0.62	2.24	6.23

Note 1: The financial information has been certified or audited by a CPA in accordance with international accounting standards; No asset revaluation has been handled in the past five years.
Note 2: On May 30, 2018, the Company passed a resolution at the ordinary shareholders' meeting to reduce its capital to eliminate accumulated losses of NT$ 393,087,000 and 39,309,000 common shares. Therefore, the previous year's earnings per share were retroactively adjusted.
Note 3: On May 28, 2020, at the ordinary shareholders' meeting, the Company decided to transfer the surplus to increase the capital by NT$ 15,112,000, so the earnings per share of the previous year were retroactively adjusted.

(II) Name and audit opinions of the Certified Public Accountants in the last five years:

Year	Name of accounting firm	Name of Certified Public Accountant	Audit opinions
2018	PwC Taiwan	Kuo-Hua Wang, Chien-Chih Wu	Unqualified opinions
2019	PwC Taiwan	Kuo-Hua Wang, Chien-Chih Wu	Unqualified opinions
2020	PwC Taiwan	Kuo-Hua Wang, Chien-Chih Wu	Unqualified opinions
2021	PwC Taiwan	Kuo-Hua Wang, Chien-Chih Wu	Unqualified opinions
2022	PwC Taiwan	Kuo-Hua Wang, A-shen Liao	Unqualified opinions

In 2022, due to the internal rotation of PwC Taiwan, CPAs Kuo-Hua Wang and A-shen Liao were appointed to be responsible for certifying.

II. Financial analysis in the last five years

(I) Consolidated and standalone financial analysis in the last five years - International financial reporting standards (IFRS):

1. Consolidated financial analysis:

Analysis items \ Year		Financial analysis in the last five years (Note 1)					For the year ended March 31, 2023
		2018	2019	2020	2021	2022	
Financial structure %	Ratio of liabilities to assets	64.30	63.43	66.12	49.68	33.39	Note 2
	Ratio of long-term capital to real estate property, plant and equipment	94.66	80.59	92.00	126.54	278.71	
Solvency %	Current ratio	38.59	10.17	21.67	113.79	266.00	
	Quick ratio	30.91	6.51	17.60	106.92	201.74	
	Interest coverage ratio	1.91	1.86	2.49	9.72	21.82	
Operation capacity %	Turnover rate of accounts receivable (Times)	39.85	66.53	210.34	306.15	908.61	
	Average cash collection days	9.15	5.48	1.73	1.19	0.40	
	Turnover rate of inventory (Times)	48.95	60.73	75.76	91.46	2.25	
	Turnover rate of accounts payable (Times)	0.00	0.00	0.00	0.00	0.00	
	Average sales days	7.45	6.01	4.81	3.99	162.22	
	Turnover rate of real estate property, plant and equipment (times)	0.20	0.20	0.18	0.31	0.59	
	Turnover rate of total assets (Times)	0.18	0.18	0.16	0.21	0.18	
Profitability %	Return on assets (%)	3.97	3.59	3.27	7.92	23.42	
	Return on equity (%)	6.24	5.10	6.03	16.90	31.16	
	Ratio of net profit before tax to paid-up capital (%)	5.98	5.49	6.30	19.79	53.88	
	Net profit rate (%)	11.55	10.24	12.73	30.61	87.25	
	Earnings per share (NT$) (Note 3)	0.61	0.53	0.62	2.24	6.23	
Cash flow	Cash flow ratio (%)	64.82	28.23	45.65	107.06	34.82	
	Cash flow adequacy ratio (%)	48.51	49.15	50.20	66.44	58.00	
	Cash reinvestment ratio (%)	8.13	6.41	6.24	7.91	(0.01)	
Leverage	Operating leverage	4.56	4.32	4.61	2.93	2.04	
	Financial leverage	3.07	2.58	1.84	1.13	1.11	

Please explain the reasons for the changes in the financial ratios in the last two years: (for changes below 20%, it is not necessary to analyze)

1. The decrease in the ratio of liabilities to assets: It was mainly due to the significant increase in total assets caused by the issuance of new shares at a cash premium and increased profits in 2022.
2. The increase in the ratio of long-term funds to real estate property, plant and equipment: It was mainly due to the decrease in real estate property, plant and equipment caused by the disposal of ships, and the increase in net shareholders' equity caused by the issuance of new amounts at a cash premium and the increase in profits in 2022.
3. The increase in current ratio and quick ratio: It was mainly due to the increase in profits and cash capital increase handled in the current period in 2022, resulting in a significant increase in current assets.
4. The increase in interest coverage ratio: It was mainly due to the significant increase in net profit in 2022.
5. The increase in the turnover rate of accounts receivable and the decrease in average cash collection days: It was mainly due to the increase in operating revenue and the decrease in average accounts receivable in 2022.
6. The decrease in turnover rate of inventory and the increase in average sales days: It was mainly due to the increase in construction land to be developed, caused by an increase in inventory at the end of 2022.
7. The increase in the turnover rate of real estate property, plant and equipment, return on assets, return on equity, ratio of net profit before tax to paid-up capital, net profit ratio, and earnings per share: It was mainly due to the continued good shipping market in 2022, high daily amount for chartering, plus profits generated by the disposal of ships, causing an increase in profits after taxes.
8. The decrease in cash flow ratio and cash reinvestment ratio: It was mainly due to the decrease in operating cash flow caused by the acquisition of construction land to be developed, as well as the re-recognition of company bonds due in 2023 to long-term liabilities due within one year or one operating cycle, resulting in an increase in current liabilities, in 2022.

Note 1: Above financial data for each year is verified and certified by Certified Public Accountant.

Note 2: As of the date of publication, the consolidated financial statements for the first quarter of 2023 have not yet been issued.

Note 3: On May 30, 2018, the Company passed a resolution at the ordinary shareholders' meeting to reduce its capital to eliminate accumulated losses of NT$ 393,087,000 and 39,309,000 common shares. Therefore, the previous year's earnings per share were retroactively adjusted.

Note 4: Earnings per share are calculated based on the weighted average number of outstanding shares after retrospective adjustment.

2. Standalone financial analysis:

Analysis items \ Year		Financial analysis in the last five years (Note 1)				
		2018	2019	2020	2021	2022
Financial structure %	Ratio of liabilities to assets	30.65	32.18	33.54	13.83	23.42
	Ratio of long-term capital to real estate property, plant and equipment	3,921.52	3,107.28	4,054.66	6,194.20	11,414.45
Solvency %	Current ratio	59.24	16.47	13.85	141.73	45.41
	Quick ratio	58.31	16.40	13.40	136.79	45.30
	Interest coverage ratio	7.61	6.72	8.30	57.92	138.34
Operation capacity %	Turnover rate of accounts receivable (Times)	6.32	4.58	8.09	8.79	13.50
	Average cash collection days	57.75	79.78	45.09	41.54	27.03
	Turnover rate of inventory (Times)	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)
	Turnover rate of accounts payable (Times)	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)
	Average sales days	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)
	Turnover rate of real estate property, plant and equipment (times)	1.34	1.04	1.12	1.18	1.22
	Turnover rate of total assets (Times)	0.03	0.02	0.02	0.02	0.01
Profitability %	Return on assets (%)	4.52	4.00	4.49	13.37	19.65
	Return on equity (%)	6.24	5.10	6.03	16.90	29.83
	Ratio of net profit before tax to paid-up capital (%)	5.98	5.49	6.30	19.79	53.88
	Net profit rate (%)	125.18	146.55	167.08	597.04	2,023.22
	Earnings per share (NT$) (Note 3, Note 4)	0.61	0.53	0.62	2.24	6.23
Cash flow	Cash flow ratio (%)	(4.91)	0.67	0.87	2.08	1.09
	Cash flow adequacy ratio (%)	(32.94)	18.44	45.76	1.50	23.77
	Cash reinvestment ratio (%)	(0.26)	(0.63)	0.12	(4.55)	(5.86)
Leverage	Operating leverage	(80.54)	27.25	9.77	(2.83)	(0.97)
	Financial leverage	0.06	(0.16)	(0.78)	0.77	0.87

Please explain the reasons for the changes in the financial ratios in the last two years: (for changes below 20%, it is not necessary to analyze)

1. The increase in the ratio of liabilities to assets: It was mainly due to the issuance of domestic unsecured convertible corporate bonds for the fifth time in 2022, resulting in an increase in liabilities.
2. The increase in the ratio of long-term funds to real estate property, plant and equipment: It was mainly due to the increase in shareholders' equity caused by the increase in profits in 2022.
3. The decrease in current ratio and quick ratio: It was mainly due to the re-recognition of company bonds due in 2023 to long-term liabilities due within one year or one operating cycle, resulting in a significant increase in current liabilities in 2022.
4. The increase in interest coverage ratio: It was mainly due to the significant increase in net profit in 2022.
5. The increase in the turnover rate of accounts receivable and the decrease in average cash collection days: It was mainly due to the increase in operating revenue and the decrease in average accounts receivable in 2022.
6. The increase in return on assets, return on equity, ratio of net profit before tax to paid-up capital, net profit ratio, and earnings per share: It was mainly due to the good shipping market and the significant increase in subsidiaries' interests after recognition using the equity method in 2022.
7. The decrease in cash flow ratio: It was mainly due to the re-recognition of company bonds due in 2023 to long-term liabilities due within one year or one operating cycle, resulting in a significant increase in current liabilities in 2022.
8. The increase in cash flow adequacy ratio: It was mainly due to the increase in cash dividends issued in 2022.

Note 1: The financial information has been audited and certified by Certified Public Accountants in accordance with International Accounting Standards.

Note 2: The accounts payable and inventory at the end of the two periods are both 0, so they are not listed.

Note 3: On May 30, 2018, the Company passed a resolution at the ordinary shareholders' meeting to reduce its capital to eliminate accumulated losses of NT$ 393,087,000 and 39,309,000 common shares. Therefore, the previous year's earnings per share were retroactively adjusted.

Note 4: Earnings per share are calculated based on the weighted average number of outstanding shares after retrospective adjustment.

The calculation formula for this table is as follows:

1. Financial structure
   (1) Ratio of liabilities to assets = total liabilities / total assets.
   (2) Ratio of long-term capital to real estate property, plant and equipment = (total equity + non-current liabilities) / net amount of real estate property, plant and equipment.
2. Debt paying ability
   (1) Current ratio=current assets/current liabilities.
   (2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities.
   (3) Interest coverage ratio = net profit before income tax and interest expense / interest expense in the current period.
3. Operation capacity
   (1) Turnover rate of accounts receivable (including accounts receivable and negotiable instrument receivable arising from business) = net sales / average balance of accounts receivables (including accounts receivable and negotiable instrument receivable arising from business) in each period.
   (2) Average cash collection days = 365 / turnover rate of accounts receivable.
   (3) Turnover rate of inventory = cost of sales / average inventory amount.
   (4) Turnover rate of accounts payable (including accounts payable and negotiable instrument payable arising from business) = cost of sales / average balance of accounts payables (including accounts payable and negotiable instrument payable arising from business) in each period.
   (5) Average sales days = 365 / turnover rate of inventory.
   (6) Turnover rate of real estate property, plant and equipment = net sales / average net amount of real estate property, plant and equipment.
   (7) Turnover rate of total assets = net sales / average total assets.
4. Profitability
   (1) Return on assets = [after-tax gains and losses + interest expense × (1 - tax rate)]/ average total assets.
   (2) Return on equity = after-tax gains and losses / average net shareholders' equity.
   (3) Net profit ratio = after-tax gains and losses / net sales.
   (4) Earnings per share = (gains and losses attributable to owners of the parent company - dividend on preferred stock) / weighted average number of issued shares.
5. Cash flow
   (1) Cash flow ratio = net cash flow from business activities/current liabilities.
   (2) Net cash flow adequacy ratio = net cash flow from business activities in the last five years/(capital expenditure + inventory increase + cash dividends) in the last five years.
   (3) Cash reinvestment ratio = (net cash flow from business activities - cash dividends)/(gross amount of real estate property, plant and equipment + long-term investment + other non-current assets + working capital).
6. Leverage:
   (1) Degree of operating leverage ＝ (net operating income - variable operating costs and expenses)/business gains.
   (2) Degree of financial leverage ＝ business gains/(business gains - interest expense).

III. Auditing report of Audit Committee on the financial report in the most recent year

Please refer to page 121 for details.

IV. Financial report and audit report of Certified Public Accountant in the most recent year

Please refer to pages 122 to 208 for details.

V. The standalone financial report of the Company audited and certified by a Certified Public Accountant in the most recent year

Please refer to pages 209 to 291 for details.

VI. If the Company and its related enterprises have difficulties in financial turnover in the most recent year and up to the date of publication of the annual report, the impact on the financial situation of the Company: None.

III. Auditing report of Supervisor on the financial report in the most recent year

Franbo Lines Corp.
Auditing report of the Audit Committee

The Board of Directors prepared the Company's 2022 standalone financial statements, consolidated financial statements, business report and earnings distribution proposal, among which the financial statements (including consolidated financial statements) were audited by Certified Public Accountants Kuo-Hua Wang and A-shen Liao of PwC Taiwan which issued an audit report.The various statements and records prepared by the Board of Directors at the previous meeting have not been found to be inconsistent after review by this audit committee. Therefore, in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we kindly request your supervision.

Sincerely

2023 ordinary shareholders' meeting of the Company

Franbo Lines Corp.

Convener of the Audit Committee: Tai, Chih-Tsung

March 3, 2023

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Franbo Lines Corporation

Opinion

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

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

Basis for opinion

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

Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the consolidated 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 Group's 2022 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated 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 Group's 2022 consolidated financial statements are stated as follows:

The existence of revenue recognition of newly top 10 unlisted customers

Description

Please refer to Notes 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 was the main indicator of managements' operating performance, and because the economic fluctuation of marine industry was larger in recent years, we consider the existence of revenue recognition of newly top 10 unlisted customers of the Company and subsidiaries as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Assessed and tested the implementation effectiveness of internal control in relation to credit business in sales cycle.
2. Examined contracts to confirm the amounts of revenue were calculated according to contracts.
3. Verified the collection record of banks and counterparties were in agreement.
4. Confirmed vessels were actually operating properly by searching rutters on the internet and verified related documents.

Impairment assessment of vessels and equipment

Description

Please refer to Note 4(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 Group was ocean freight forwarder. Because of the external competitive environment of bulk shipments and the effect of worsening macroeconomic conditions, there were indications which were identified by the management showing that the vessels and equipment of some subsidiaries might have been impaired, thus, the appraiser who was appointed by the management measured the recoverable amounts of vessels and equipment by using fair values less disposal costs. The aforementioned estimates of recoverable amount primarily relied on the appraisal report of the appraiser, and the result might have significant influence on the consolidated 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 – Consolidated financial reports

We have audited and expressed an unqualified opinion on the consolidated 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 consolidated financial statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group 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 Group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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 Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group 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 consolidated 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)

	Assets	Notes	December 31, 2022 AMOUNT	%	December 31, 2021 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 1,597,253	20	$ 494,465	9
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	3	-	-
1170	Accounts receivable, net	6(4) and 7	56	-	3,173	-
1197	Finance lease receivable, net	6(8)	170,313	2	14,831	-
1220	Current tax assets		28	-	20	-
130X	Inventories	6(5) and 7	610,377	7	9,508	-
1410	Prepayments		50,793	1	33,973	1
1460	Non-current assets held for sale - net	5, 6(7)(9) and 8	-	-	148,869	3
1479	Other current assets, others		57,727	1	12,805	-
11XX	**Current Assets**		2,737,033	34	720,392	13
	Non-current assets					
1510	Financial assets at fair value through profit or loss - non-current	6(2)	880	-	-	-
1535	Non-current financial assets at amortised cost	6(3) and 8	19,057	-	125,268	2
1550	Investments accounted for under equity method	6(6)	26,363	-	43,478	1
1600	Property, plant and equipment	5, 6(7)(9) and 8	2,505,566	31	4,018,921	70
1780	Intangible assets		382	-	540	-
1840	Deferred income tax assets		14,764	-	17,114	-
1915	Prepayments for business facilities		1,551,114	20	647,380	11
1930	Long-term notes and accounts receivable	6(8)	1,156,513	15	144,766	3
1990	Other non-current assets, others	8	620	-	625	-
15XX	**Non-current assets**		5,275,259	66	4,998,092	87
1XXX	**Total assets**		$ 8,012,292	100	$ 5,718,484	100

(Continued)

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

	Liabilities and Equity	Notes	December 31, 2022 AMOUNT	%	December 31, 2021 AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(10) and 8	$ 120,000	2	$ 10,000	-
2110	Short-term notes and bills payable	6(11)	29,966	1	-	-
2170	Accounts payable		377	-	5,155	-
2200	Other payables	6(12)	186,235	2	74,239	1
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	1
2320	Long-term liabilities, current portion	6(13)(14) and 8	586,155	7	393,394	7
2399	Other current liabilities, others	6(20)	99,070	1	109,060	2
21XX	**Current Liabilities**		1,028,962	13	633,091	11
	Non-current liabilities					
2530	Corporate bonds payable	6(13) and 8	565,399	7	400,000	7
2540	Long-term borrowings	6(14) and 8	846,174	10	1,509,022	26
2570	Deferred income tax liabilities		461	-	-	-
2645	Guarantee deposits received		125,291	2	151,872	3
2670	Other non-current liabilities, others	6(20)	109,180	1	146,904	3
25XX	**Non-current liabilities**		1,646,505	20	2,207,798	39
2XXX	**Total Liabilities**		2,675,467	33	2,840,889	50
	Equity					
	Equity attributable to owners of parent					
	Share capital	6(17)				
3110	Share capital - common stock		2,386,358	30	1,886,358	33
3130	Certificate of entitlement to new shares from convertible bond		5,209	-	-	-
	Capital surplus	6(18)				
3200	Capital surplus		1,107,999	14	652,668	11
	Retained earnings	6(19)				
3310	Legal reserve		64,268	1	26,742	1
3320	Special reserve		263,295	3	194,315	3
3350	Unappropriated retained earnings		1,403,289	18	380,793	7
	Other equity interest					
3400	Other equity interest		106,407	1	(263,281)	(5)
31XX	**Equity attributable to owners of the parent**		5,336,825	67	2,877,595	50
3XXX	**Total equity**		5,336,825	67	2,877,595	50
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	**Total liabilities and equity**		$ 8,012,292	100	$ 5,718,484	100

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 for earnings per share)

	Items	Notes	Year ended December 31			
			2022		2021	
			AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(20) and 7	$ 1,466,949	100	$ 1,226,139	100
5000	Operating costs	6(24)(25)	(698,938)	(48)	(756,546)	(62)
5900	Net operating margin		768,011	52	469,593	38
	Operating expenses					
6100	Selling expenses		(9,615)	(1)	(5,993)	-
6200	General and administrative expenses		(124,032)	(8)	(85,120)	(7)
6000	Total operating expenses		(133,647)	(9)	(91,113)	(7)
6900	Operating profit		634,364	43	378,480	31
	Non-operating income and expenses					
7100	Interest income		18,816	1	362	-
7010	Other income	6(21)	42,569	3	29,429	2
7020	Other gains and losses	6(2)(22)	643,640	44	880	-
7050	Finance costs		(61,900)	(4)	(42,806)	(3)
7060	Share of profit/(loss) of associates and joint ventures accounted for under equity method	6(6)	11,126	1	7,025	1
7000	Total non-operating income and expenses		654,251	45	(5,110)	-
7900	**Profit before income tax**		1,288,615	88	373,370	31
7950	Income tax (expense) benefit	6(26)	(8,704)	(1)	1,892	-
8200	**Profit for the year**		$ 1,279,911	87	$ 375,262	31
	Other comprehensive income					
	Components of other comprehensive income (loss) that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		$ 369,688	25	($ 68,966)	(6)
8300	**Other comprehensive income (loss) for the year**		$ 369,688	25	($ 68,966)	(6)
8500	**Total comprehensive income for the year**		$ 1,649,599	112	$ 306,296	25
	Profit , attributable to:					
8610	Owners of the parent		$ 1,279,911	87	$ 375,262	31
	Comprehensive income attributable to:					
8710	Owners of the parent		$ 1,649,599	112	$ 306,296	25
	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)

		Equity attributable to owners of the parent										
		Share capital		Capital surplus				Retained Earnings				
	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	Exchange differences on translation of foreign financial statements	Total equity
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 loss for the year		-	-	-	-	-	-	-	-	-	(68,966)	(68,966)
Total comprehensive income(loss)		-	-	-	-	-	-	-	-	375,262	(68,966)	306,296
Appropriation and distribution of 2020 retained earnings:												
Legal reserve		-	-	-	-	-	-	9,496	-	(9,496)	-	-
Special reserve		-	-	-	-	-	-	-	109,204	(109,204)	-	-
Cash capital increase	6(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
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		-	-	-	-	-	-	-	-	-	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-swing 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)

	Notes	Year ended December 31 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 payables		104,474	(15,670)
Other payables 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)

	Notes	Year ended December 31 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	-
Purchase of convertible 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-swing 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.

FRANBO LINES CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and Organisation

(1) Franbo Lines Corporation (the "Company") was incorporated on September 29, 1998, and was primarily engaged in the shipping agency, consulting service and ocean freight forwarder, etc.

(2) The main activities of the Company and its subsidiaries (collectively referred herein as the "Group") are provided in Note 4(3).

(3) The Company' shares are traded in the Taipei Exchange starting from October 9, 2014.

2. The Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorisation

These consolidated financial statements were authorised for issuance by the Board of Directors on March 3, 2023.

3. Application of New Standards, Amendments and Interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") that came into effect as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments that came into effect endorsed by the FSC and became effective from 2022 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts—cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(2) Effect of new issuances of or amendments to IFRSs that came into effect as endorsed by the FSC but not yet adopted by the Company

New standards, interpretations and amendments endorsed by the FSC effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

4. Summary of Significant Accounting Policies

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

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the "IFRSs").

(2) Basis of preparation

A. Except for financial assets (including derivative instruments) at fair value through profit or loss , the consolidated financial statements have been prepared under the historical cost convention.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements

(a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

(e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiaries	Main business activities	Ownership(%) December 31 2022	Ownership(%) December 31 2021	Description
Franbo Lines Corporation	New Lucky Lines S.A.	Notes 1、2	100	100	-
Franbo Lines Corporation	Uni-Morality Lines Ltd.	Note 1	100	100	-
Franbo Lines Corporation	BCTS Capital Inc.	Note 1	100	100	-
Franbo Lines Corporation	Franbo Asset Management Co., Ltd.	Note 3	100	100	-
Franbo Lines Corporation	FWF Shipping Ltd.	Note 2	100	100	-
New Lucky Lines S.A.	Franbo Shipping S.A.	Note 2	100	100	-
New Lucky Lines S.A.	Franbo Transportation S.A.	Note 2	100	100	-
New Lucky Lines S.A.	Franbo Wind S.A.	Note 2	100	100	-
New Lucky Lines S.A.	Franbo Charity S.A.	Note 2	100	100	-
New Lucky Lines S.A.	TW Hornbill Line S.A.	Note 2	100	100	-
New Lucky Lines S.A.	Franbo Logos S.A.	Note 2	100	100	-
New Lucky Lines S.A.	Franbo Logic S.A.	Note 2	100	100	-
New Lucky Lines S.A.	Franbo Lohas S.A.	Note 2	100	100	-
New Lucky Lines S.A.	Prevalent Creation Corp.	Note 4	100	100	-
New Lucky Lines S.A.	Franbo Sagacity S.A.	Notes 2、4	100	100	-
New Lucky Lines S.A.	Franbo Way Ltd.	Note 2	100	100	-
New Lucky Lines S.A.	Franbo Uprightness Corp.	Note 2	100	100	-
New Lucky Lines S.A.	Franbo Sino Ltd.	Note 2	100	100	-
New Lucky Lines S.A.	Franbo Ocean Ltd.	Note 2	100	100	-
New Lucky Lines S.A.	Franbo Legion Ltd.	Note 2	100	100	-
New Lucky Lines S.A.	FB Pioneer Ltd.	Note 2	100	100	-
New Lucky Lines S.A.	FB Navigation Ltd.	Note 2	100	100	Note 5
New Lucky Lines S.A.	Franbo Legacy Ltd.	Note 2	100	100	-
New Lucky Lines S.A.	Franbo Bright Ltd.	Note 2	100	100	-
New Lucky Lines S.A.	Franbo Ace Ltd.	Note 2	100	100	-
New Lucky Lines S.A.	Franbo Cosmos Ltd.	Note 2	100	100	Note 6
New Lucky Lines S.A.	Franbo Art Ltd.	Note 2	100	100	Note 7
New Lucky Lines S.A.	Franbo Century Ltd.	Note 2	100	100	Note 7
New Lucky Lines S.A.	Franbo Brave Ltd.	Note 2	100	100	Note 8
New Lucky Lines S.A.	Franbo Bravo Ltd.	Note 2	100	100	Note 8
Uni-Morality Lines Ltd.	Dexin Shipping S.A.	Note 2	100	100	-
Franbo Asset Management Co., Ltd.	Franbo Propriety Buiding Development Co., Ltd.	Note 3	100	-	Note 9
Franbo Asset Management Co., Ltd.	Franbo Justice Buiding Development Co., Ltd.	Note 3	100	-	Note 10

Note 1: The main business activity is investment in other area.

Note 2: The main business activities are domestic and foreign shipping business and ocean freight transportation forwarding services.

Note 3: The main business activities are property investment trading and development.

Note 4: The main business activity is domestic and foreign management consulting service of steamship.

Note 5: In January 2021, the Group gradually acquired 66% of equity interest in Navigation from other shareholders of FB Navigation Ltd., and the Group held 100% shares including prior held shares of 34% and obtained all the seats in the Board of Directors. In January 2021, FB Navigation Ltd. was included in the consolidated entity. Because the acquisition transaction of the equity interest was not a purchase business, thus it was processed as acquisition of assets.

Note 6: It was a subsidiary of the Group established in May 2021, and the capital injection was completed in November 2021.

Note 7: It was a subsidiary of the Group established in August 2021, and the capital injection was completed in October 2021.

Note 8: It was a subsidiary of the Group established in November 2021, and the capital injection was completed in December 2021.

Note 9: It was a subsidiary of the Group established in April 2022, and the capital injection was completed in April 2022.

Note 10: It was a subsidiary of the Group established in July 2022, and the capital injection was completed in July 2022.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Foreign currency translation

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollar, which is the Company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

(a) The operating results and financial position of all the group entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

iii. All resulting exchange differences are recognised in other comprehensive income.

(b) When the foreign operation partially disposed of or sold is an associate or joint arrangement, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale.

(5) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realised within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(7) Financial assets at fair value through profit or loss

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income. Financial assets at amortised cost or fair value through other comprehensive income are designated as at fair value through profit or loss at initial recognition when they eliminate or significantly reduce a measurement or recognition inconsistency.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

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

(8) Financial assets at amortised cost

A. Financial assets at amortised cost are those that meet all of the following criteria:

(a) The objective of the Group's business model is achieved by collecting contractual cash flows.

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.

D. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(9) Accounts receivable

A. Accounts receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(10) Impairment of financial assets

For financial assets at amortised cost including accounts receivable or contract assets that have a significant financing component, at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(11) Derecognition of financial assets

The Group derecognises a financial asset when one of the following conditions is met:

A. The contractual rights to receive the cash flows from the financial asset expire.

B. The contractual rights to receive cash flows of the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.

C. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Group has not retained control of the financial asset.

(12) Leasing arrangements (lessor)－lease receivables/ operating leases

A. Based on the terms of a lease contract, a lease is classified as a finance lease if the lessee assumes substantially all the risks and rewards incidental to ownership of the leased asset.

(a) At commencement of the lease term, the lessor should record a finance lease in the balance sheet as 'lease receivables' at an amount equal to the net investment in the lease (including initial direct costs). The difference between gross lease receivable and the present value of the receivable is recognised as 'unearned finance income of finance lease'.

(b) The lessor should allocate finance income over the lease term based on a systematic and rational basis reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

(c) Lease payments (excluding costs for services) during the lease term are applied against the gross investment in the lease to reduce both the principal and the unearned finance income.

B. Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(13) Inventories

A. Vessel oils

It is the amount of inventory of vessel oils at the end of period, the value of oils was calculated by using the weighted moving average method. Inventories are stated at the lower of cost and net realisable value. The item by item approach is used in applying the lower of cost and net realisable value. The net realisable value is the replacement cost of oils.

B. Land held for construction site and construction in progress

Inventories are initially recorded at cost. Ending inventories are stated at the lower of cost and net realisable value. The item by item approach is used in applying the lower of cost and net realisable value Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. The interests associated with the construction in progress were capitalised in the period starting from beginning of construction until completion.

(14) Non-current assets held for sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction rather than through continuing use, and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

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

A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.

B. The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

C. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognizes the Group's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.

D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

E. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(16) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change.

The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	5 to 50 years
Transportation equipment	5 years
Vessels equipment	2.5 to 25 years
Office equipment	5 years

(17) Intangible assets

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

(18) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(19) Borrowings

A. Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

B. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

(20) Accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services.

B. The short-term accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(21) Derecognition of financial liabilities

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

(22) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(23) Bonds payable

Ordinary corporate bonds issued by the Group are initially recognised at fair value less transaction costs. Any difference between the proceeds (net of transaction costs) and the redemption value is presented as an addition to or deduction from bonds payable, which is amortised to profit or loss over the period of bond circulation using the effective interest method as an adjustment to 'finance costs'.

(24) Convertible bonds payable

Convertible bonds issued by the Group contain conversion options (that is, the bondholders have the right to convert the bonds into the Group's common shares by exchanging a fixed amount of cash for a fixed number of common shares), call options and put options. The Group classifies the bonds payable upon issuance as a financial asset, a financial liability or an equity instrument in accordance with the contract terms. They are accounted for as follows:

A. The embedded call options and put options are recognised initially at net fair value as 'financial assets or financial liabilities at fair value through profit or loss'. They are subsequently remeasured and stated at fair value on each balance sheet date; the gain or loss is recognised as 'gain or loss on valuation of financial assets or financial liabilities at fair value through profit or loss'.

B. The host contracts of bonds are initially recognised at fair value. Any difference between the initial recognition and the redemption value is accounted for as the premium or discount on bonds payable and subsequently is amortised in profit or loss as an adjustment to 'finance costs' over the period of circulation using the effective interest method.

C. The embedded conversion options which meet the definition of an equity instrument are initially recognised in 'capital surplus—share options' at the residual amount of total issue price less the amount of financial assets or financial liabilities at fair value through profit or loss and bonds payable as stated above. Conversion options are not subsequently remeasured.

D. Any transaction costs directly attributable to the issuance are allocated to each liability or equity component in proportion to the initial carrying amount of each abovementioned item.

E. When bondholders exercise conversion options, the liability component of the bonds (including bonds payable and 'financial assets or financial liabilities at fair value through profit or loss') shall be remeasured on the conversion date. The issuance cost of converted common shares is the total book value of the abovementioned liability component and 'capital surplus—share options'.

(25) Operating leases (lessor)

A. The Group assessed whether the contract pertain to (or including) lease according to the signature date. If the contract transferred the control power of the identified assets' use right for a period of time to exchange for a price, the contract pertain to (or including) lease. To assess whether the contract transferred the control power of the identified assets' use right for a period of time, the Group assessed whether the two conditions incurred in the use period:

(a) Acquisition of the right on almost all of the economic benefit from using identified assets ; and

(b) Conducting the use right of identified assets.

For contracts pertaining to (or including) lease, the Group separates every lease component in the contract into single lease, and accounts the lease components and non-lease components in the contract, respectively. For contracts containing one lease component and one or above additional lease components or non-lease components, the Group amortised the price to the lease component based on the relative single price of every lease component and the summarised single price of non-lease component. The relative single price of lease and non-lease component were determined based on the prices which were charged by the lessor (or one who was similar to the supplier) on the component (or the similar component). If the observable single price could not be readily available at any time, the Group estimated the single price by using the maximised observable information.

On the signature date, the Group classified every lease into operating lease or finance lease. Lease was classified as finance lease if almost all of the risk and returns of the ownership which attached on the target assets; otherwise, it would be classified as operating lease. At the commencement date, the Group recognised all of the assets held as finance lease in the balance sheet and presented them as finance lease receivable according to the net investment in the lease.

For contracts containing lease component and non-lease component, the Group amortised prices in contracts by applying IFRS 15.

B. Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(26) Employee benefits

A. Salaries and other short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.

B. Pensions

Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

C. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(27) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations, and management accrued income tax liabilities based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. The Group's subsidiaries, New Lucky Lines S.A., Franbo Shipping S.A., Franbo Transportation S.A., Franbo Wind S.A., Franbo Charity S.A., TW Hornbill Line S.A., Franbo Logos S.A., Franbo Logic S.A., Franbo Lohas S.A., Franbo Sagacity S.A., and Dexin Shipping S.A., were established in Panama and have no income tax payables to Panama which does not levy income tax.

D. The Group's subsidiaries, FWF Shipping Ltd., BCTS Capital Inc., Franbo Way Ltd., Franbo Uprightness Corp., Franbo Sino Ltd., Franbo Ocean Ltd., Franbo Legion Ltd., FB Pioneer Ltd., FB Navigation Ltd., Franbo Legacy Ltd., Franbo Bright Ltd., Franbo Ace Ltd., Franbo Cosmos Ltd., Franbo Art Ltd., Franbo Century Ltd., Franbo Brave Ltd., and Franbo Bravo Ltd., were established in Marshall Islands and have no income tax payables to Marshall Islands which does not levy income tax.

E. The Group's subsidiary, Prevalent Creation Corp., was established in Seychelles and have no income tax payables to Seychelles which does not levy income tax.

F. The Group's subsidiary, Uni-Morality Lines Ltd., was established in Hong Kong, the income tax of the subsidiary is levied according to local regulations.

G. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

H. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

(28) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(29) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(30) Revenue recognition

A. Rent income

Vessels rent income was recognised by using straight-line method in the lease period under operating leases. Income of finance leases was allocated over the accounting periods to reflect a constant periodic rate of return for each period.

B. Income from vessels management and freight

The Group's revenue from contracts with customers primarily arose from providing services, including vessels management service and carriage service of cargo. The aforementioned services were all separate pricing or negotiation, and the contract period was the basis for vessels management and carriage of cargo. Because the Group provided vessels management and carriage service of cargo in the contract period, revenue was recognised over time in the accounting period when the Group provided service to customers.

C. The Group and customers sign a contract which is consistent with market practice. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Group does not adjust the transaction price to reflect the time value of money. The Group provided charter service and vessels management, service revenue was recognised over time in the accounting period when the Group provided service to customers.

(31) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group's chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

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

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Details of critical accounting estimates and assumption uncertainty are as follows:

Impairment assessment of tangible assets

When there were indications identified by the management that showed the vessel equipment of some subsidiaries might have been impaired, the appraiser who was appointed by the management measures the recoverable amount of vessel equipment by using fair values reducing disposal costs. The aforementioned estimates on recoverable amount primarily relies on the appraisal report of the appraiser, and the data resources and assumptions which were applied by the appraiser might have significant influence on the result.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash:		
Cash on hand and petty cash	$ 7,002	$ 9,074
Checking accounts and demand deposits	206,162	136,623
Cash equivalents:		
Time deposits	1,365,361	348,768
Repurchase bonds	18,728	-
	$ 1,597,253	$ 494,465

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Group's demand deposits had been transferred into "current financial assets at amortised cost" and "non-current financial assets at amortised cost" due to being pledged and restricted, please refer to Note 8, pledged assets.

C. The aforementioned time deposits and repurchase bonds are both within three months of maturity, were not pledged as collateral and were classified as cash equivalents based on their nature.

(2) Financial assets at fair value through profit or loss

Items	December 31, 2022	December 31, 2021
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	$ 8,844	$ 1,560
Foreign corporate bonds	1,232	1,285
Valuation adjustment	(2,260)	(97)
	$ 7,816	$ 2,748
Non-Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Derivative instruments	$ 880	$ -

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

	Year ended December 31	
	2022	2021
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	($ 1,813)	$ 295
Foreign corporate bonds	(337)	(116)
Derivative instruments	(604)	-
	($ 2,754)	$ 179

The amount of (loss) income was shown as “other gains and losses”, please refer to Note 6(22) for details.

B. The Group has no financial assets at fair value through profit or loss pledged to others as collateral.

C. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2).

(3) Financial assets at amortised cost

Items	December 31, 2022	December 31, 2021
Current items:		
Time deposits with maturity over three months	$ 153,918	$ -
Restricted bank deposits	88,752	-
	$ 242,670	$ -
Non-current items:		
Restricted bank deposits	$ 19,057	$ 125,268

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. For the years ended December 31, 2022 and 2021, interest income from demand deposits and time deposits were recognised under interest income from bank deposits.

C. Details of the Group's financial assets at amortised cost pledged to others as collateral are provided in Note 8.

(4) Accounts receivable

	December 31, 2022	December 31, 2021
Accounts receivable	$ 56	$ 3,173
Less: Allowance for doubtful accounts	-	-
	$ 56	$ 3,173

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

	December 31, 2022	December 31, 2021
Up to 30 days	$ 56	$ 3,173

The above ageing analysis was based on invoice date.

B. On December 31, 2022, December 31, 2021 and January 1, 2021, the balances of the receivables from the Group's and customers contracts were $56 $3,173 and $4,837, respectively.

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

D. As at December 31, 2022 and 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Company was $56 and $3,173, respectively.

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

(5) Inventories

	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Fuels	$ 11,764	$ -	$ 11,764
Construction in progress (Note)	78,462	-	78,462
Land held for construction site (Note)	520,151	-	520,151
	$ 610,377	$ -	$ 610,377

	December 31, 2021		
	Cost	Allowance for valuation loss	Book value
Fuels	$ 9,508	$ -	$ 9,508

Note: It is a land development investment case which was obtained by the Company's subsidiary, Franbo Asset Management Co., Ltd., and the Company's second-tier subsidiaries, Franbo Propriety Buiding Development Co., Ltd. and Franbo Justice Buiding Development Co., Ltd., in February 2022 to March 2022, November 2022 to December 2022, May 2022 to August 2022 and August 2022 to September 2022, respectively. Except for some land held for construction site which were developed by Franbo Asset Management Co., Ltd., in October 2022, others had not been developed. Refer to Note 8 for details of pledges and collateral.

(6) Investments accounted for using equity method

Changes in the year were as follows:

	2022	2021
At January 1	$ 43,478	$ 118,765
Addition of investments accounted for using equity method (Note 1)	-	27,680
Capital decrease in investments accounted for using equity method (Notes 1, 2, 3)	(19,157)	(76,336)
Disposal of investments accounted for using equity method (Note 4)	-	(26,545)
Share of profit of investments accounted for using equity method	11,126	7,025
Earnings distribution of investments accounted for using equity method	(12,408)	(4,439)
Other equity	3,324	(2,672)
At December 31	$ 26,363	$ 43,478

	December 31, 2022	December 31, 2021
Subsidiaries:		
Taiwan Offshore Engingeering Co.,Ltd. (Note 5)	$ 30	$ 31
Due Feng Shipping Co., Ltd. (Note 3)	43	19,383
Bci Loyalty Inc. (Note 1)	12,129	11,499
Franbo Courage S. A. (Note 2)	14,161	12,565
	$ 26,363	$ 43,478

Note 1: On December 28, 2020, the Group invested USD 786,540 to acquire 21.57% of ownership interest in BCI Loyalty Inc. and invested USD 1,000,000 to acquire 27.43% of ownership interest, and the total ownership was 49%. This company processed capital reductions and recovered proceeds from investments of $3,256, $35,264 and $1,206 on July 5, 2021, August 31, 2021 and February 1, 2022, respectively.

Note 2: On November 16, 2020, the Group invested USD 1,764,000 to acquire 49% of ownership interest in Franbo Courage S.A. This company processed capital reductions and recovered proceeds from investments of $35,264 and $2,034 on March 4, 2021 and July 5, 2021, respectively.

Note 3: Due Feng Shipping Co., Ltd. processed capital reductions and recovered proceeds from investments of $518 and $17,951 on June 15, 2021 and January 11, 2022, respectively.

Note 4: On August 27, 2019, the Group invested USD 892,500 to acquire 34% of ownership interest in FB Navigation Ltd. who processed a capital reduction on January 8, 2020, and the Group recovered proceeds from the investment of $635. In January 2021, the Group gradually acquired 66% of equity interest in Navigation from other shareholders of FB Navigation Ltd., and the Group held 100% shares including prior held shares of 34% and obtained all the seats in the Board of Directors. In January 2021, FB Navigation Ltd. was included in the consolidated entity. Because the acquisition transaction of the equity interest was not a purchase business, thus it was processed as acquisition of assets.

Note 5: On March 10, 2017, the Group invested $3,000 in Taiwan Offshore Engineering Co., Ltd. and acquired 30% equity interests. On August 23, 2019, Taiwan Offshore Engineering Co., Ltd. decreased its capital, therefore the Company collected investment proceeds in the amount of $2,970, as of December 31, 2022, this company had not formally started operation.

A. The basic information of the associates that are material to the Group is as follows:

Company name	Principal place of business	Shareholding ratio		Nature of relationship	Methods of measurement
		December 31, 2022	December 31, 2021		
Franbo Courage S.A.	Panama	49%	49%	-	Equity method
BCI Loyalty Inc.	Marshall	49%	49%	-	Equity method

B. The summarized financial information of the associate that is material to the Group is as follows:

Balance sheets

	Franbo Courage S.A.	
	December 31, 2022	December 31, 2021
Current assets	$ 18,123	$ 16,774
Non-current assets	65,545	70,845
Current liabilities	(15,151)	(14,123)
Non-current liabilities	(39,616)	(47,850)
Total assets	$ 28,901	$ 25,646
Share in associate's net assets	$ 14,161	$ 12,565
Goodwill	-	-
Carrying amount of the associate	$ 14,161	$ 12,565

	BCI Loyalty Inc.	
	December 31, 2022	December 31, 2021
Current assets	$ 18,404	$ 17,176
Non-current assets	68,721	73,796
Current liabilities	(16,154)	(14,138)
Non-current liabilities	(46,219)	(53,368)
Total assets	$ 24,752	$ 23,466
Share in associate's net assets	$ 12,129	$ 11,499
Goodwill	-	-
Carrying amount of the associate	$ 12,129	$ 11,499

Comprehensive income

	Franbo Courage S.A.	
	2022	2021
Revenue	$ 7,192	$ 7,917
Profit for the year from continuing operations	$ 2,581	$ 4,689
Total comprehensive income	$ 2,581	$ 4,689
Dividends received from associates	$ -	$ -

	BCI Logalty Inc.	
	2022	2021
Revenue	$ 7,401	$ 8,007
Profit for the year from continuing operations	$ 2,564	$ 4,579
Total comprehensive income	$ 2,564	$ 4,579
Dividends received from associates	$ –	$ –

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

As of December 31, 2022 and 2021, the carrying amount of the Group's individually immaterial associates amounted to $73 and $19,414.

	2022	2021
Profit for the year from continuing operations	$ 8,605	$ 2,508
Other comprehensive income, net of tax	-	-
Total comprehensive income	$ 8,605	$ 2,508

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(7) Property, plant and equipment

	Land	Building and structures	Vessels equipment (Note 1)	Office equipment	Transportation equipment	
	For self-consumption	For self-consumption	For lease	For self-consumption	For self-consumption	Total
January 1, 2022						
Cost	$ 19,247	$ 42,193	$ 5,680,807	$ 3,254	$ 7,958	$ 5,753,459
Accumulated depreciation and impairment	-	(13,780)	(1,715,153)	(2,950)	(2,655)	(1,734,538)
	$ 19,247	$ 28,413	$ 3,965,654	$ 304	$ 5,303	$ 4,018,921
2022						
January 1	$ 19,247	$ 28,413	$ 3,965,654	$ 304	$ 5,303	$ 4,018,921
Additions	-	-	24,810	1,564	-	26,374
Reclassifications (Notes 2, 3, 4 and 5)	-	-	(999,320)	-	-	(999,320)
Disposals-cost reduction (Note 6)	-	-	(1,623,447)	(118)	(210)	(1,623,775)
Depreciation expense	-	(873)	(253,775)	(300)	(1,563)	(256,511)
Disposals-Accumulated depreciation and impairment reduction (Note 6)	-	-	964,060	118	-	964,178
Net exchange differences	-	-	375,699	-	-	375,699
December 31	$ 19,247	$ 27,540	$ 2,453,681	$ 1,568	$ 3,530	$ 2,505,566
December 31, 2022						
Cost	$ 19,247	$ 42,193	$ 3,265,880	$ 4,700	$ 7,748	$ 3,339,768
Accumulated depreciation and impairment	-	(14,653)	(812,199)	(3,132)	(4,218)	(834,202)
	$ 19,247	$ 27,540	$ 2,453,681	$ 1,568	$ 3,530	$ 2,505,566

	Land	Building and structures	Vessels equipment (Note 1)	Office equipment	Transportation equipment	
	For self-consumption	For self-consumption	For lease	For self-consumption	For self-consumption	Total
January 1, 2021						
Cost	$ 19,247	$ 42,193	$ 5,827,072	$ 3,124	$ 4,036	$ 5,895,672
Accumulated depreciation and impairment	-	(12,738)	(1,682,508)	(2,832)	(2,038)	(1,700,116)
	$ 19,247	$ 29,455	$ 4,144,564	$ 292	$ 1,998	$ 4,195,556
2021						
January 1	$ 19,247	$ 29,455	$ 4,144,564	$ 292	$ 1,998	$ 4,195,556
Additions (Note 7)	-	-	716,520	130	4,258	720,908
Transportation	-	-	2,394	-	-	2,394
Reclassifications (Notes 8 and 9)	-	-	(286,512)	-	-	(286,512)
Disposals-cost reduction (Note 10)	-	-	(232,842)	-	(336)	(233,178)
Depreciation expense	-	(1,042)	(302,855)	(118)	(953)	(304,968)
Disposals-Accumulated depreciation and impairment reduction (Note 10)	-	-	40,457	-	336	40,793
Net exchange differences	-	-	(116,072)	-	-	(116,072)
December 31	$ 19,247	$ 28,413	$ 3,965,654	$ 304	$ 5,303	$ 4,018,921
December 31, 2021						
Cost	$ 19,247	$ 42,193	$ 5,680,807	$ 3,254	$ 7,958	$ 5,753,459
Accumulated depreciation and impairment	-	(13,780)	(1,715,153)	(2,950)	(2,655)	(1,734,538)
	$ 19,247	$ 28,413	$ 3,965,654	$ 304	$ 5,303	$ 4,018,921

Note 1: They were vessels owned by second-tier subsidiaries as follows: Franbo Progress (Note 6) owned by Franbo Shipping S.A., Franbo Prospect (Note 6) owned by Franbo Transportation S.A., SINOWAY VI (was disposed in March 2022, Note 9) owned by Franbo Wind S.A., MARINE EMERALD (was disposed in October 2021, Note 8), MARINE HORNBILL (was disposed in September 2022) owned by TW Hornbill Line S.A., HAYAMA STAR (was disposed in September 2022, Note 3) owned by Franbo Uprightness Corp., SINOWAY ACT (Note 10) owned by Franbo Ocean Ltd., NEW AGE (was disposed by April 2022, Note 2) owned by Dexin Shipping S.A., ULTRA DURBAN owned by Franbo Logos S.A., Thorco Logic owned by Franbo Logic S.A., Thorco Lohas owned by Franbo Lohas S.A., STL HARVEST owned by Franbo Sagacity S.A., MEDI BANGKOK (Note 4) owned by Franbo Way Ltd., LAUREN OCEAN owned by Franbo Sino Ltd., FAIRWIND LEGION owned by Franbo Legion Ltd., SINOWAY LILY owned by FB Pioneer Ltd., CHRISTINA OCEAN owned by FB Navigation Ltd., THORCO LEGACY (Note 5) owned by Franbo Legacy Ltd. and IMARI owned by Franbo Bright Ltd.

Note 2: In January 2022, the Group transferred some of vessel equipment into non-current assets held for sale, their cost and accumulated depreciation were $283,100 and $100,830, respectively. Refer to Note 6(9) for details of non-current assets held for sale.

Note 3: In June 2022, the Group transferred some of vessel equipment into non-current assets held for sale, their cost and accumulated depreciation were $378,863 and $105,867, respectively. Refer to Note 6(9) for details of non-current assets held for sale.

Note 4: In September 2022, the Group transferred some of vessel equipment into non-current assets held for sale, their cost and accumulated depreciation were $387,456 and $122,524, respectively. Refer to Note 6(9) for details of non-current assets held for sale.

Note 5: In September 2022, the Group transferred some of vessel equipment into non-current assets held for sale, their cost and accumulated depreciation were $298,000 and $18,878, respectively. Refer to Note 6(9) for details of non-current assets held for sale.

Note 6: In July 2022, Franbo Shipping S.A. and Franbo Transportation S.A. signed a bareboat charter with charterers and derecognised their vessels, Franbo Progress and Franbo Prospect, and carrying amounts were $169,779 and $173,449, respectively.

Note 7: The amount of the Group obtaining vessel equipment through the acquisition transaction of ownership (please refer to Note 4(3)B) was $132,347.

Note 8: In July 2021, the Group transferred some of vessel equipment into non-current assets held for sale, their cost and accumulated depreciation were $244,968 and $107,325, respectively. Refer to Note 6(9) for details of non-current assets held for sale.

Note 9: In September 2021, the Group transferred some of vessel equipment into non-current assets held for sale, their cost and accumulated depreciation were $236,664 and $87,795, respectively. Refer to Note 6(9) for details of non-current assets held for sale.

Note 10: In August 2021, Franbo Ocean Ltd. signed a finance lease contract with the lessee and derecognised its vessel, SINOWAY ACT, which amounted to $192,385. Additionally, because the lessee earlier exercised the right of purchase, the contract had been terminated in July 2022. Refer to Note 6(8) for details.

A. For the years ended December 31, 2022 and 2021, the Group had no borrowing cost capitalisation of property, plant and equipment.

B. The significant components of buildings include main plants and decorated accessory equipment, which are depreciated over 50 and 5 years, respectively. The significant components of vessel equipment include vessels and dock repair equipment, which are depreciated over 25 and 2.5 ~ 5 years, respectively.

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

D. Information about the Group's vessel equipment that were rented to non-related parties is provided in Note 9.

(8) Leasing arrangements – lessor

A. The Group leases various assets including vessel equipment. Rental contracts are typically made for periods of 1 and 7 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

B. The Group leases vessel equipment under a finance lease. Based on the terms of the lease contract, the ownership of vessel equipment will be transferred to lessees when the leases expire. Information on profit or loss in relation to lease contracts is as follows:

	December 31, 2022	December 31, 2021
Finance income from the net investment in the finance lease	$ 83,995	$ 5,715

The lessee of the Group's vessel equipment exercised the right of purchase in July 2022, therefore there was unearned finance income which was recognised as income at once in the amount of $26,920.

C. The maturity analysis of the undiscounted lease payments in the finance lease is as follows:

	December 31, 2022		December 31, 2021
2023	$ 301,313	2022	$ 29,299
2024	264,586	2023	29,299
2025	248,507	2024	29,380
2026	232,845	2025	29,299
After 2027	757,105	After 2026	97,068
	$ 1,804,356		$ 214,345

D. Reconciliation of the undiscounted lease payments and the net investment in the finance lease is provided as follows:

	December 31, 2022		December 31, 2021	
	Current	Non-Current	Current	Non-Current
Undiscounted lease payments	$ 301,313	$ 1,503,043	$ 29,299	$ 185,046
Unearned finance income	(131,000)	(346,530)	(14,468)	(40,280)
Net investment in the lease	$ 170,313	$ 1,156,513	$ 14,831	$ 144,766

(a) In August 2022, the Group's second-tier subsidiary, Franbo Ocean Ltd., purchased the vessel, XIE HAI MARINER, in the amount of $621,330, and signed a finance lease contract with the lessee.

(b) Refer to Note 6(9) for details of the Group’s bareboat charter transaction.

E. For the years ended December 31, 2022 and 2021, the Group's lease payments receivable under finance lease did not have provisioned loss allowance arising from past due receivable. Refer to Note 12(2) for credit risk information of lease payments receivable.

F. Gain arising from operating lease agreements for the years ended December 31, 2022 and 2021 are as follows:

	December 31, 2022	December 31, 2021
Rent income	$ 1,364,588	$ 1,104,195
It was determined by rent income arising from variable lease payments of index.	$ -	$ 114,601

G. The maturity analysis of the lease payments under the operating leases is as follows:

	December 31, 2022		December 31, 2021
2023	$ 648,597	2022	$ 557,175
2024	112,352	2023	123,118
2025	34,133	2024	108,118
2026	10,192	2025	66,776
	$ 805,274	2026	44,844
		2027	34,760
		After 2028	98,487
			$ 1,033,278

(9) Non-current assets held for sale

A. To effectively operate the Group's resource of vessels, on January 14, 2022, the Group and the buyer signed a trading contract, vessel equipment - NEW AGE, at a net disposal price of $230,157 (USD 7,723 thousand), the vessel was transferred in April 2022, and the Group had recognised gain on disposal of $47,887.

B. To effectively operate the Group's resource of vessels, on June 27, 2022, the Group and the buyer signed a trading contract, vessel equipment - HAYAMA STAR, at a net disposal price of $505,855 (USD 16,950 thousand), the vessel was transferred in September 2022, and the Group had recognised gain on disposal of $232,858.

C. To effectively operate the Group's resource of vessels, on October 8, 2021, the Group and the buyer signed a trading contract, vessel equipment - SINOWAY VI. After the Group signed the termination agreement on January 26, 2022, the Group renewed the trading contract at a net disposal price of $251,861 (USD 8,452 thousand), the vessel was transferred in March 2022, and the Group had recognised gain on disposal of $91,590.

D. To effectively operate the Group's resource of vessels, on October 5, 2022, the Group and the buyer signed a bareboat charter, vessel equipment - MEDI BANGKOK, at a net disposal price of $500,044 (USD 16,780 thousand), the vessel was transferred in October 2022, and the Group had recognised gain on disposal of $163,927.

E. To effectively operate the Group's resource of vessels, on October 5, 2022, the Group and the buyer signed a bareboat charter, vessel equipment - THORCO LEGACY, which generated finance lease receivable in the total amount of $478,290 (USD 16,050 thousand), the vessel was transferred in November 2022, and the Group had recognised gain on disposal of $134,949.

F. To effectively operate the Group's resource of vessels, on July 2, 2021, the Board of Directors of the Group approved to sign a trading contract, vessel equipment - MARINE EMERALD, with the buyer at a net disposal price of $137,846 (USD 4,980 thousand), the vessel was transferred in October 2021, and the Group had recognised gain on disposal of $206.

G. Assets of disposal group held for sale:

	December 31, 2021
Property, plant and equipment	
Vessels equipment-SINOWAY VI	$ 148,869

For the year ended December 31, 2022: None.

H. Liabilities directly relating to non-current assets held for sale:

	December 31, 2021
Long-term liabilities, current portion	$ 14,947
Long-term borrowings	26,296
	$ 41,243

For the year ended December 31, 2022: None.

I. Non-current assets held for sale pledged to others as collateral are provided in Note 8.

(10) Short-term borrowings

Type of borrowings	December 31, 2022	December 31, 2021	Collateral
Bank borrowings			
Unsecured borrowings	$ 90,000	$ 10,000	None
Secured bank borrowings	10,000	-	SME credit insurance fund guarantee
Secured bank borrowings	20,000	-	Land, buildings and structures
	$ 120,000	$ 10,000	
Interest rate range	2.19%~2.37%	1.70%	

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

(11) Short-term notes and bills payable

	December 31, 2022
Commecial papers	$ 30,000
Less:Unamortized discount	(34)
	$ 29,966
Interest rate range	2.44%

On December 31, 2021: None.

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

(12) Other payables

	December 31, 2022	December 31, 2021
Salaries and rewards payable	$ 40,367	$ 22,066
Interest payable	2,539	1,269
Employees' compensation and directors' remuneration payable	26,316	7,630
Premium payable	10,994	6,058
Payables on charterer's payment on behalf of the Group	3,706	7,086
Repairs and maintenance expenses payable	4,614	4,394
Payables on profit-sharing from disposals of vessels	12,748	-
Payables on land purchased	69,120	-
Others	15,831	25,736
	$ 186,235	$ 74,239

(13) Bonds payable

	December 31, 2022	December 31, 2021
The first domestic secured corporate bonds	$ 400,000	$ 400,000
The fifth domestic unsecured convertible bonds	588,300	-
Less: Discount on bonds payable	(22,901)	-
	965,399	400,000
Less: current portion (shown as long-term liabilities, current portion)	(400,000)	-
	$ 565,399	$ 400,000

A. On November 25, 2020, the Company issued the first domestic secured corporate bonds at face value in the amount of $400,000 for the year ended December 31, 2020, the primary issuance terms were as follows:

(a) Total issuance amount: $400,000.

(b) Issuance price: Issued at par value of $1,000.

(c) Coupon rate: 0.57%.

(d) Terms of interest repayment: The bonds interest is calculated at simple rate once every year based on the coupon rate starting from the issuance date.

(e) Repayment term: The bonds are repaid in lump sum upon the maturity of the bonds.

(f) Issuance duration: 3 years (November 25, 2020 to November 25, 2023).

(g) Guarantee method: The joint guarantor was the second-tier subsidiary, Franbo Shipping S.A., and TAIWAN COOPERATIVE BANK performed guarantees for corporate bonds according to appointment contract.

(h) Trustee bank: JihSun International Commercial Bank Co., Ltd.

(i) The Company plans to use a centralized public offering as the source of repayment for its first guaranteed common bonds, and the related procedures are being finalized.

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

(a) The Company issued $600,000, 0% the fifth domestic secured convertible bonds and issued at 101% of the face value, as approved by the regulatory authority. The bonds mature 3 years from the issue date (July 28, 2022 ~ July 28, 2025), and bondholders' convertible bonds will be redeemed in cash at face value at the maturity date. The bonds were listed on the Taipei Exchange on July 28, 2022.

(b) The bondholders have the right to ask for conversion of the bonds into common shares of the Company during the period from the date after three months (October 29, 2022) of the bonds issue to the maturity date (July 28, 2025), except for the stop transfer period as specified in the terms of the bonds or the laws/regulations. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares. As of December 31, 2022, the bonds with a face value of $10,100 had been converted into 521 thousand common shares and were transferred to 'ordinary share' of $5,209.

(c) The conversion price of the bonds is set up based on the pricing model specified in the terms of the bonds, and is subject to adjustments if the condition of the anti-dilution provisions occurs subsequently. The conversion price will be reset based on the pricing model specified in the terms of the bonds on each effective date regulated by the terms. If the reset conversion price is higher than the reset conversion price, the conversion price will not be adjusted; the conversion price on issuance was NT$19.99 per share. As of December 31, 2022, the conversion price of the convertible bonds was adjusted to NT$19.39.

(d) The Company may repurchase all the bonds outstanding in cash at the bonds' face value at any time after the following events occur: (i) the closing price of the Group's common shares is above the then conversion price by 30% for 30 consecutive trading days during the period from the date after three months (October 29, 2022) of the bonds issue to 40 days before the maturity date (June 18, 2025), or (ii) the outstanding balance of the bonds is less than 10% of total initial issue amount during the period from the date after three months (October 29, 2022) of the bonds issue to 40 days before the maturity date (June 18, 2025).

(e) Under the terms of the bonds, all bonds redeemed, matured and converted are retired and not to be re-issued; all rights and obligations attached to the bonds are also extinguished. As of December 31, 2022, the bonds totaling $1,600 (face value) were repurchased and were retired by the Company from the Taipei Exchange.

(f) Regarding the issuance of the aforementioned convertible bonds, the equity conversion options amounting to $31,003 were separated from the liability component and were recognised in 'capital surplus—share options' in accordance with IAS 32. As of December 31, 2022, after conversion, repurchase and writing off of corporate bonds, the balance of the aforementioned 'capital surplus - share options' was $30,399. The call options embedded in bonds payable were separated from their host contracts and were recognised in 'financial assets at fair value through profit or loss' in net amount in accordance with IAS 9 because the economic characteristics and risks of the embedded derivatives were not closely related to those of the host contracts. The effective interest rate of the bonds payable after such separation was 1.55%.

(14) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Collateral	December 31, 2022
TAIWAN COOPERATIVE BANK			
Secured borrowings	Borrowing period is from June 2011 to June 2024; principal and interest is payable monthly.	FRANBO PROGRESS-vessels equipment and demand deposits	$ 26,104
Secured borrowings	Borrowing period is from January 2012 to January 2032; principal and interest is payable monthly.	Land, buildings and structures	21,890
Entie Commercial Bank, Ltd.			
Secured borrowings	Borrowing period is from August 2022 to August 2027; principal and interest is payable monthly.	XH- MARINER-vessels equipment	307,197
E.Sun Commercial Bank, Ltd.			
Secured borrowings	Borrowing period is from August 2021 to August 2026; principal and interest is payable monthly.	FRANBO PROSPECT-vessels equipments	54,050
Bank Of Panhsin			
Secured borrowings	Borrowing period is from December 2020 to Decenber 2024; principal and interest is payable monthly.	SINOWAY LILY-vessels equipment and demand deposits	36,852
Secured borrowings	Borrowing period is from January 2021 to July 2024; principal and interest is payable monthly.	CHRISTINA OCEAN-vessels equipment and demand deposits	29,174
Secured borrowings	Borrowing period is from October 2021 to October 2026; principal and interest is payable monthly.	THORCO LEGACY-vessels equipment and demand deposits	84,760
Mega International Commercial Bank			
Secured borrowings	Borrowing period is from April 2016 to December 2026; principal and interest is payable monthly. (Note 1)	Thorco Lohas-vessels equipment and demand deposits	125,450
O-Bank			
Secured borrowings	Borrowing period is from November 2021 to November 2026; principal and interest is payable monthly.	IMARI-vessels equipment and demand deposits	86,602
COTA Commercial Bank			
Secured borrowings	Borrowing period is from March 2022 to March 2024; The interest will be paid monthly and the principal will be repaid on a regular basis.	Land held for construction site	64,250
Secured borrowings	Borrowing period is from November 2022 to October 2024; The interest will be paid monthly and the principal will be repaid on a regular basis.	Land held for construction site	50,000
Taichung Commercial Bank, Co., Ltd.			
Secured borrowings	Borrowing period is from June 2022 to June 2026; principal and interest is payable monthly.	Land held for construction site	146,000
			1,032,329
Less: Current portion			(186,155)
			$ 846,174
Interest rate range			2.33%~6.77%

Type of borrowings	Borrowing period and repayment term	Collateral	December 31, 2022
TAIWAN COOPERATIVE BANK			
Secured borrowings	Borrowing period is from June 2011 to June 2024; principal and interest is payable monthly.	FRANBO PROGRESS-vessels equipment and demand deposits	$ 40,136
Secured borrowings	Borrowing period is from January 2012 to January 2032; principal and interest is payable monthly.	Land, buildings and structures	24,043
TAIWAN COOPERATIVE BANK			
8 banks and other joint loans			
Secured borrowings	Borrowing period is from March 2021 to March 2026; principal and interest is payable monthly. (Note 2)	ULTRA DURBAN- vessels equipment and vessels and dock repair and demand deposits	244,205
Secured borrowings	Borrowing period is from March 2021 to March 2026; principal and interest is payable monthly. (Note 2)	FRANBO LOGIC- vessels equipment and vessels and dock repair and demand deposits	244,205

Type of borrowings	Borrowing period and repayment term	Collateral	December 31, 2022
Entie Commercial Bank, Ltd.			
Secured borrowings	Borrowing period is from November 2017 to August 2026; principal and interest is payable monthly. (Notes 3 and 4)	MARINER HORNBILL-vessels equipment vessels and dock repair and demand deposits	93,005
Secured borrowings	Borrowing period is from November 2017 to August 2026; principal and interest is payable monthly. (Notes 3 and 5)	SINOWAY VI-vessels equipment and demand deposits	41,243
Secured borrowings	Borrowing period is from March 2018 to March 2023; principal and interest is payable monthly. (Note 4)	STL HARVEST-vessels equipment and demand deposits	16,608
Secured borrowings	Borrowing period is from March 2018 to August 2026; principal and interest is payable monthly. (Notes 3 and 6)	MEDI BANGKOK-vessels equipment vessels and dock repair and demand deposits	93,005
Secured borrowings	Borrowing period is from November 2020 to November 2025; principal and interest is payable monthly. (Note7)	FAIRWIND LEGION-vessels equipment and demand deposits	150,510
E.Sun Commercial Bank, Ltd.			
Secured borrowings	Borrowing period is from August 2021 to August 2026; principal and interest is payable monthly.	FRANBO PROSPECT-vessels equipments	62,003
Bank Of Panhsin			
Secured borrowings	Borrowing period is from June 2019 to June 2022; principal and interest is payable monthly.	LAUREN OCEAN-vessels equipment and demand deposits	26,573
Secured borrowings	Borrowing period is from December 2020 to December 2024; principal and interest is payable monthly.	SINOWAY LILY-vessels equipment and demand deposits	49,824
Secured borrowings	Borrowing period is from January 2021 to July 2024; principal and interest is payable monthly.	CHRISTINA OCEAN-vessels equipment and demand deposits	42,904
Secured borrowings	Borrowing period is from Otcober 2021 to Octoer 2026; principal and interest is payable monthly.	THORCO LEGACY-vessels equipment and demand deposits	162,759
Mega International Commercial Bank			
Secured borrowings	Borrowing period is from April 2016 to April 2023; principal and interest is payable monthly. (Note 1)	Thorco Lohas-vessels equipment demand deposits	146,150
Sino Pac Capital International Limited			
Secured borrowings	Borrowing period is from November 2019 to November 2026; principal and interest is payable monthly. (Note 8)	SINPWAY ACY-vessels equipment and	150,806
Unsecured borrowings	Borrowing period is from April 2020 to April 2023; principal and interest is payable monthly. (Note 9)	None	11,958
Unsecured borrowings	Borrowing period is from May 20209 to May 2023; principal and interest is payable monthly. (Note 10)	None	26,508
Taichung Commercial Bank, Co., Ltd.			
Secured borrowings	Borrowing period is from April 2021 to September 2024; principal and interest is payable monthly. (Note 11)	NEW AGE-vessels equipment and demand deposits	54,806
Bank SinoPac.			
Secured borrowings	Borrowing period is from November 2021 to November 2026; principal and interest is payable monthly. (Note 12)	HAYAMA STAR-vessels equipment and demand deposits	97,988
O-Bank			
Secured borrowings	Borrowing period is from November 2021 to November 2026; principal and interest is payable monthly.	IMARI-vessels equipment and demand deposits	164,420
			1,943,659
Less: Current portion			(393,394)
Liabilities directly related to non-current assets transferred to sale			(41,243)
			$ 1,509,022
Interest rate range			1.64%~2.27%

Note 1: The Group's secured borrowings from Mega International Commercial Bank was extended after the approval of the bank in June 2022.

Note 2: The Group's syndicated secured borrowings from Taiwan Cooperative Bank and other 7 banks had been earlier repaid in September 2022.

Note 3: The Group's secured borrowings from Entie Commercial Bank was extended after the approval of the bank in August 2021.

Note 4: The Group's secured borrowings from Entie Commercial Bank had been earlier repaid in August 2022.

Note 5: The Group's secured borrowings from Entie Commercial Bank had been earlier repaid in January 2022.

Note 6: The Group's secured borrowings from Entie Commercial Bank had been earlier repaid in September 2022.

Note 7: The Group's secured borrowings from Entie Commercial Bank had been earlier repaid in November 2022.

Note 8: The Group's secured borrowings from Sino Pac Capital International Limited had been earlier repaid in July 2022.

Note 9: The Group's unsecured borrowings from Sino Pac Capital International Limited had been earlier repaid in April 2022.

Note 10: The Group's unsecured borrowings from Sino Pac Capital International Limited had been earlier repaid in September 2022.

Note 11: The Group's secured borrowings from Taichung Commercial Bank Co., Ltd. had been earlier repaid in March 2022.

Note 12: The Group's secured borrowings from Bank Sinopac Company Limited had been earlier repaid in July 2022.

A. Refer to Note 9 for the aforementioned significant commitments of borrowings.

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

(15) Pensions

A. Effective July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

B. The pension costs under defined contribution pension plans of the Company for the years ended December 31, 2022 and 2021, were $1,714 and $1,476, respectively.

(16) Share-based payment

A. The Group's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted (thousand shares)	Vesting conditions
Cash capital increase reserved for employee preemption	July 5, 2021	1,500 thousand shares	Vested immediately
Cash capital increase reserved for employee preemption	August 15, 2022	1,750 thousand shares	Vested immediately

The share-based payment arrangements above are settled by equity.

B. The fair value of stock options granted on grant date is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Stock price (NTD)	Exercise price (NTD)	Expected price volatility (Note 1)	Expected option life	Expected dividends	Risk-free interest rate (Note 2)	Fair value per share (NTD)
Cash capital increase reserved for employee preemption	July 5, 2021	$ 33.3	$ 28	71.82% (Note 1)	25 days	$ -	0.17%	$ 5.80
Cash capital increase reserved for employee preemption	August 15, 2022	$ 21.4	$ 18.28	53.13 (Note 2)	28 days	$ -	0.81%	$ 3.29

Note 1: Expected price volatility rate was estimated by using the average annualised volatility of return rate of the Group's stock price between July 6, 2020 and July 5, 2021.

Note 2: Expected price volatility rate was estimated by using the average annualised volatility of return rate of the Group's stock price between August 15, 2021 and August 15, 2022.

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

C. For the years ended December 31, 2022 and 2021, the Company had expenses due to share-based payments transactions in the amounts of $5.758 and $8,700, respectively.

(17) Share capital

A. As of December 31, 2022, the Company had authorised capital in the amount of $3,500,000 and paid-in capital in the amount of $2,391,567, which consisted of 239,157 thousand shares with a par value of NT$10. All proceeds from shares issued have been collected.

B. Movements in the number of the Company's ordinary shares outstanding are as follows: (Unit: thousand shares)

	2022	2021
At January 1	188,636	152,636
Cash capital increase	50,000	36,000
Conversion of convertible bonds	521	-
At December 31	239,157	188,636

C. On March 8, 2021, the Board of Directors of the Company approved to increase cash capital, and the capital increase had been approved by the Financial Supervisory Commission. The effective date was set on July 30, 2021, and the Company increase by issuing 36,000 thousand new shares with a par value of NT$10, the acquisition price was $28 per share, and the total stock proceeds was $1,008,000 which had been collected in full amount. The registration of the capital increase had been completed. The capital increase generated premiums on issuance in the amount of $648,000, and the net premium amount was $646,904 after deducting necessary cost of increasing capital by issuing new shares and plus actual transference amount which was acquired by employees.

D. On March 4, 2022, the Board of Directors of the Company approved to increase cash capital which had been approved by the Financial Supervisory Commission. The effective date was set on September 1, 2022, and the Company increased capital by issuing 50,000 thousand new shares with a par value of NT$10, the acquisition price was NT$18.28 per share, and the total stock proceeds was $914,000 which had been collected in the full amount. The registration of the capital increase was completed. The capital increase generated premiums on issuance in the amount of $414,000, and the net premium amount was $419,715 after deducting necessary cost of increasing capital by issuing new shares and plus actual transference amount which was acquired by employees.

E. For the year ended December 31, 2022, the amount of the Group's convertible bonds which were asked for conversion into common shares was $5,209, as of December 31, 2022, because the conversion had not been registered, thus, they were shown as 'Bond Conversion Entitlement Certificates'. Additionally, on March 3, 2023, the Board of Directors approved the effective date of the conversion and issuance of new shares, and related registration procedures of changes were processing.

(18) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(19) Retained earnings

A. After annual settlement, the current year's earnings, if any, shall first be used to pay profit-seeking enterprise income tax and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve until the legal reserve amount equals total capital amount. After that, special reserve shall be set aside or reversed in accordance with the related laws or the regulations made by the regulatory authority. The remainder along with the beginning undistributed earnings will be accumulated distributable earnings which shall be appropriated after being proposed by the Board of Directors and being resolved by the shareholders.

   For the aforementioned appropriation of earnings, the Board of Directors may, upon special resolution adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors, distribute dividends and bonus, capital surplus or legal reserve, in whole or in part, in the form of cash, and reported to the shareholders. The above distribution is not subject to approval by the shareholders.

B. In order to continually expand the scale of operation, increase competitiveness as well as cooperate with the Group's long-term development, future capital requirements and long-term financial plan, the dividend policy is to distribute as stock dividend and as cash dividends. Cash dividends shall not be less than 10% of the total dividends distributed to shareholders. The appropriation of dividends and bonus were proportionately based on each shareholders' shareholding ratio, if the Company had no retained earnings, the Company could not appropriate dividends and bonus.

C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Group's paid-in capital.

D. On August 20, 2021, the shareholders of the Company resolved the appropriation of 2020 retained earnings, except for the provision of legal reserves and special reserves, the distributable earnings were retained at full amount and would not be distributed as dividends.

E. On May 26, 2022, the shareholders of the Company resolved the appropriation of 2021 earnings, and the cash dividends was $150,909 (NT$0.8 per share).

F. On March 3, 2023, the Board of Directors of the Company resolved the appropriation of 2022 earnings, and the cash dividends amounted to $358,735 (NT$1.5 per share).

(20) Operating revenue

	Year ended December 31	
	2022	2021
Operating lease income (Note)	$ 1,364,588	$ 1,218,796
Finance lease income (Note)	83,995	5,715
Revenue from contracts with customers	18,366	1,628
	$ 1,466,949	$ 1,226,139

Note: Please refer to Note 6(8) for leasing arrangements – lessor.

A. Disaggregation of revenue from contracts with customers

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

	Vessels management revenue
Year ended December 31, 2022	
Revenue from external customer contracts	$ 18,366
Timing of revenue-over time	$ 18,366

	Vessels management revenue
Year ended December 31, 2021	
Revenue from external customer contracts	$ 1,628
Timing of revenue-over time	$ 1,628

B. On December 31, 2022 and 2021, due to the operating requirement of the lessee and the Group's financial plan, the rent compensation was generated from the conditionally earlier termination of the lease contract, and the rent compensation was accounted as 'other current liabilities, others' and 'other non-current liabilities, others' in the amounts of $53,804, $48,495, $109,180 and $146,904, respectively. For the years ended December 31, 2022 and 2021, the amounts of lease income were $52,210 and $49,074, respectively. As of December 31, 2022 and 2021, the amounts of income that were expected to be recognised in the next one year were $53,804 and $48,495, respectively. The residual was expected to be recognised as income before 2026.

(21) Other income

	Year ended December 31	
	2022	2021
Satellite communication subsidy income	$ 3,613	$ 3,653
Insurance claim income	33,123	12,780
Others	5,833	12,996
	$ 42,569	$ 29,429

(22) Other gains and losses

	Year ended December 31	
	2022	2021
Gain on disposal of non-current assets classified as held for sale (Note 1)	$ 671,211	$ 206
Losses (gains) on disposal of property, plant and equipment (Note 2)	(29,960)	53
Foreign exchange gains, net	10,903	1,665
Net (losses) gains on financial assets at fair value through profit or loss	(2,754)	179
Gain on bond redemption	110	-
Others	(5,870)	(1,223)
	$ 643,640	$ 880

Note 1: Refer to Note 6(9) for details of the Group's disposal of vessels.

Note 2: Refer to Note 6(7) for details of the Group's disposal of vessels.

(23) Finance costs

	Year ended December 31	
	2022	2021
Interest expense:		
Bank borrowings	$ 55,600	$ 40,526
Bonds payable	6,041	2,280
Short-term notes and bills payable	259	-
	$ 61,900	$ 42,806

(24) Expenses by nature

	Year ended December 31	
	2022	2021
Depreciation expense from property, plant and equipment	$ 256,511	$ 304,968
Employee benefit expense	302,720	224,241
Rent expenses for vessels	5,212	128,612
Supplementary payments for vessels	58,302	44,188
Insurance premiums	39,453	32,888
Commissions expense	33,473	18,249
Fuels used	18,398	17,494
Certificate inspection fee	14,721	12,988
Repairs and maintenance expense	17,634	6,745
Other expenses	86,161	57,286
Total operating costs and operating expenses	$ 832,585	$ 847,659

(25) Employee benefit expense

	Year ended December 31	
	2022	2021
Wages and salaries	$ 245,539	$ 172,539
Share-based payment	5,758	8,700
Labour and health insurance fees	3,629	2,917
Pension costs	1,714	1,476
Other personnel expenses	46,080	38,609
	$ 302,720	$ 224,241

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall not be lower than 1% for employees' compensation and shall not be higher than 5% for directors' remuneration.

B. For the years ended December 31, 2022 and 2021, employees' compensation was accrued at $13,158 and $3,815, respectively; while directors' remuneration was accrued at $13,158 and $3,815, respectively. The aforementioned amounts were recognised in salary expenses and other expenses.

The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on certain percentages of distributable profit of current year as of the end of reporting period.

For 2021, the employees' compensation and directors' and supervisors' remuneration resolved by the Board of Directors amounted to $3,815 and $3,815, respectively. The difference of $2 between the amounts resolved by the Board of Directors and the amounts of employees' compensation of $3,816 and directors' remuneration of $3,816 recognised in the 2021 financial statements, had been adjusted in the profit or loss of 2022.

Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(26) Income tax

A. Income tax expense (benefit)

Components of income tax expense (benefit):

	Year ended December 31	
	2022	2021
Current tax:		
Current tax on profits for the year	$ -	$ -
Tax on undistributed earnings	5,893	-
Total current tax	5,893	-
Deferred tax:		
Origination and reversal of temporary differences	2,811	(1,892)
Income tax expense (benefit)	$ 8,704	($ 1,892)

B. Reconciliation between income tax expense (benefit) and accounting profit:

	Year ended December 31	
	2022	2021
Tax calculated based on profit before tax and statutory tax rate	$ 257,723	$ 74,674
Effects from items adjusted in accordance with tax regulation	7,432	182
Tax on undistributed surplus earnings	5,893	-
Temporary difference not recognised as deferred tax assets	(12,556)	(2,984)
Temporary difference not recognised as deferred tax liabilities	(257,619)	(76,682)
Change in assessment of realisation of deferred tax assets	2,346	(1,852)
Taxable loss not recognised as deferred tax assets	5,485	4,770
Income tax expense (benefit)	$ 8,704	($ 1,892)

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

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

	2021		
	January 1	Recognised in profit or loss	December 31
Deferred income tax assets			
Temporary differences:			
Exchange losses	$ -	$ 4	$ 4
Tax losses	15,258	1,852	17,110
	$ 15,258	$ 1,856	$ 17,114
Deferred income tax liabilities			
Temporary differences:			
Exchange gains	($ 36)	$ 36	$ -

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

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

December 31, 2021						
Year incurred	Amount assessed/filed	Amount	Used amount	Unused amount	Unrecognised deferred tax assets	Expiry year
2012	Amount assessed	$ 13,066	($ 1,336)	$ 11,730	$ -	2022
2013	Amount assessed	16,063	-	16,063	-	2023
2014	Amount assessed	35,774	-	35,774	-	2024
2015	Amount assessed	15,177	-	15,177	-	2025
2020	Amount filed	6,810	-	6,810	-	2029
2021	Amount expected to be filed	23,851	-	23,851	23,851	2030
		$110,741	($ 1,336)	$ 109,405	$ 23,851	

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

	December 31, 2022	December 31, 2021
Deductible temporary differences	$ 126,513	$ 189,294

F. The Company has not recognised taxable temporary differences associated with investment in subsidiaries as deferred tax liabilities. As of December 31, 2022 and 2021, the amounts of temporary difference unrecognised as deferred tax liabilities were $2,049,490 and $761,392, respectively.

G. The Group's income tax returns through 2020 have been assessed and approved by the Tax Authority. As of the reporting date, the Company had no significant and pending tax administrative remedies.

(27) Earnings per share

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

	Year ended December 31, 2021		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to the parent	$ 375,262	167,825	$ 2.24
Diluted earnings per share			
Profit attributable to the parent	$ 375,262	167,825	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	160	
Profit attributable to ordinary shareholders of the Company plus assumed conversion of all dilutive potential ordinary shares	$ 375,262	167,985	$ 2.23

(28) Supplemental cash flow information

A. Investing activities with partial cash payments:

	Year ended December 31	
	2022	2021
Acquisition of proerty, plant and equipment	$ 26,374	$ 720,908
Less: Acquired property, plant and equipment from acquisition of equity interest (Note)	-	(132,347)
	$ 26,374	$ 588,561

Note: Refer to Note 6(7) for acquiring property, plant and equipment from acquisition of equity interest.

	Year ended December 31	
	2022	2021
Acquisition of assets which did not meet the definition of business	$ -	$ 79,720
Less: Cash Received	-	(31,970)
Cash paid	$ -	$ 47,750

B. Financing activities with no cash flow effects

	Year ended December 31,	
	2022	2021
Prepayments for facilities transferred to property, plant and equipment	$ -	$ 2,394
Property, plant and equipment transferred to non-current assets held for sale	$ 999,320	$ 286,512
Derecognition due to bareboat charter (Note 1)	(544,054)	-
Derecognition due to disposals (Note 2)	(455,266)	(137,643)
Non-current assets held for sale	$ -	$ 148,869
Derecognition of property, plant and equipment due to bareboat charter	$ 343,228	$ 192,385
Non-current financial assets at amortised cost		
Transferred to current financial assets at amortised cost	$ 88,752	$ -
Bonds payable, current portion	$ 400,000	$ -
Long-term borrowings, current portion	$ 186,155	$ 393,394
Long-term borrowings transferred to liabilities directly related to non-current assets held for sale	$ -	$ 41,243
Convertible bonds share converted to capital and capital surplus	$ 9,690	$ -

Note 1: Refer to Note 6(9)D ~ E for details of related disposals.

Note 2: Refer to Note 6(9)A, B and F for details of related disposals.

(29) Changes in liabilities from financing activities

	Short-term borrowings	Short-term notes and bills payable	Long-term borrowings	Bonds payable	Liabilities from financing activities-gross
January 1, 2022	$ 10,000	$ -	$ 1,943,659	$ 400,000	$ 2,353,659
Changes in cash flow from financing activities	110,000	30,000	(1,080,582)	600,881	(339,701)
Changes in non-financing cash flows	-	-	-	(29,503)	(29,503)
Impact of changes in foreign exchange rate	-	-	169,252	-	169,252
Other non-cash changes	-	(34)	-	(5,979)	(6,013)
December 31, 2022	$ 120,000	$ 29,966	$ 1,032,329	$ 965,399	$ 2,147,694

	Short-term borrowings	Long-term borrowings (Note 1)	Bonds payable	Liabilities from financing activities-gross
January 1, 2021	$ 159,740	$ 2,002,908	$ 400,000	$ 2,562,648
Changes in cash flow from financing activities	(149,505)	(63,490)		(212,995)
Impact of changes in foreign exchange rate	(235)	(53,593)	-	(53,828)
Other non-cash changes (Note 2)	-	57,834	-	57,834
December 31, 2021	$ 10,000	$ 1,943,659	$ 400,000	$ 2,353,659

Note 1: Includes the transfer of liabilities directly related to non-current assets held for sale.

Note 2: Mainly acquired through the merger of subsidiary FB Navigation Ltd.

7. Related Party Transactions

(1)Names of related parties and relationship

Names of related parties	Relationship with the Company
BCI Loyalty Inc.	Investments accounted for using equity method of the Group
Due Feng Shipping Co., Ltd.	Investments accounted for using equity method of the Group
Franbo Courage S.A.	Investments accounted for using equity method of the Group
FB Navigation Ltd.	Investment accounted for using equity method of the Group (Note)
Futian Construction Co., Ltd.	Other related party
Shenglin Construction Co., Ltd.	Other related party
TSAI,PANG-CHUAN、TSAI,CHING-CHUNG、LO,CHUN-YU、SHEN,I-WEN、TAI,CHIH-TSUNG、WU,TIEN-MING、LIU,JUNG-CHIN	Directors

Note: The Company acquired 100% of the shares during January, 2021, as described in Note 4, (3) 2.

(2) Significant related party transactions

A. Endorsement and guarantee by related parties

(a) Endorsements and guarantees provided by related parties to the company and subsidiaries

	December 31, 2022	December 31, 2021
TSAI,PANG-CHUAN	$ 6,373,768	$ 3,058,836
TSAI,CHING-CHUNG	6,393,018	3,058,836
	$ 12,766,786	$ 6,117,672

Note: The aforementioned related parties endorsed and guaranteed for the Company and subsidiaries by United States dollars and New Taiwan dollars. The exchange rates of United States dollars translated into New Taiwan dollars were 30.71 and 27.68 on the financial reporting date on December 31, 2022 and 2021, respectively.

(b) To obtain the facilities in relation to the first domestic secured corporate bonds, the Company had the second-tier subsidiary, Franbo Shipping S.A., to be the guarantor according to the requirement of the bank's loan terms, and the endorsed and guaranteed amount was $407,200.

B. Other

(a) For the years ended December 31, 2022 and 2021, the Company received vessels management and consulting revenue from Due Feng Shipping Co., Ltd. in the amounts of $50 and $604, respectively. As of December 31, 2022 and 2021, the balances of accounts receivable arising from the transaction were $0 and $50, respectively.

(b) For the years ended December 31, 2022 and 2021, the Company received vessels management and consulting revenue from Franbo Courage S.A. in the amounts of $323 and $302, respectively. As of December 31, 2022 and 2021, the balances of accounts receivable arising from the transaction were $28 and $25, respectively.

(c) For the years ended December 31, 2022 and 2021, the Company received vessels management and consulting revenue from BCI Loyalty Inc. in the amounts of $323 and $302, respectively. As of December 31, 2022 and 2021, the balances of accounts receivable arising from the transaction were $28 and $25, respectively.

(d) In January 2021, the Company acquired 6% of ownership interests in FB Navigation Ltd. from the director, Wu,Tian-Ming, the acquisition price amounted to USD 154 thousand.

(e) The property development of the Company's subsidiary, Franbo Asset Management Co.,Ltd., was appointed to be wholly managed by Shenglin Construction Co., Ltd., who was responsible for land development analysis, architectural layout, construction and planning and after sales services, and the expense in relation to management was approximately $18,800. For the year ended December 31, 2022, the land management expense paid was $7,162 (accounted as 'inventory - land held for construction site').

(f) The property development of the Company's second-tier subsidiary, FB Propriety Construction and Development Co., Ltd., was appointed to be wholly managed by Futian Construction Co., Ltd., who was responsible for land development, architectural layout, construction and planning and after sales services, and expenses in relation to land integration, management and exclusive selling totalled $85,164. For the year ended December 31, 2022, expenses paid on behalf of the Company in relation to the signature bonus for acquisition of land held for construction site and each agency fee totalled $3,164, and the land integration expense payable was $22,452 (accounted as 'inventory - land held for construction site'). As of December 31, 2022, the Group's balance of other payables was $1,881.

(g) The property development of the Company's second-tier subsidiary, Franbo Justice Construction and Development Co., Ltd., was appointed to be wholly managed by Shenglin Construction Co., Ltd., to execute the purchase of land, and the expense in relation to land development was approximately $6,015. For the year ended December 31, 2022, the expense paid on behalf of the second-tier subsidiary in relation to the signature bonus for acquisition of land held for construction site was $6,906, and the land development fee payable was $3,609 (accounted as 'inventory - land held for construction site').

(h) In June 2022, the Company exercised to directors for the disgorgement of short-swing profits of $166 which was shown as capital surplus in accordance with Securities and Exchange Act Article 157 relating to regulations of short-swing trading.

(3) Key management compensation

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

8. Pledged Assets

Assets	December 31, 2022	December 31, 2021	Purpose
Land held for construction site	$ 520,151	$ -	Collateral for long-term borrowings
Vessel equipment under finance lease, net (Note 1)	1,243,680	192,385	Long-term borrowings
Land	19,247	19,247	Short-term borrowings and Long-term borrowings
Buildings and structures, net	27,540	28,413	Short-term borrowings and Long-term borrowings
Vessels equipment, net	1,016,085	3,965,654	Long-term borrowings
Non-current assets held for sale, net	-	148,869	Long-term borrowings (Note 3)
Restricted assets - demand deposits (Note 2)	88,752	-	Bonds payable
Restricted assets - demand deposits (shown as "non-current financial assets at amortised cost")	19,057	125,268	Long-term borrowings
Guarantee deposits paid (shown as "other non-current assets, others")	620	625	Guarantees for Maritime Port Bureau
	$ 2,935,132	$ 4,480,461	

Note 1: Refer to Notes 6(7) and (8) for details of the Group leasing vessel equipment under finance lease.

Note 2: Restricted assets on December 31, 2022 and 2021 - current deposits are listed in " Current financial assets at amortised cost " and " Non-current financial assets at amortised cost "

Note 3: Because the pledged assets were transferred to non-current assets held for sale, the borrowings were transferred to 'liabilities directly related to non-current assets held for sale'.

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) On July 26, 2022, the Company's second-tier subsidiary, Franbo Ocean Ltd., signed a credit facility agreement with Entie Commercial Bank. The total amount of credit agreement was USD 10,420 thousand, the credit term was 5 years, and the Company and the related parties, TSAI,PANG-CHUAN and TSAI,CHING-CHUNG, were joint guarantors and should keep the commitments which were recorded on the credit agreements, the commitments were as follows:

A. Every year, the consolidated financial statements of the Company was verified that interest coverage ratio could not be lower than three times (earnings before interest and taxes + interest expenses + depreciations and amortisations/ interest expenses). The net tangible assets value (net assets reduce intangible assets): Not be lower than NT$1 billion. Each financial ratio restrictions would be verified once a half-year by using consolidated financial statements which were annually attested by auditors and the second quarter consolidated financial statements which were annually reviewed by auditors as the calculation basis.

B. From the date of the first withdrawal, the collateral, vessels, should be appraised at least once a year by the appraisal company which was admitted by this bank, and the original of appraisal report should be provided to this bank.

C. From 2023, LTV should be verified every year, if following regulations were not met, Franbo Ocean Ltd. should pledge additional deposits as collaterals in three business days.

Verification year	The ceiling of LTV
2022	55%
2023	50%
2024	45%
2025 - 2027	40%

D. In the duration of the borrowings, the Company's directly or indirectly held equity interests in Franbo Bright Ltd. should not be lower than 100%.

(2) On October 14, 2021, the Company's second-tier subsidiary, Franbo Bright Ltd., signed a credit facility agreement with O BANK. The total amount of credit agreement was USD 6,000 thousand, the credit term was 5 years, and the Company and related parties, TSAI,PANG-CHUAN and TSAI,CHING-CHUNG, were joint guarantors and should keep the commitments which were recorded on the credit agreements, the commitments were as follows:

A. Every year, the consolidated financial statements of the Company was verified that interest coverage ratio could not be lower than five times (earnings before interest and taxes + interest expenses + depreciations and amortisations/interest expenses). Net assets (shareholders' equity): Not be lower than NT$1.5 billion. Financial debt ratio (total financial liabilities/net assets): Not be higher than 185%. Each financial ratio restrictions would be verified once a half-year by using consolidated financial statements which were annually attested by auditors and the second quarter consolidated financial statements which were annually reviewed by auditors as the calculation basis.

B. From the date of the first withdrawal, the collateral, vessels, should be appraised at least once a year by appraisal company which was admitted by this bank, and the original of appraisal report should be provided to this bank.

C. From 2022, LTV should be verified every year, if following regulations were not met, Franbo Bright Ltd. should repay the borrowings or requisition and pledge additional deposits as collaterals in five business days.

Verification year	The ceiling of LTV
2022	55%
2023 - 2026	50%

D. In the duration of the borrowings, the Company's directly or indirectly held equity interests in Franbo Bright Ltd. should not be lower than 100%.

(3) On August 26, 2021, the Company's second-tier subsidiary, Franbo Legacy Ltd., signed a credit facility agreement with BANK OF PANHSIN. The total amount of credit agreement was USD 6,000 thousand, the credit term was 5 years, and the Company and related parties, TSAI,PANG-CHUAN and TSAI,CHING-CHUNG, were joint guarantors and should keep the commitments which were recorded on the credit agreements, the commitments were as follows:

From the date of the first withdrawal, the collateral, vessels, should be appraised at least once a year by appraisal company which was admitted by this bank, and the original of appraisal report should be provided to this bank. If (the credit balance/the appraisal amount) was larger than 60%, the difference should be repaid or the collateral which was admitted by this bank should be requisitioned.

(4) On November 11, 2020, the Company's second-tier subsidiary, FB Navigation Ltd., signed a credit facility agreement with BANK OF PANHSIN. The total amount of credit agreement was USD 2,100 thousand, the credit term was 3.6 years, and the Company and related parties, TSAI,PANG-CHUAN and TSAI,CHING-CHUNG, were joint guarantors and should keep the commitments which were recorded on the credit agreements, the commitments were as follows:

From the date of the first withdrawal, the collateral, vessels, should be appraised at least once a year by appraisal company which was admitted by this bank, and the original of appraisal report should be provided to this bank. If (the credit balance/the appraisal amount) was larger than 40%, the difference should be repaid or the collateral which was admitted by this bank should be requisitioned.

(5) On November 11, 2020, the Company's second-tier subsidiary, FB Pioneer Ltd., signed a credit facility agreement with BANK OF PANHSIN. The total amount of credit agreement was USD 2,400 thousand, the credit term was 4 years, and the Company and related parties, TSAI,PANG-CHUAN and TSAI,CHING-CHUNG, were joint guarantors and should keep the commitments which were recorded on the credit agreements, the commitments were as follows:

From the date of the first withdrawal, the collateral, vessels, should be appraised at least once a year by appraisal company which was admitted by this bank, and the original of appraisal report should be provided to this bank. If (the credit balance/the appraisal amount) was larger than 40%, the difference should be repaid or the collateral which was admitted by this bank should be requisitioned.

(6) On August 26, 2015, the Company's second-tier subsidiary, Franbo Lohas S.A., signed a credit facility agreement with Mega Bank, the total amount of credit agreement was USD 12,000 thousand. Additionally, on May 6, 2016, the second-tier subsidiary signed a credit facility agreement with Mega Bank, the total amount of credit agreement was USD 1,000 thousand., the credit terms both were 5 years, and the Company and related parties, TSAI,PANG-CHUAN and TSAI,CHING-CHUNG, were joint guarantors and should keep the commitments which were recorded on the credit agreements, the commitments were as follows:

A. The interest coverage ratio could not be lower than three times (earnings before interest and taxes interest expenses + depreciations and amortisations/ interest expenses). The net tangible assets value (shareholders' equity reduce intangible assets): Not be lower than NT$1 billion. Each financial ratio restrictions would be verified once a half-year by using consolidated financial statements which were annually attested by auditors and the second quarter consolidated financial statements which were annually reviewed by auditors as the calculation basis.

B. The debt ratio should not be higher than 75% for 2016, 70% for 2017, 65% for 2018, 60% for 2019 (including years after) and should be verified once a year by using annual non-consolidated financial statements which were attested by auditors as the calculation basis.

C. From the date of the first withdrawal, the collateral, vessels, should be appraised at least once a year by appraisal company which was admitted by this bank, and the original of appraisal report should be provided to this bank. If (the credit balance/the appraisal amount) was larger than 65%, the difference should be repaid or the collateral which was admitted by this bank should be requisitioned.

D. In the duration of the borrowings, the Company's directly or indirectly held equity interests in Franbo Lohas S.A. should not be lower than 100%.

(7) The major contractual commitments of the Group's vessels for charter are as follows:

Renters	Vessel Equipment	Charterers	Lease Period	Rent Calculation	Main Terms
Franbo Logos S.A.	ULTRA DURBAN	Non-relative	From February 2022 to February 2024, 2 years	Note1	Note 3,4,5
Franbo Logic S.A.	THORCO LOGIC	Non-relative	From May 2021 to February 2024, 2.75 years	Note1	Note 3,4,5
Franbo Lohas S.A.	THORCO LOHAS	Non-relative	From August 2021 to November 2023, 2.25 years	Note1	Note 3,4,5
Franbo Sagacity S.A.	STL HARVEST	Non-relative	From January 2018 to January 2025, 7 years	Note2	-
Franbo Sino Ltd.	LAUREN OCEAN	Non-relative	From April 2019 to April 2023, 4 years	Note2	-
Franbo Legion Ltd.	FAIRWIND LEGION	Non-relative	From May 2021 to February 2024, 2.75 years	Note1	Note 3,4
FB Pioneer Ltd.	SINOWAY LILY	Non-relative	From August 2019 to April 2026, 6.67 years	Note2	-
FB Navigation Ltd.	CHRISTINA OCEAN	Non-relative	From September 2019 to September 2024, 5 years	Note2	-
Franbo Bright Ltd.	IMARI	Non-relative	From December 2021 to December 2023, 2 years	Note2	Note 3,4

Note 1: Rent was calculated daily according to the actual days of sailing and was charged twice a month.

Note 2: Rent was calculated daily according to the actual days of sailing and was charged once a month.

Note 3: The lessor shall afford all of employees' board expenses, wages and consular fees when embarkation and disembarkation, as well as insurance expense of vessels and materials for all cabins, deck, engine room and other necessary materials, which including freshwater for boiler and normal freshwater. The lessor shall maintain the ship class and keep the hull, ship engine and equipment in sufficiently effective status during the lease period.

Note 4: The lessee shall pay for fuels (except otherwise regulated), terminal handling charge, pilotage fee, agency fee, commissions, consular fees (except consular fees for sailors) and regular necessary expenses other than the aforementioned expenses. However, if the current vessel entering port for the reason of its own responsibilities, the owner of the vessel shall pay for all incurring expenses.

Note 5: In response to the operating requirement of the lessee and the Group's financial plan, the reasonable compensation was generated from the conditionally earlier termination of the lease contract based on mutual agreement. The three vessels which were terminated renting were returned in the second half of 2020, and the aforementioned compensation for terminating contract and rents receivable arose from continuously renting vessels after terminating contract were used in offsetting the price for purchasing the vessel, FAIRWIND LEGION. The successor lessee had been determined after terminating vessels lease contract.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

The distribution of 2022 earnings and the effective date of the conversion and issuance of the fifth unsecured convertible bonds were resolved by the Group's Board of Directors on March 3, 2023. Refer to Notes 6(13) and 6(19) for more details.

12. Others

(1) Capital management

The Group's capital management objective was to secure the ability of going-concern in order to return to the shareholders and maintain optimal capital structure. Because the Group should maintain or adjust the capital structure, the Group's objectives when managing capital are to secure necessary financial resources and operating plans to meet the needs of operating funds for the next 12 months, capital expenditure, debt repayment and dividend payment.

For the year ended December 31, 2022, the Group's strategy was the same as that in 2021 and was dedicated to maintaining a stable debt to assets ratio. The Group's debt to assets ratios were as follows:

	December 31, 2022	December 31, 2021
Total liabilities	$ 2,675,467	$ 2,840,889
Total assets	$ 8,012,292	$ 5,718,484
Debt to assets ratio	33%	50%

(2) Financial instruments

A. Financial instruments by category

	December 31, 2022	December 31, 2021
Financial assets		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	$ 7,816	$ 2,748
Financial assets at amortised cost/Loans and receivables		
Cash and cash equivalents	1,597,253	494,465
Accounts receivable	56	3,173
Finance lease receivables	1,326,826	159,597
Guarantee deposits paid (Note 1)	620	625
Other financial assets (Note 2)	261,727	125,268
	$ 3,194,298	$ 785,876

	December 31, 2022	December 31, 2021
Financial liabilities		
Financial liabilities at amortised cost		
Short-term borrowings	$ 120,000	$ 10,000
Short-term notes and bills payable	29,966	-
Accounts payable	377	5,155
Other payables (including related parties)	188,116	74,239
Other current liabilities, others	53,804	48,495
Corporate bonds payable (including current portion)	965,399	400,000
Long-term borrowings (including current portion and transfers to liabilities directly related to non-current assets held for sale)	1,032,329	1,943,659
Guarantee deposits received	125,291	151,872
Other non-current liabilities, others	109,180	146,904
	$ 2,624,462	$ 2,780,324

Note 1: Shown as "other non-current assets - others".

Note 2: Shown as "current financial assets at amortised cost" and "non-current financial assets at amortised cost".

B. Financial risk management policies

(a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk.

(b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Exchange rate risk

i. The Group operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD. Foreign exchange rate risk arises from future commercial transactions and recognised assets and liabilities.

ii. The Group's businesses involve some non-functional currency operations (the Group's functional currency: NTD; subsidiaries' functional currency:USD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

(Foreign currency: functional currency)	December 31, 2022 Foreign currency amount (In thousands)	Exchange rate	Carrying amount (New Taiwan dollar)
Financial assets			
Monetary items			
USD:NTD	$ 10,368	30.71	$ 318,401
Non-monetary items			
USD:NTD (Note)	857	30.71	26,333
Financial liabilities			
Monetary items			
USD:NTD	13,971	30.71	429,049

Note: Investments accounted for using equity method.

(Foreign currency: functional currency)	December 31, 2021 Foreign currency amount (In thousands)	Exchange rate	Carrying amount (New Taiwan dollar)
Financial assets			
Monetary items			
USD:NTD	$ 57	27.68	$ 1,578
Non-monetary items			
USD:NTD (Note)	1,571	27.68	43,447
Financial liabilities			
Monetary items			
USD:NTD	170	27.68	4,706

Note: Investments accounted for using equity method.

iii. Total exchange gain, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2022 and 2021, amounted to $10,903 and $1,665, respectively.

iv. Analysis of foreign currency market risk arising from significant foreign exchange variation:

	Year ended December 31, 2022		
	Sensitivity analysis		
(Foreign currency: functional currency)	Degree of variation	Effect on profit or loss	Effect on comprehensive income
Financial assets			
Monetary items			
USD:NTD	1%	$ 3,184	$ -
Non-monetary items			
USD:NTD	1%	-	263
Financial liabilities			
Monetary items			
USD:NTD	1%	4,290	-

	Year ended December 31, 2021		
	Sensitivity analysis		
(Foreign currency: functional currency)	Degree of variation	Effect on profit or loss	Effect on comprehensive income
Financial assets			
Monetary items			
USD:NTD	1%	$ 16	$ -
Non-monetary items			
USD:NTD	1%	-	434
Financial liabilities			
Monetary items			
USD:NTD	1%	47	-

Price risk

i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

ii. The Group's investments in equity securities comprise domestic beneficiary certificates of equity instruments and foreign corporate bonds. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2022 and 2021 would have increased/decreased by $69 and $16, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss.

Cash flow and fair value interest rate risk

i. The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. During 2022 and 2021, the Group's borrowings at variable rate were mainly denominated in New Taiwan dollars and US Dollars.

ii. The Group's borrowings are measured at amortised cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.

iii. If the borrowing interest rate had increased/decreased by 0.25% with all other variables held constant, profit, net of tax for the years ended December 31, 2022 and 2021 would have increased/decreased by $2,440 and $4,847, respectively. The main factor is that changes in interest expense result in floating-rate borrowings.

(b) Credit risk

i. .Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at fair value through profit or loss.

ii. According to the Group's credit policy, each local entity in the Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and service terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors.

iii. The Group adopts following assumptions under IFRS 9, if the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

iv. The Group adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.

v. The Group classifies customer's accounts receivable, contract assets and rents receivable in accordance with geographic area, credit rating of customer, credit risk on trade and customer types. The Group applies the modified approach based on the loss rate methodology to estimate the expected credit loss.

vi. The Group used the forecastability of adjust historical and timely information to assess the default possibility of accounts receivable. On December 31, 2022 and 2021, the loss rate methodology is as follows:

	Expected loss rate		
December 31, 2022	Up to 30 days past due	31 days to 90 past due	Over 90 days past due
	0%~0.22%	0.44%~0.65%	100%
	Expected loss rate		
December 31, 2021	Not past due	31 days to 90 past due	Over 90 days past due
	0%~0.01%	0.02%~0.03%	100%

vii. The beginning and ending balances for the years ended December 31, 2022 and 2021 of the Group's application of the modified approach on loss allowance for accounts receivable were all $0. For the years ended December 31, 2022 and 2021, the Group had no impairment loss or benefit of receivables which were generated contracting with customers.

(c) Liquidity risk

i. The objectives for managing liquidity risk are maintaining cash and deposits needed for operations and adequate borrowing credits to ensure the Group is financially flexible.

ii. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity and undiscounted amount groups and aggregately listed the Group's financial liabilities which were contracted the repayment period:

	December 31, 2022		
	Within 1 year	Between 1 and 2 years	Over 2 years
Non-derivative financial liabilities:			
Short-term borrowings	$ 121,221	$ -	$ -
Account payable	377		
Other payables to related parties	188,116	-	-
Other current liabilities, others	53,804		
Long-term borrowings (including current portion)	238,032	322,092	631,044
Bonds payable (including current portion)	402,090	-	588,300
Other non-current liabilites, others	-	53,804	55,376

	December 31, 2021		
	Within 1 year	Between 1 and 2 years	Over 2 years
Non-derivative financial liabilities:			
Short-term borrowings	$ 10,033	$ -	$ -
Account payable	5,155	-	-
Other payables	74,239	-	-
Other current liabilities, others	48,495	-	-
Long-term borrowings (including current portion and to liabilities directly related to non-current assets held for sale)	427,613	432,056	1,142,704
Bonds payable	2,280	402,090	-
Other non-current liabilities, others	-	48,495	98,409

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in beneficiary certificates is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

B. Financial instruments not measured at fair value:

(a) Except for those listed in the table below, the carrying amounts of cash and cash equivalents, accounts receivable. Finance lease receivable financial assets at amortised cost, guarantee deposits paid (shown as "other non-current assets, others"), short-term borrowings. Account payable other payables (including related parties), long-term borrowings (including current portion) and to liabilities directly related to non-current assets held for sale, guarantee deposits and other non-current liabilities-others received are approximate to their fair values.

	December 31, 2022			
		Fair value		
	Carrying amount	Level 1	Level 2	Level 3
Financial liabilities:				
Bonds payable	$ 965,399	$ -	$ -	$ 966,651

	December 31, 2021			
		Fair value		
	Carrying amount	Level 1	Level 2	Level 3
Financial liabilities:				
Bonds payable	$ 400,000	$ -	$ -	$ 400,000

(b) The methods and assumptions of fair value estimate are as follows:

Bonds payable: They are measured at present value, which is calculated based on the cash flow expected to be paid and discounted using a market rate prevailing at balance sheet date.

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities is as follows:

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

December 31, 2022	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Beneficiary certificates	$ 6,920	$ -	$ -	$ 6,920
Foreign corporate bond	896	-	-	896
Option to convert embedded corporate bonds	-	-	880	880
Total	$ 7,816	$ -	$ -	$ 7,816

December 31, 2021	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Beneficiary certificates	$ 1,580	$ -	$ -	$ 1,580
Foreign corporate bond	1,168	-	-	1,168
Total	$ 2,748	$ -	$ -	$ 2,748

(b) The methods and assumptions the Group used to measure fair value are as follows:

i. The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	Open-end fund	Corporate bond
Market quoted price	Net asset value	Referable redemption price

ii. For high-complexity financial instruments, the fair value is measured by using self-developed valuation model based on the valuation method and technique widely used within the same industry. The valuation model is normally applied to derivative financial instruments, debt instruments with embedded derivatives or securitised instruments. Certain inputs used in the valuation model are not observable at market, and the Group must make reasonable estimates based on its assumptions.

iii. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

D. For the years ended December 31, 2022 and 2021, there was no transfer between Level 1 and Level 2.

E. The following chart is the movement of Level 3 for the year ended December 31, 2022:

	2022
	Derivative instruments
January 1	$ -
Issued in the period	1,500
Gains and losses recognised in profit or loss (Note)	(604)
Conversion or repurchase in the period	(16)
December 31	$ 880

Note: Accounted as other gains and losses.

For the year ended December 31, 2021: None.

F. The following chart is the movement of Level 3 for the years ended December 31, 2022 and 2021:

G. Treasury segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

H. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

Hybrid instrument:	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Convertible bonds	$ 880	The Binomial-Tree approach to convertible bonds	Stock price volatility	46.94%~51.35%	The higher the price volatility , the higher the fair value

On December 31, 2021: None.

I. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed:

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

For the year ended December 31, 2021: None.

(4) Other matters

Starting from 2020, the effects from global Covid-19 pandemic had slow down, and the Company assessed overall business and finance was not significantly affected by the pandemic.

13. Supplementary Disclosures

(1) Significant transactions information

According to the current regulatory requirements, the Company is only required to disclose the information for the year ended December 31, 2022, the required disclosure information of each investee was prepared according to the 2022 financial statements which were attested by auditors and was disclosed according to each consolidated entities, and the consolidated write-offs and adjustment would not be included into consideration.

A. Loans to others: Please refer to table 1.

B. Provision of endorsements and guarantees to others: Please refer to table 2.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Group's paid-in capital: Please refer to table 4.

E. Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching NT$300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more: None.

H. Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more: Please refer to table 5.

I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Note 6(2) and 12(3).

J. Significant inter-company transactions during the reporting periods: Please refer to table 6.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China)：Please refer to table 7.

(3) Information on investments in Mainland China

A. Basic information: None.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

(4) Major shareholders information

Major shareholders information: Please refer to table 8.

14. Segment Information

(1) General information

The Group operates business only in a single industry. The chief operating decision-maker, who allocates resources and assesses performance of the Group as a whole, has identified that the Group has only one reportable operating segment.

(2) Measurement of segment information

The Group is the only one reportable operating segment, and the reportable operating segment information which is provided to the chief operating decision-maker is the financial statements prepared under generally accepted auditing standards.

(3) Segment information

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

	Year ended December 31	
	2022	2021
Revenue from external customers	$ 1,466,949	$ 1,226,139
Inter-segment revenue	-	-
Interest income	18,816	362
Interest expense	61,900	42,806
Depreciation and amortisation	256,669	305,064
Reportable segments income before tax	1,288,615	373,370
Assets of reportable segments	8,012,292	5,718,484
Capital expenditure of non-current assets of reportable segment	26,374	720,908
Liabilities of reportable segments	2,675,467	2,840,889

(4) Reconciliation for segment income (loss)

The revenue reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income. The amounts provided to the chief operating decision maker with respect to reportable segments income/(loss) before tax, total assets and total liabilities are measured in a manner consistent with that of the financial statements.

(5) Information on products and services

	Year ended December 31	
	2022	2021
Income from lease and management of vessels	$ 1,466,949	$ 1,226,139

(6) Geographical information

Geographical information for the years ended December 31, 2022 and 2021 is as follows:

	Year ended December 31, 2022		Year ended December 31, 2021	
	Revenue (Note 1)	Non-current assets (Note 2)	Revenue (Note 1)	Non-current assets (Note 2)
Japan	$ 139,257	$ -	$ 57,793	$ -
China	874,504	-	773,466	-
Denmark	422,166	-	253,898	-
Singapore	30,246	-	91,725	-
Ireland	(45)	-	48,116	-
Taiwan	175	52,267	537	53,807
Panama	323	1,658,512	302	2,236,506
Marshall	323	3,502,796	302	2,521,294
	$ 1,466,949	$ 5,213,575	$ 1,226,139	$ 4,811,607

Note 1: The revenue is classified by the country where the customer is located.

Note 2: Non-current assets excluded non-current financial assets at fair value through profit or loss, non-current financial assets at amortised cost, investments accounted for using the equity method, deferred income tax assets and other non-current assets, others.

(7) Major customer information

Major customer information of the Group for the years ended December 31, 2022 and 2021 is as follows:

	Year ended December 31, 2022			Year ended December 31, 2021		
	Revenue	Percentages in operating revenue	Segment	Revenue	Percentages in operating revenue	Segment
T	$ 346,646	$ 24	All companies and subsidiaries	$ 195,653	$ 16	All companies and subsidiaries
V	199,429	14	All companies and subsidiaries	32,251	3	All companies and subsidiaries
A	189,212	13	All companies and subsidiaries	157,039	13	All companies and subsidiaries
S	141,059	10	All companies and subsidiaries	229,559	19	All companies and subsidiaries

FRANBO LINES CORPORATION

Loans to others

Year ended December 31, 2022

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2022	Balance at December 31, 2022	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for Creditor Counterparty doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
													Item	Value			
1	New Lucky Lines S.A.	Franbo Lines Corporation	Other receivables due from related parties	Y	$ 429,940	$ 429,940	$ 318,463	-	Short-term financing	-	Operating turnover	-	None	-	$ 1,783,005	$ 5,943,353	Note 1 ~ 4
1	New Lucky Lines S.A.	Franbo Shipping S.A.	Other receivables due from related parties	Y	61,420	-	-	-	Short-term financing	-	Operating turnover	-	None	-	1,783,005	5,943,353	Note 1 ~ 4
1	New Lucky Lines S.A.	Franbo Wind S.A.	Other receivables due from related parties	Y	30,710	-	-	-	Short-term financing	-	Operating turnover	-	None	-	1,783,005	5,943,353	Note 1 ~ 4
1	New Lucky Lines S.A.	TW Hornbill Lind S.A.	Other receivables due from related parties	Y	61,420	-	-	-	Short-term financing	-	Operating turnover	-	None	-	1,783,005	5,943,353	Note 1 ~ 4
1	New Lucky Lines S.A.	Franbo Logos S.A.	Other receivables due from related parties	Y	30,710	30,710	3,685	-	Short-term financing	-	Operating turnover	-	None	-	1,783,005	5,943,353	Note 1 ~ 4
1	New Lucky Lines S.A.	Franbo Logic S.A.	Other receivables due from related parties	Y	30,710	-	-	-	Short-term financing	-	Operating turnover	-	None	-	1,783,005	5,943,353	Note 1 ~ 4
1	New Lucky Lines S.A.	Franbo Logion S.A.	Other receivables due from related parties	Y	107,485	107,485	98,886	-	Short-term financing	-	Operating turnover	-	None	-	1,783,005	5,943,353	Note 1 ~ 4
1	New Lucky Lines S.A.	Franbo Uprightness Corp.	Other receivables due from related parties	Y	30,710	-	-	-	Short-term financing	-	Operating turnover	-	None	-	1,783,005	5,943,353	Note 1 ~ 4
1	New Lucky Lines S.A.	Franbo Ocean Ltd.	Other receivables due from related parties	Y	307,100	61,420	31,017	-	Short-term financing	-	Operating turnover	-	None	-	1,783,005	5,943,353	Note 1 ~ 4
1	New Lucky Lines S.A.	Franbo Bright Ltd.	Other receivables due from related parties	Y	122,840	122,840	98,579	-	Short-term financing	-	Operating turnover	-	None	-	1,783,005	5,943,353	Note 1 ~ 4
1	New Lucky Lines S.A.	Franbo Ace Ltd.	Other receivables due from related parties	Y	30,710	30,710	3,992	-	Short-term financing	-	Operating turnover	-	None	-	1,783,005	5,943,353	Note 1 ~ 4
1	New Lucky Lines S.A.	Franbo Art Ltd.	Other receivables due from related parties	Y	30,710	30,710	2,764	-	Short-term financing	-	Operating turnover	-	None	-	1,783,005	5,943,353	Note 1 ~ 4
1	New Lucky Lines S.A.	Franbo Cosmos Ltd.	Other receivables due from related parties	Y	30,710	30,710	3,071	-	Short-term financing	-	Operating turnover	-	None	-	1,783,005	5,943,353	Note 1 ~ 4
1	New Lucky Lines S.A.	Franbo Century Ltd.	Other receivables due from related parties	Y	30,710	30,710	7,985	-	Short-term financing	-	Operating turnover	-	None	-	1,783,005	5,943,353	Note 1 ~ 4
1	New Lucky Lines S.A.	Franbo Brave Ltd.	Other receivables due from related parties	Y	30,710	30,710	2,150	-	Short-term financing	-	Operating turnover	-	None	-	1,783,005	5,943,353	Note 1 ~ 4
1	New Lucky Lines S.A.	Franbo Bravo Ltd.	Other receivables due from related parties	Y	30,710	30,710	3,378	-	Short-term financing	-	Operating turnover	-	None	-	1,783,005	5,943,353	Note 1 ~ 4
2	Uni-Morality Lines Ltd.	Franbo Lines Corporation	Other receivables due from related parties	Y	170,133	170,133	110,556	-	Short-term financing	-	Operating turnover	-	None	-	111,307	111,307	Note 1 ~ 4
2	Uni-Morality Lines Ltd.	New Lucky Lines S.A.	Other receivables due from related parties	Y	116,698	-	-	-	Short-term financing	-	Operating turnover	-	None	-	111,307	111,307	Note 1 ~ 4
2	Uni-Morality Lines Ltd.	Dexin Shipping S.A.	Other receivables due from related parties	Y	30,710	-	-	-	Short-term financing	-	Operating turnover	-	None	-	111,307	111,307	Note 1 ~ 4

FRANBO LINES CORPORATION

Loans to others

Year ended December 31, 2022

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2022	Balance at December 31, 2022	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for Creditor Counterparty doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
													Item	Value			
3	Franbo Shipping S.A.	New Lucky Lines S.A.	Other receivables due from related parties	Y	92,130	92,130	65,412	-	Short-term financing	-	Operating turnover	-	None	-	136,159	136,159	Note 1 ~ 4
4	Franbo Transportation S.A.	New Lucky Lines S.A.	Other receivables due from related parties	Y	122,840	122,840	115,163	-	Short-term financing	-	Operating turnover	-	None	-	155,524	155,524	Note 1 ~ 4
5	Franbo Wind S.A.	New Lucky Lines S.A.	Other receivables due from related parties	Y	219,884	-	-	-	Short-term financing	-	Operating turnover	-	None	-	-	-	Note 1 ~ 4
6	Franbo Hornbill Lind S.A.	New Lucky Lines S.A.	Other receivables due from related parties	Y	261,035	239,538	237,081	-	Short-term financing	-	Operating turnover	-	None	-	243,815	243,815	Note 1 ~ 4
7	Franbo Logos S.A.	New Lucky Lines S.A.	Other receivables due from related parties	Y	30,710	30,710	-	-	Short-term financing	-	Operating turnover	-	None	-	413,826	413,826	Note 1 ~ 4
8	Franbo Logic S.A.	New Lucky Lines S.A.	Other receivables due from related parties	Y	61,420	61,420	23,954	-	Short-term financing	-	Operating turnover	-	None	-	445,007	445,007	Note 1 ~ 4
9	Franbo Lohas S.A.	New Lucky Lines S.A.	Other receivables due from related parties	Y	122,840	122,840	93,358	-	Short-term financing	-	Operating turnover	-	None	-	389,916	389,916	Note 1 ~ 4
10	Franbo Sagacity S.A.	New Lucky Lines S.A.	Other receivables due from related parties	Y	39,923	39,923	12,837	-	Short-term financing	-	Operating turnover	-	None	-	74,353	74,353	Note 1 ~ 4
11	Franbo Way Ltd.	New Lucky Lines S.A.	Other receivables due from related parties	Y	214,970	214,970	189,788	-	Short-term financing	-	Operating turnover	-	None	-	499,618	499,618	Note 1 ~ 4
12	Franbo Uprightness Corp.	New Lucky Lines S.A.	Other receivables due from related parties	Y	546,638	546,638	546,638	-	Short-term financing	-	Operating turnover	-	None	-	564,858	564,858	Note 1 ~ 4
13	Franbo Sino Ltd.	New Lucky Lines S.A.	Other receivables due from related parties	Y	83,531	61,420	31,017	-	Short-term financing	-	Operating turnover	-	None	-	93,514	93,514	Note 1 ~ 4
14	Franbo Ocean Ltd.	New Lucky Lines S.A.	Other receivables due from related parties	Y	47,293	-	-	-	Short-term financing	-	Operating turnover	-	None	-	208,188	208,188	Note 1 ~ 4
15	Franbo Logion S.A.	New Lucky Lines S.A.	Other receivables due from related parties	Y	61,420	-	-	-	Short-term financing	-	Operating turnover	-	None	-	282,632	282,632	Note 1 ~ 4
16	FB Pioneer Ltd.	New Lucky Lines S.A.	Other receivables due from related parties	Y	15,355	15,355	5,835	-	Short-term financing	-	Operating turnover	-	None	-	55,625	55,625	Note 1 ~ 4
17	FB Navigation Ltd.	New Lucky Lines S.A.	Other receivables due from related parties	Y	15,355	15,355	8,292	-	Short-term financing	-	Operating turnover	-	None	-	61,578	61,578	Note 1 ~ 4
18	Franbo Legacy Ltd.	New Lucky Lines S.A.	Other receivables due from related parties	Y	245,680	245,680	182,110	-	Short-term financing	-	Operating turnover	-	None	-	409,547	409,547	Note 1 ~ 4
19	Franbo Bright Ltd.	New Lucky Lines S.A.	Other receivables due from related parties	Y	27,639	-	-	-	Short-term financing	-	Operating turnover	-	None	-	116,616	116,616	Note 1 ~ 4
20	BCTS Capital Inc.	New Lucky Lines S.A.	Other receivables due from related parties	Y	61,420	61,420	42,687	-	Short-term financing	-	Operating turnover	-	None	-	69,169	69,169	Note 1 ~ 4

FRANBO LINES CORPORATION

Loans to others

Year ended December 31, 2022

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2022	Balance at December 31, 2022	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for Creditor Counterparty doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
													Item	Value			
21	FWF Shipping Ltd.	New Lucky Lines S.A.	Other receivables due from related parties	Y	11,363	2,150	1,843	-	Short-term financing	-	Operating turnover	-	None	-	2,403	2,403	Note 1 ~ 4
22	Dexin Shipping S.A.	Uni-Morality Lines Ltd.	Other receivables due from related parties	Y	115,163	115,163	114,855	-	Short-term financing	-	Operating turnover	-	None	-	115,137	115,137	Note 1 ~ 4
23	Franbo Asset Management Co., Ltd.	Franbo Propriety Buiding Development Co.,	Other receivables due from related parties	Y	35,000	35,000	5,000	-	Short-term financing	-	Operating turnover	-	None	-	298,788	298,788	Note 1 ~ 3
24	Franbo Justice Buiding Development Co., Ltd.	Franbo Asset Management Co.,	Other receivables due from related parties	Y	90,000	90,000	50,000	1	Short-term financing	1	Operating turnover	-	None	-	129,881	129,881	Note 1 ~ 3

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1)The Company is '0'.

(2)The subsidiaries are numbered in order starting from '1'.

Note 2: According to the Company's directions of loans to others, the limit of the Company's loan to individuals could not exceed 10% of the Company's net assets. Except for the limit of the Group's subsidiary, New Lucky Lines S.A., loans to individuals could not exceed 30% of its net assets , other subsidiaries in the Group all could not exceed 100% of the subsidiary's net assets.

Note 3: According to the Company's directions of loans to others, the limit of total loans to others by the Company could not exceed 20% of the Company's net assets, and the limit of total loans to others by the Group's subsidiaries could not exceed 100% of the subsidiary's net assets.

Note 4: The exchange rates of United States dollars were translated into New Taiwan dollars at the rate of 30.71 on the reporting date.

FRANBO LINES CORPORATION

Provision of endorsements and guarantees to others

Year ended December 31, 2022

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number	Endorser/guarantor	Party being endorsed/ guaranteed		Limit on endorsements/guarantees provided for a single party	Maximum outstanding endorsement/ guarantee amount as of December 31, 2022	Outstanding endorsement/ guarantee amount at December 31, 2022	Actual amount drawn down	Amount of endorsements /guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the Endorser/guarantor company	Ceiling on total amount of endorsements/ guarantees provided	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements /guarantees to the party in Mainland China	Footnote
		Company name	Relationship with the counterparty											
0	Franbo Lines Corporation	Franbo Shipping S.A.	Note 2	$ 5,336,825	$ 95,201	$ 95,201	$ 95,201	$ -	1.78%	$ 26,684,125	Y	N	N	Note 3, 4 and 5
0	Franbo Lines Corporation	Franbo Transportation S.A.	Note 2	5,336,825	73,704	73,704	73,704	-	1.38%	26,684,125	Y	N	N	Note 3, 4 and 5
0	Franbo Lines Corporation	Franbo Wind S.A.	Note 2	5,336,825	420,727	-	-	-	-	26,684,125	Y	N	N	Note 3, 4 and 5
0	Franbo Lines Corporation	TW Hornbill Line S.A.	Note 2	5,336,825	110,556	-	-	-	-	26,684,125	Y	N	N	Note 3, 4 and 5
0	Franbo Lines Corporation	Franbo Logos S.A.	Note 2	5,336,825	313,733	-	-	-	-	26,684,125	Y	N	N	Note 3, 4 and 5
0	Franbo Lines Corporation	Franbo Logic S.A.	Note 2	5,336,825	297,733	-	-	-	-	26,684,125	Y	N	N	Note 3, 4 and 5
0	Franbo Lines Corporation	Franbo Lohas S.A.	Note 2	5,336,825	386,946	143,723	143,723	-	2.69%	26,684,125	Y	N	N	Note 3, 4 and 5
0	Franbo Lines Corporation	Franbo Way Ltd.	Note 2	5,336,825	110,556	-	-	-	-	26,684,125	Y	N	N	Note 3, 4 and 5
0	Franbo Lines Corporation	Franbo Sagacity S.A.	Note 2	5,336,825	73,704	-	-	-	-	26,684,125	Y	N	N	Note 3, 4 and 5
0	Franbo Lines Corporation	Franbo Sino Ltd.	Note 2	5,336,825	88,445	-	-	-	-	26,684,125	Y	N	N	Note 3, 4 and 5
0	Franbo Lines Corporation	Franbo Ocean Ltd.	Note 2	5,336,825	542,032	319,998	319,998	-	6.00%	26,684,125	Y	N	N	Note 3, 4 and 5
0	Franbo Lines Corporation	Franbo Legion Ltd.	Note 2	5,336,825	101,937	-	-	-	-	26,684,125	Y	N	N	Note 3, 4 and 5
0	Franbo Lines Corporation	FB Pioneer Ltd.	Note 2	5,336,825	73,704	73,704	73,704	-	1.38%	26,684,125	Y	N	N	Note 3, 4 and 5
0	Franbo Lines Corporation	FB Navigation Ltd.	Note 2	5,336,825	64,491	64,491	64,491	-	1.21%	26,684,125	Y	N	N	Note 3, 4 and 5
0	Franbo Lines Corporation	Dexin Shipping S.A.	Note 2	5,336,825	75,547	-	-	-	-	26,684,125	Y	N	N	Note 3, 4 and 5
0	Franbo Lines Corporation	Franbo Legacy Ltd.	Note 2	5,336,825	184,260	184,260	184,260	-	3.45%	26,684,125	Y	N	N	Note 3, 4 and 5
0	Franbo Lines Corporation	Franbo Bright Ltd.	Note 2	5,336,825	184,260	184,260	184,260	-	3.45%	26,684,125	Y	N	N	Note 3, 4 and 5
0	Franbo Lines Corporation	Franbo Uprightness Ltd.	Note 2	5,336,825	110,556	-	-	-	-	26,684,125	Y	N	N	Note 3, 4 and 5
0	Franbo Lines Corporation	Franbo Ace Ltd.	Note 2	5,336,825	552,780	552,780	552,780	-	10.36%	26,684,125	Y	N	N	Note 3, 4 and 5
0	Franbo Lines Corporation	Franbo Art Ltd.	Note 2	5,336,825	552,780	552,780	552,780	-	10.36%	26,684,125	Y	N	N	Note 3, 4 and 5

FRANBO LINES CORPORATION

Provision of endorsements and guarantees to others

Year ended December 31, 2022

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number	Endorser/guarantor	Party being endorsed/ guaranteed		Limit on endorsements/guarantees provided for a single party	Maximum outstanding endorsement/ guarantee amount as of December 31, 2022	Outstanding endorsement/ guarantee amount at December 31, 2022	Actual amount drawn down	Amount of endorsements /guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the Endorser/guarantor company	Ceiling on total amount of endorsements/ guarantees provided	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements /guarantees to the party in Mainland China	Footnote
		Company name	Relationship with the counterparty											
0	Franbo Lines Corporation	Franbo Cosmos Ltd.	Note 2	5,336,825	569,671	569,671	569,671	-	10.67%	26,684,125	Y	N	N	Note 3, 4 and 5
0	Franbo Lines Corporation	Franbo Century Ltd.	Note 2	5,336,825	552,780	552,780	-	-	10.36%	26,684,125	Y	N	N	Note 3, 4 and 5
0	Franbo Lines Corporation	Franbo Brave Ltd.	Note 2	5,336,825	583,490	576,642	576,642	-	10.80%	26,684,125	Y	N	N	Note 3, 4 and 5
0	Franbo Lines Corporation	Franbo Bravo Ltd.	Note 2	5,336,825	583,490	576,642	576,642	-	10.80%	26,684,125	Y	N	N	Note 3, 4 and 5
0	Franbo Lines Corporation	New Lucky Lines S.A.	Note 2	5,336,825	92,130	-	-	-	-	26,684,125	Y	N	N	Note 3, 4 and 5
2	Franbo Shipping S.A.	Franbo Lines Corporation	Note 2	544,636	407,200	407,200	407,200	-	299.06%	680,795	N	Y	N	Note 3, 4 and 5

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1)The Company is '0'.

(2)The subsidiaries are numbered in order starting from '1'.

Note 2: Above 50% of equity interests with voting rights of this company were held by the parent company and subsidiaries.

Note 3: According to the Company's directions of endorsement and guarantees, the limit of total endorsed and guaranteed amounts to single affiliated company by the Company, New Lucky Lines S.A. and Uni-Morality Lines Ltd. was 100% of that company's net assets, and other subsidiaries of the Group all could not exceed 400% of that company's net assets.

Note 4: According to the Company's directions of endorsement and guarantees, the total endorsed and guaranteed amount of the Company and the Group's subsidiaries, except for New Lucky Lines S.A. andUni-Morality Lines Ltd. could not exceed 200% and 300% of that company's net assets, the Company and other subsidiaries of the Group all could not exceed 500% of that company's net assets.

Note 5: The exchange rates of United States dollars were translated into New Taiwan dollars at the rate of 30.71 on the reporting date.

FRANBO LINES CORPORATION

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

December 31, 2022

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2022				Footnote
				Number of shares (unit)	Carrying amount	Ownership (%)	Fair value	
Franbo Lines Corporation	Corporate bonds with call option(Capable of being called by the issuer) corporate bonds	None	Financial assets at fair value through profit or loss - current	450	$ 896	-	$ 896	Note 1、2
Franbo Lines Corporation	Neuberger Berman Disruptive Innovation Equity Securities Investment Trust Fund	None	Financial assets at fair value through profit or loss - current	2,000	371	-	371	Note 1、3
Franbo Lines Corporation	Yuanta Taiwan High-yield Leading Company Fund A	None	Financial assets at fair value through profit or loss - current	194,427	2,094	-	2,094	Note 3
Franbo Lines Corporation	Allianz Global Investors Greater China Fund	None	Financial assets at fair value through profit or loss - current	42,088	752	-	752	Note 3
Franbo Lines Corporation	UPAMC Ben Teng Fund	None	Financial assets at fair value through profit or loss - current	6,883	843	-	843	Note 3
Franbo Lines Corporation	Franklin Technology Fund Class A(acc) USD	None	Financial assets at fair value through profit or loss - current	936	762	-	762	Notes 1、3
Franbo Lines Corporation	Taishin Future Health Fund A-USD	None	Financial assets at fair value through profit or loss - current	30,000	297	-	297	Note 3
Franbo Lines Corporation	Allianz Income and Growth - Class AT Acc (USD)	None	Financial assets at fair value through profit or loss - current	1,551	972	-	972	Note 3
Franbo Lines Corporation	Neuberger Berman US Short Duration Non-Investment Grade Bond Fund	None	Financial assets at fair value through profit or loss - current	2,700	829	-	829	Note 1、3

Note 1: The exchange rates of United States dollars were translated into New Taiwan dollars at the rate of 30.71 on the reporting date.

Note 2: The market price of the corporate bonds referred to referable redemption price at the balance sheet date.

Note 3: The market price of the open-end funds referred to the net value at the balance sheet date.

FRANBO LINES CORPORATION

Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital

Year ended December 31, 2022

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

					Balance as at January 1, 2022		Addition		Disposal				Balance as at December 31, 2022	
Investor	Marketable securities	General ledger account	Counterparty	Relationship with the counterparty	Number of shares	Amount	Number of shares	Amount (Note)	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount
Franbo Lines Corporation	New Lucky Lines S.A.	Investments accounted for using equity method	New Lucky Lines S.A.	Subsidiaries	78,000,000	$ 2,905,827	45,428,012	$ 3,037,526	-	$ -	$ -	$ -	123,428,012	$ 5,943,353

Note: In 2022, the Company newly invested $1,407,131 in New Lucky Lines S.A., and the investment amount included the investment income (loss) and other comprehensive income recognised in the period.

FRANBO LINES CORPORATION

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

December 31, 2022

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2022	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
New Lucky Lines S.A.	Franbo Lines Corporation	Parent company	$ 318,463	Not applicable	$ -	-	$ -	$ -
Uni-Morality Lines Ltd.	Franbo Lines Corporation	Parent company	110,556	Not applicable	-	-	-	-
Franbo Transportation S.A.	New Lucky Lines S.A.	Subsidiaries	115,163	Not applicable	-	-	-	-
TW Hornbill Lines S.A.	New Lucky Lines S.A.	Subsidiaries	237,081	Not applicable	-	-	-	-
Franbo Way Ltd.	New Lucky Lines S.A.	Subsidiaries	180,788	Not applicable	-	-	-	-
Franbo Uprightness Corp.	New Lucky Lines S.A.	Subsidiaries	546,638	Not applicable	-	-	-	-
Franbo Legacy Limited	New Lucky Lines S.A.	Subsidiaries	182,110	Not applicable	-	-	-	-
Dexin Shipping S.A.	Uni-Morality Lines Ltd.	Subsidiaries	114,855	Not applicable	-	-	-	-

FRANBO LINES CORPORATION

Significant inter-company transactions during the reporting periods

Year ended December 31, 2022

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Transactions amount between the parent company and subsidiaries or inter-subsidiaries transactions reaching $10 million were as follows:

				Transaction			
Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	Franbo Lines Corporation	Franbo Shipping S.A.	1	Endorsements and guarantees	$ 95,201	Note 4	1%
0	Franbo Lines Corporation	Franbo Transportation S.A.	1	Endorsements and guarantees	73,704	Note 4	1%
0	Franbo Lines Corporation	Franbo Lohas S.A.	1	Endorsements and guarantees	143,723	Note 4	2%
0	Franbo Lines Corporation	Franbo Ocean Ltd.	1	Endorsements and guarantees	319,998	Note 4	4%
0	Franbo Lines Corporation	FB Pioneer Ltd.	1	Endorsements and guarantees	73,704	Note 4	1%
0	Franbo Lines Corporation	FB Navigation Ltd.	1	Endorsements and guarantees	64,491	Note 4	1%
0	Franbo Lines Corporation	Franbo Legacy Ltd.	1	Endorsements and guarantees	184,260	Note 4	2%
0	Franbo Lines Corporation	Franbo Bright Ltd.	1	Endorsements and guarantees	184,260	Note 4	2%
0	Franbo Lines Corporation	Franbo Ace Ltd.	1	Endorsements and guarantees	552,780	Note 4	7%
0	Franbo Lines Corporation	Franbo Art Ltd.	1	Endorsements and guarantees	552,780	Note 4	7%
0	Franbo Lines Corporation	Franbo Cosmos Ltd.	1	Endorsements and guarantees	569,671	Note 4	7%
0	Franbo Lines Corporation	Franbo Brave Ltd.	1	Endorsements and guarantees	576,642	Note 4	7%
0	Franbo Lines Corporation	Franbo Brav0 Ltd.	1	Endorsements and guarantees	576,642	Note 4	7%
1	Franbo Shipping S.A.	Franbo Lines Corporation	2	Endorsements and guarantees	407,200	Note 4	5%
2	New Lucky Lines S.A.	Franbo Shipping S.A.	3	Other payables	65,412	Note 4、5	1%
2	New Lucky Lines S.A.	Franbo Transportation S.A.	3	Other payables	115,163	Note 4、5	1%
2	New Lucky Lines S.A.	TW Hornbill Line S.A.	3	Other payables	237,081	Note 4、5	3%
2	New Lucky Lines S.A.	Franbo Logic S.A.	3	Other payables	23,954	Note 4、5	0%
2	New Lucky Lines S.A.	Franbo Lohas S.A.	3	Other payables	93,358	Note 4、5	1%
2	New Lucky Lines S.A.	Franbo Sagacity S.A.	3	Other payables	12837	Note 4、5	0%
2	New Lucky Lines S.A.	Franbo Way Ltd.	3	Other payables	189,788	Note 4、5	2%
2	New Lucky Lines S.A.	Franbo Uprightness Corp.	3	Other payables	546,638	Note 4、5	7%
2	New Lucky Lines S.A.	Franbo Sinot Ltd.	3	Other payables	31,017	Note 4、5	0%
2	New Lucky Lines S.A.	Franbo Legacy Ltd.	3	Other payables	182,110	Note 4、5	2%
2	New Lucky Lines S.A.	BCTS Capital Inc.	3	Other payables	42687	Note 4、5	1%
2	New Lucky Lines S.A.	Franbo Lines Corporation	3	Other payables	318,463	Note 4、5	4%
2	New Lucky Lines S.A.	Franbo Legion Ltd.	3	Other payables	98,886	Note 4、5	1%
2	New Lucky Lines S.A.	Franbo Ocean Ltd.	3	Other payables	31,017	Note 4、5	0%
2	New Lucky Lines S.A.	Franbo Bright Ltd.	3	Other payables	98,579	Note 4、5	1%
3	Uno-Morality Lines Ltd.	Franbo Lines Corporation	2	Other payables	110,556	Note 4、5	1%
4	Dexin Shipping S.A.	Uno-Morality Lines Ltd.	3	Other payables	114,855	Note 4、5	1%
5	Franbo Justice Buiding Development Co., Ltd.	Franbo Asset Management Co., Ltd.	3	Other payables	50,000	Note 5	1%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1)Parent company is '0'.

(2)The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose repeatedly. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

(1)Parent company to subsidiary.

(2)Subsidiary to parent company.

(3)Subsidiary to subsidiary.

Note 3: Regarding the percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on the ending balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the current year to consolidated total operating revenues for income statement accounts.

Note 4: The exchange rates of United States dollars were translated into New Taiwan dollars at the rate of 30.71 on the reporting date.

Note 5: It was a loan in nature.

FRANBO LINES CORPORATION

Information on investees

Year ended December 31, 2022

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Name of investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2022			Net income of investee as of December 31, 2022	Investment income (loss) recognised by the Company for the year ended December 31, 2022	Footnote
				December 31, 2022	December 31, 2021	Number of shares	Ownership (%)	Book value			
Franbo Lines Corporation	New Lucky Lines S.A.	Panama	Investment in other area, Note 5	$ 3,809,831	$ 2,402,700	123,428,012	100	$ 5,943,353	$ 1,285,102	$ 1,285,102	Note 1, 8 and 9
Franbo Lines Corporation	Uni-Morality Lines Ltd.	Hong Kong	Investment in other area	37,700	131,490	1,000,000	100	11,307	62,781	62,781	Note 1, 8 and 9
Franbo Lines Corporation	Franbo Asset Management Co., Ltd.	Taiwan	Note 7	300,000	3,500	30,000,000	100	298,788	(1,201)	(1,201)	Note 1, 7 and 9
Franbo Lines Corporation	Taiwan Offshore Engineering Co., Ltd.	Taiwan	Note 6	30	30	3,000	30	30	(1)	(1)	Note 3, 9 and 10
Franbo Lines Corporation	BCTS Capital Inc.	Marshall	Investment in other area	57,409	57,409	2,000,000	100	69,169	2,496	2,496	Note 1, 8 and 9
Franbo Lines Corporation	FWF Shipping Ltd.	Marshall	Investment in other area	284	284	10,000	100	2,403	499	499	Note 1, 8 and 9
New Lucky Lines S.A.	Franbo Shipping S.A.	Panama	Note 5	184,260	184,260	6,000,000	100	136,159	19,865	19,865	Note 2, 8 and 9
New Lucky Lines S.A.	Franbo Transportation S.A.	Panama	Note 5	195,670	195,670	6,371,535	100	155,524	7,689	7,689	Note 2, 8 and 9
New Lucky Lines S.A.	Franbo Wind S.A.	Panama	Note 5	-	116,698	-	100	-	127,142	127,142	Note 2, 8, 9 and 11
New Lucky Lines S.A.	TW Hornbill Line S.A.	Panama	Note 5	126,995	126,995	3,500,000	100	243,815	(13,029)	(13,029)	Note 2, 8 and 9
New Lucky Lines S.A.	Franbo Logos S.A.	Panama	Note 5	291,745	46,065	9,500,000	100	413,826	8,794	8,794	Note 2, 8 and 9
New Lucky Lines S.A.	Franbo Logic S.A.	Panama	Note 5	291,745	46,065	9,500,000	100	445,007	30,843	30,843	Note 2, 8 and 9
New Lucky Lines S.A.	Franbo Lohas S.A.	Panama	Note 5	98,272	98,272	3,200,000	100	389,916	104,233	104,233	Note 2, 8 and 9
New Lucky Lines S.A.	Franbo Sagacity S.A.	Panama	Note 4 and 5	61,420	61,420	2,000,000	100	74,353	8,106	8,106	Note 2, 8 and 9
New Lucky Lines S.A.	Prevalent Creation Corp.	Seychelles	Note 4	921	921	30,000	100	523	(33)	(33)	Note 2, 8 and 9
New Lucky Lines S.A.	Franbo Way Ltd.	Marshall	Note 5	153,550	153,550	5,000,000	100	499,618	291,370	291,370	Note 2, 8 and 9
New Lucky Lines S.A.	Franbo Uprightness Corp.	Marshall	Note 5	184,260	184,260	6,000,000	100	564,858	327,430	327,430	Note 2, 8 and 9
New Lucky Lines S.A.	Franbo Sino Ltd.	Marshall	Note 5	69,098	69,098	2,250,000	100	93,514	10,536	10,536	Note 2, 8 and 9
New Lucky Lines S.A.	Franbo Ocean Ltd.	Marshall	Note 5	153,550	28,791	5,000,000	100	208,188	49,822	49,822	Note 2, 8 and 9
New Lucky Lines S.A.	Franbo Legion Ltd.	Marshall	Note 5	261,035	184,260	8,500,000	100	282,632	2,333	2,333	Note 2, 8 and 9
New Lucky Lines S.A.	FB Pioneer Ltd.	Marshall	Note 5	33,781	33,781	1,100,000	100	55,625	9,752	9,752	Note 2, 8 and 9
New Lucky Lines S.A.	FB Navigation Ltd.	Marshall	Note 5	35,624	35,624	1,160,000	100	61,578	12,301	12,301	Note 2, 8 and 9
New Lucky Lines S.A.	Franbo Legacy Ltd.	Marshall	Note 5	122,840	122,840	4,000,000	100	409,547	269,346	269,346	Note 2, 8, 9 and 13
New Lucky Lines S.A.	Franbo Ace Ltd.	Marshall	Note 5	408,443	178,118	13,300,000	100	408,577	203	203	Note 2, 8, 9 and 14
New Lucky Lines S.A.	Franbo Bright Ltd.	Marshall	Note 5	107,485	107,485	3,500,000	100	116,616	11,573	11,573	Note 2, 8, 9 and 14
New Lucky Lines S.A.	Franbo Cosmos Ltd.	Marshall	Note 5	366,800	184,260	11,944,000	100	368,308	1,528	1,528	Note 2, 8, 9 and 15
New Lucky Lines S.A.	Franbo Art Ltd.	Marshall	Note 5	266,409	178,118	8,675,000	100	266,013	(324)	(324)	Note 2, 8, 9 and 16
New Lucky Lines S.A.	Franbo Century Ltd.	Marshall	Note 5	275,530	184,260	8,972,000	100	275,940	444	444	Note 2, 8, 9 and 16

FRANBO LINES CORPORATION

Information on investees

Year ended December 31, 2022

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Name of investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2022			Net income of investee as of December 31, 2022	Investment income (loss) recognised by the Company for the year ended December 31, 2022	Footnote
				December 31, 2022	December 31, 2021	Number of shares	Ownership (%)	Book value			
New Lucky Lines S.A.	Franbo Brave Ltd.	Marshall	Note 5	193,473	193,473	6,300,000	100	199,972	(68)	(68)	Note 2, 8 and 9
New Lucky Lines S.A.	Franbo Bravo Ltd.	Marshall	Note 5	193,473	193,473	6,300,000	100	199,967	(73)	(73)	Note 2, 8 and 9
Uni-Morality Lines Ltd.	Dexin Shipping S.A.	Panama	Note 5	22,592	73,724	540,000	100	115,137	54,364	54,364	Note 2, 8 and 9
Uni-Morality Lines Ltd.	Due Feng Shipping Co.,Ltd.	Hong Kong	Note 5	1,096	20,351	3,300	22	43	39,115	8,606	Note 3, 8 and 9
Franbo Asset Management Co., Ltd.	Franbo Propriety Buiding Development Co., Ltd.	Taiwan	Note 7	85,000	-	8,500,000	100	84,816	(184)	(184)	Note 2, 7 and 9
Franbo Asset Management Co., Ltd.	Franbo Justice Buiding Development Co., Ltd.	Taiwan	Note 7	130,000	-	13,000,000	100	129,881	(119)	(119)	Note 2, 7 and 9
BCTS Capital Inc.	Franbo Courage S.A.	Panama	Note 5	12,791	12,791	416,500	49	14,161	2,581	1,265	Note 3, 8 and 9
BCTS Capital Inc.	BCI Loyalty Inc.	Marshall	Note 5	10,834	12,129	352,800	49	12,129	2,564	1,256	Note 3, 8 and 9

Note 1: The relationship between this investee and the Company was subsidiary company.

Note 2: The relationship between this investee and the Company was second-tier subsidiary company.

Note 3: The relationship between this investee and the Company was investment accounted for using equity method.

Note 4: The main business activities was domestic and foreign management consulting service of steamship.

Note 5: The main business activities were domestic and foreign shipping business and ocean freight transportation forwarding services.

Note 6: The main business activities were plumbing engineering and energy technical service.s

Note 7: The main business activities was property investment trading.

Note 8: The exchange rates of United States dollars were translated into New Taiwan dollars at the rate of 30.71 on the reporting date and at the average rate of 29.80 in the financial statements period.

Note 9: Valuations were based on each investee's financial statements which were attested by auditors.

Note 10: It was an investee which was invested by the Group in March 2017. In August 2019, TAIWAN OFFSHORE ENGINEERING CO.,LTD. decreased its capital, and the Group collected the investment proceeds in the amount of $2,970. As of December 31, 2022, this company had not formally operated.

Note 11: The investment company handled the capital reduction in November 2022

FRANBO LINES CORPORATION

Major shareholders information

December 31, 2022

Table 8

Name of major shareholders	Shares	
	Name of shares held	Ownership (%)
Zhengzhan Investment Advisory Co., Ltd.	41,020,836	17.15%

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Franbo Lines Corporation

Opinion

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

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

Basis for opinion

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

Key audit matters

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

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

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

The existence of revenue recognition of newly top 10 unlisted customers

Description

Please refer to Note 4(24) for the accounting policies on revenue recognition, and Note 6(17) for details of accounting item of operating revenue.

Operating revenue was the main indicator of managements' operating performance, and because the economic fluctuation of marine industry was larger in recent years, we consider the existence of revenue recognition of newly top 10 unlisted customers of the Company and subsidiaries as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Assessed and tested the implementation effectiveness of internal control in relation to credit business in sales cycle.
2. Examined contracts to confirm the amounts of revenue were calculated according to contracts.
3. Verified the collection record of banks and counterparties were in agreement.
4. Confirmed vessels were actually operating properly by searching rutters on the internet and verified related documents.

Impairment assessment of vessels and equipment

Description

Please refer to Note 4(14) for accounting policies on the impairment of non-financial assets, and Note 5 for the uncertainty of accounting estimates and assumptions on the impairment assessment of investment accounted for using equity method.

The main business of the subsidiary held by the Company was ocean freight forwarder. Because of the external competitive environment of bulk shipments and the effect of worsening macroeconomic conditions, there were indications which were identified by the management showing that the vessels and equipment of some subsidiaries might have been impaired, thus, the appraiser who was appointed by the management measured the recoverable amounts of vessels and equipment by using fair values less disposal costs. The aforementioned estimates of recoverable amount primarily relied on the appraisal report of the appraiser, and the result might have significant influence on the parent company only financial statements, thus, we consider the impairment assessment of vessels and equipment a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Obtained the vessels appraisal report of the appraiser who was appointed by the management, and assessed the professional ability, the performance of competence and the objectiveness of the appraiser.
2. Examined the content of vessels appraisal report to understand and assess the reasonableness of the source of data, appraisal method and conclusions of the appraiser.

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

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Company's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

Wang, Kuo-Hua　　Liao, A-Shen

For and on behalf of PricewaterhouseCoopers, Taiwan

March 3, 2023

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

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

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

	Assets	Notes	December 31, 2022 AMOUNT	%	December 31, 2021 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 - non-current	6(2)	880	-	-	-
1535	Non-current financial assets at amortised cost	6(3) and 8	-	-	88,752	3
1550	Investments accounted for using equity method	6(5)	6,425,050	92	3,122,560	94
1600	Property, plant and equipment	6(6) and 8	51,885	1	53,267	1
1780	Intangible assets		382	-	540	-
1840	Deferred income tax assets	6(23)	14,764	-	17,114	-
1990	Other non-current assets, others	8	600	-	600	-
15XX	**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)

	Liabilities and Equity	Notes	December 31, 2022 AMOUNT	%	December 31, 2021 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 parent company only financial statements.

FRANBO LINES CORPORATION
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except for earnings per share)

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

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

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

		Capital		Capital Reserves				Retained Earnings				
	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	Exchange differences on translation of foreign financial statements	Total equity
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 loss for the year	6(5)	-	-	-	-	-	-	-	-	-	(68,966)	(68,966)
Total comprehensive income(loss)		-	-	-	-	-	-	-	-	375,262	(68,966)	306,296
Appropriation and distribution of 2020 retained earnings:												
Legal reserve		-	-	-	-	-	-	9,496	-	(9,496)	-	-
Special reserve		-	-	-	-	-	-	-	109,204	(109,204)	-	-
Cash capital increase	6(14)	360,000	-	638,291	-	-	-	-	-	-	-	998,291
Share-based payment transactions	6(13)	-	-	8,613	-	-	87	-	-	-	-	8,700
Balance at December 31, 2021		$ 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
Disgorgement of short-swing 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 parent company only financial statements.

FRANBO LINES CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars)

	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)
Gain on bond redemption		(110)	-
Changes in operating assets and liabilities			
Changes in operating assets			
Current financial assets at fair value through profit or loss		(7,219)	1,452
Accounts receivable		-	430
Accounts receivable due from related parties		1,377	(1,271)
Prepayments		839	(695)
Other current assets		(513)	23
Changes in operating liabilities			
Other payables		40,425	15,384
Other current liabilities, others		48	26
Cash (outflow) inflow generated from operations		(11,788)	7,426
Interest received		6,363	194
Dividends received	6(5)	26,714	-
Interest paid		(9,288)	(6,777)
Income taxs paid		(615)	(13)
Net cash flows from operating activities		11,386	830
CASH FLOWS FROM INVESTING ACTIVITIES			
(Increase) decrease in current financial assets at amortised cost		(153,550)	11,501
Decrease in other receivables due from related parties		1,190	6,102
Decrease in non-current financial assets at amortised cost		-	5,010
Acquisition of investments accounted for using equity method	6(5)	(1,703,631)	(834,539)
Proceeds from capital reduction of investments accounted for using equity method	6(5)	93,791	193,710
Acquisition of property, plant and equipment	6(6)	(1,564)	(4,388)
Proceeds from disposal of property, plant and equipment		210	53
Acquisition of intangible assets		-	(453)
Decrease in refundable deposits		-	1,000
Net cash flows used in investing activities		(1,763,554)	(622,004)
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)
Increase in short-term notes and bills payable	6(26)	30,000	-
(Decrease) increase in other payable to related parties		424,313	(88,765)
Proceeds from issuance of bonds	6(26)	602,381	-
Purchase of convertible bonds	6(26)	(1,500)	-
Proceeds from long-term debt	6(26)	-	20,000
Repayments of long-term debt	6(26)	(2,153)	(138,152)
Decrease in guarantee deposits received		-	(500)
Cash capital increased (net of issuance cost)	6(14)	914,000	998,291
Cash dividends paid	6(16)	(150,909)	-
Disgorgement of short-swing profits		166	-
Net cash flows from financing activities		1,926,298	655,374
Net increase in cash and cash equivalents		174,130	34,200
Cash and cash equivalents at beginning of year	6(1)	42,985	8,785
Cash and cash equivalents at end of year	6(1)	$ 217,115	$ 42,985

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

FRANBO LINES CORPORATION

NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

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

1. History and Organisation

(1) Franbo Lines Corporation (the "Company") was incorporated on September 29, 1998, and was primarily engaged in the shipping agency, consulting service and ocean freight forwarder, etc.

(2) The Company' shares are traded in the Taipei Exchange starting from October 9, 2014.

2. The Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorisation

These parent company only financial statements were authorised for issuance by the Board of Directors on March 3, 2023.

3. Application of New Standards, Amendments and Interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") that came into effect as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by the FSC and became effective from 2022 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts—cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

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

New standards, interpretations and amendments endorsed by the FSC effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8, ‘Definition of accounting estimates’	January 1, 2023
Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’	January 1, 2023

The above standards and interpretations have no significant impact to the Company’s financial condition and financial performance based on the Company’s assessment.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, ‘Sale or contribution of assets between an investor and its associate or joint venture’	To be determined by International Accounting Standards Board
Amendments to IFRS 16, ‘Lease liability in a sale and leaseback’	January 1, 2024
IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 1, ‘Classification of liabilities as current or non-current’	January 1, 2024
Amendments to IAS 1, ‘Non-current liabilities with covenants’	January 1, 2024

The above standards and interpretations have no significant impact to the Company’s financial condition and financial performance based on the Company’s assessment.

4. Summary of Significant Accounting Policies

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

(1) Compliance statement

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

(2) Basis of preparation

A. Except for financial assets (including derivative instruments) at fair value through profit or loss , the parent company only financial statements have been prepared under the historical cost convention.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3) Foreign currency translation

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The parent company only financial statements are presented in New Taiwan dollar, which is the Company's functional currency.

A. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

B. Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

C. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

D. All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

(4) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realised within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(6) Financial assets at fair value through profit or loss

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income. Financial assets at amortised cost or fair value through other comprehensive income are designated as at fair value through profit or loss at initial recognition when they eliminate or significantly reduce a measurement or recognition inconsistency.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

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

(7) Financial assets at amortised cost

A. Financial assets at amortised cost are those that meet all of the following criteria:

(a) The objective of the Company's business model is achieved by collecting contractual cash flows.

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.

D. The Company's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(8) Accounts receivable

A. Accounts receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(9) Impairment of financial assets

For financial assets at amortised cost including accounts receivable or contract assets that have a significant financing component, at each reporting date, the Company recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Company recognises the impairment provision for lifetime ECLs.

(10) Derecognition of financial assets

The Company derecognises a financial asset when one of the following conditions is met:

A. The contractual rights to receive the cash flows from the financial asset expire.

B. The contractual rights to receive cash flows of the financial asset have been transferred and the Company has transferred substantially all risks and rewards of ownership of the financial asset.

C. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Company has not retained control of the financial asset.

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

A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

B. Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Company are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognise losses in proportion to its ownership.

D. In accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers", the profit or loss and other comprehensive income or loss presented on the parent company only financial statements are consistent with the profit or loss and the amortisation of other comprehensive income attributable to owners of the parent company presented on the consolidated financial statements. In addition, owner's equity presented on the parent company only financial statements is consistent with equity attributable to owners of parent presented in the consolidated financial statements.

E. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.

F. The Company's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

G. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognises the Company's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.

H. Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

I. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(12) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change.

The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	5 to 50 years
Transportation equipment	5 years
Office equipment	5 years

(13) Intangible assets

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

(14) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(15) Borrowings

A. Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

B. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

(16) Derecognition of financial liabilities

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

(17) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(18) Bonds payable

Ordinary corporate bonds issued by the Company are initially recognised at fair value less transaction costs. Any difference between the proceeds (net of transaction costs) and the redemption value is presented as an addition to or deduction from bonds payable, which is amortised to profit or loss over the period of bond circulation using the effective interest method as an adjustment to 'finance costs'.

(19) Convertible bonds payable

Convertible bonds issued by the Company contain conversion options (that is, the bondholders have the right to convert the bonds into the Company's common shares by exchanging a fixed amount of cash for a fixed number of common shares), call options and put options. The Company classifies the bonds payable upon issuance as a financial asset, a financial liability or an equity instrument in accordance with the contract terms. They are accounted for as follows:

A. The embedded call options and put options are recognised initially at net fair value as 'financial assets or financial liabilities at fair value through profit or loss'. They are subsequently remeasured and stated at fair value on each balance sheet date; the gain or loss is recognised as 'gain or loss on valuation of financial assets or financial liabilities at fair value through profit or loss'.

B. The host contracts of bonds are initially recognised at fair value. Any difference between the initial recognition and the redemption value is accounted for as the premium or discount on bonds payable and subsequently is amortised in profit or loss as an adjustment to 'finance costs' over the period of circulation using the effective interest method.

C. The embedded conversion options which meet the definition of an equity instrument are initially recognised in 'capital surplus—share options' at the residual amount of total issue price less the amount of financial assets or financial liabilities at fair value through profit or loss and bonds payable as stated above. Conversion options are not subsequently remeasured.

D. Any transaction costs directly attributable to the issuance are allocated to each liability or equity component in proportion to the initial carrying amount of each abovementioned item.

E. When bondholders exercise conversion options, the liability component of the bonds (including bonds payable and 'financial assets or financial liabilities at fair value through profit or loss') shall be remeasured on the conversion date. The issuance cost of converted common shares is the total book value of the abovementioned liability component and 'capital surplus—share options'.

(20) Employee benefits

A. Salaries and other short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.

B. Pensions

Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

C. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(21) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the parent company only balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

(22) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(23) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(24) Revenue recognition

A. Income from vessels management and freight

The Company's revenue from contracts with customers primarily arose from providing services, including vessels management service and carriage service of cargo. The aforementioned services were all separate pricing or negotiation, and the contract period was the basis for vessels management and carriage of cargo. Because the Company provided vessels management and carriage service of cargo in the contract period, revenue was recognised over time in the accounting period when the Company provided service to customers.

B. The Company and customers sign a contract which is consistent with market practice. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Company does not adjust the transaction price to reflect the time value of money. The Company provided charter service and vessels management, service revenue was recognised over time in the accounting period when the Company provided service to customers.

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

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

Impairment assessment of investments accounted for using equity method

(1) As for the impairment assessment of vessels and equipment of investments accounted for using equity method, the main business of the subsidiary held by the Company was ocean freight forwarder. When there were indications showing that the vessels and equipment of some subsidiaries might have been impaired, the appraiser who was appointed by the management measured the recoverable amount of vessels and equipment by using fair values less disposal costs. As the aforementioned estimates of recoverable amount primarily relied on the appraisal report of the appraiser, the data resources and assumptions by the appraiser might have significant influence on the result.

(2) As of December 31, 2022, the Company did not recognise any impairment loss on the investments accounted for using equity method.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash:		
Cash on hand and petty cash	$ 50	$ 30
Checking accounts and demand deposits	96,969	42,955
Cash equivalents:		
Time deposits	101,368	-
Repurchase bonds	18,728	-
	$ 217,115	$ 42,985

A. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Company's demand deposits had been transferred into "current financial assets at amortised cost" and "non-current financial assets at amortised cost" due to being pledged and restricted, please refer to Note 8, pledged assets.

C. The aforementioned time deposits and repurchase bonds are both within three months of maturity, were not pledged as collateral and were classified as cash equivalents based on their nature.

(2) Financial assets at fair value through profit or loss

Items	December 31, 2022	December 31, 2021
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	$ 8,844	$ 1,560
Foreign corporate bonds	1,232	1,285
Valuation adjustment	(2,260)	(97)
	$ 7,816	$ 2,748
Non-Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Derivative instruments	$ 880	$ -

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

	Year ended December 31	
	2022	2021
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	($ 1,813)	$ 295
Foreign corporate bonds	(337)	(116)
Derivative instruments	(604)	-
	($ 2,754)	$ 179

The amount of (loss) income was shown as "other gains and losses", please refer to Note 6(19) for details.

B. The Company has no financial assets at fair value through profit or loss pledged to others as collateral.

C. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2).

(3) Financial assets at amortised cost

Items	December 31, 2022	December 31, 2021
Current items:		
Time deposits with maturity over three months	$ 153,550	$ -
Restricted bank deposits	88,752	-
	$ 242,302	$ -
Non-current items:		
Restricted bank deposits	$ -	$ 88,752

A. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. For the years ended December 31, 2022 and 2021, interest income from demand deposits and time deposits were recognised under interest income from bank deposits.

C. Details of the Company's financial assets at amortised cost pledged to others as collateral are provided in Note 8.

(4) Accounts receivable

	December 31, 2022	December 31, 2021
Accounts receivable	$ 6,198	$ 7,575
Less: Allowance for doubtful accounts	-	-
	$ 6,198	$ 7,575

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

	December 31, 2022	December 31, 2021
Up to 30 days	$ 4,299	$ 5,340
31 to 90 days	1,899	2,235
	$ 6,198	$ 7,575

The above ageing analysis was based on invoice date.

B. On December 31, 2022, December 31, 2021 and January 1, 2021, the balances of the receivables (including related parties) from the Company's and customers contracts were $6,198 $7,575 and $6,734, respectively.

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

D. As at December 31, 2022 and 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Company was $6,198 and $7,575, respectively.

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

(5) Investments accounted for using equity method

Changes in the year were as follows:

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

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

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

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

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

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

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

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

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

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

Note 6: On March 10, 2017, the Company invested $3,000 in Taiwan Offshore Engineering Co., Ltd. and acquired 30% equity interests. On August 23, 2019, Taiwan Offshore Engineering Co., Ltd. decreased its capital, therefore the Company collected investment proceeds in the amount of $2,970. As of December 31, 2022, this company had not formally started operation.

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

(6) Property, plant and equipment

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

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

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

Cost	2022			
Assets	January 1	Additions	Disposals	December 31
Land	$ 19,247	$ -	$ -	$ 19,247
Buildings and structures	42,193	-	-	42,193
Transportation equipment	7,958	-	(210)	7,748
Office equipment	3,254	1,564	(118)	4,700
	$ 72,652	$ 1,564	($ 328)	$ 73,888

Accumulated depreciation	2022			
Assets	January 1	Depreciation charge	Disposals	December 31
Buildings and structures	$ 13,780	$ 873	$ -	$ 14,653
Transportation equipment	2,655	1,563	-	4,218
Office equipment	2,950	300	(118)	3,132
	$ 19,385	$ 2,736	($ 118)	$ 22,003

Cost	2021			
Assets	January 1	Additions	Disposals	December 31
Land	$ 19,247	$ -	$ -	$ 19,247
Buildings and structures	42,193	-	-	42,193
Transportation equipment	4,036	4,258	(336)	7,958
Office equipment	3,124	130	-	3,254
	$ 68,600	$ 4,388	($ 336)	$ 72,652

Accumulated depreciation	2021			
Assets	January 1	Depreciation charge	Disposals	December 31
Buildings and structures	$ 12,738	$ 1,042	$ -	$ 13,780
Transportation equipment	2,038	953	(336)	2,655
Office equipment	2,832	118	-	2,950
	$ 17,608	$ 2,113	($ 336)	$ 19,385

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

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

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

(7) Short-term borrowings

Type of borrowings	December 31, 2022	December 31, 2021	Collateral
Bank borrowings			
Unsecured borrowings	$ 90,000	$ 10,000	None
Secured bank borrowings	10,000	-	SME credit insurance fund guarantee
Secured bank borrowings	20,000	-	Land, buildings and structures
	$ 120,000	$ 10,000	
Interest rate range	2.19%~2.37%%	1.70%	

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

(8) Short-term notes and bills payable

	December 31, 2022
Commecial papers	$ 30,000
Less:Unamortized discount	(34)
	$ 29,966
Interest rate range	2.44%

On December 31, 2021: None.

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

(9) Other payables

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

(10) Bonds payable

	December 31, 2022	December 31, 2021
The first domestic secured corporate bonds	$ 400,000	$ 400,000
The fifth domestic unsecured convertible bonds	588,300	-
Less: Discount on bonds payable	(22,901)	-
	965,399	$ 400,000
Less: current portion (shown as long-term liabilities, current portion)	(400,000)	-
	$ 565,399	$ 400,000

A. On November 25, 2020, the Company issued the first domestic secured corporate bonds at face value in the amount of $400,000 for the year ended December 31, 2020, the primary issuance terms were as follows:

(a) Total issuance amount: $400,000.

(b) Issuance price: Issued at par value of $1,000.

(c) Coupon rate: 0.57%.

(d) Terms of interest repayment: The bonds interest is calculated at simple rate once every year based on the coupon rate starting from the issuance date.

(e) Repayment term: The bonds are repaid in lump sum upon the maturity of the bonds.

(f) Issuance duration: 3 years (November 25, 2020 to November 25, 2023).

(g) Guarantee method: The joint guarantor was the second-tier subsidiary, Franbo Shipping S.A., and TAIWAN COOPERATIVE BANK performed guarantees for corporate bonds according to appointment contract.

(h) Trustee bank: JihSun International Commercial Bank Co., Ltd.

(i) The Company plans to use a centralized public offering as the source of repayment for the first secured ordinary corporate bonds, and the related procedures are being finalized.

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

(a) The Company issued $600,000, 0% the fifth domestic secured convertible bonds and issued at 101% of the face value, as approved by the regulatory authority. The bonds mature 3 years from the issue date (July 28, 2022 ~ July 28, 2025), and bondholders' convertible bonds will be redeemed in cash at face value at the maturity date. The bonds were listed on the Taipei Exchange on July 28, 2022.

(b) The bondholders have the right to ask for conversion of the bonds into common shares of the Company during the period from the date after three months (October 29, 2022) of the bonds issue to the maturity date (July 28, 2025), except for the stop transfer period as specified in the terms of the bonds or the laws/regulations. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares. As of December 31, 2022, the bonds with a face value of $10,100 had been converted into 521 thousand common shares and were transferred to 'ordinary share' of $5,209.

(c) The conversion price of the bonds is set up based on the pricing model specified in the terms of the bonds, and is subject to adjustments if the condition of the anti-dilution provisions occurs subsequently. The conversion price will be reset based on the pricing model specified in the terms of the bonds on each effective date regulated by the terms. If the reset conversion price is higher than the reset conversion price, the conversion price will not be adjusted; the conversion price on issuance was NT$19.99 per share. As of December 31, 2022, the conversion price of the convertible bonds was adjusted to NT$19.39.

(d) The Company may repurchase all the bonds outstanding in cash at the bonds' face value at any time after the following events occur: (i) the closing price of the Company's common shares is above the then conversion price by 30% for 30 consecutive trading days during the period from the date after three months (October 29, 2022) of the bonds issue to 40 days before the maturity date (June 18, 2025), or (ii) the outstanding balance of the bonds is less than 10% of total initial issue amount during the period from the date after three months (October 29, 2022) of the bonds issue to 40 days before the maturity date (June 18, 2025).

(e) Under the terms of the bonds, all bonds redeemed, matured and converted are retired and not to be re-issued; all rights and obligations attached to the bonds are also extinguished. As of

December 31, 2022, the bonds totaling $1,600 (face value) were repurchased and were retired by the Company from the Taipei Exchange.

(f) Regarding the issuance of the aforementioned convertible bonds, the equity conversion options amounting to $31,003 were separated from the liability component and were recognised in 'capital surplus—share options' in accordance with IAS 32. As of December 31, 2022, after conversion, repurchase and writing off of corporate bonds, the balance of the aforementioned 'capital surplus - share options' was $30,399. The call options embedded in bonds payable were separated from their host contracts and were recognised in 'financial assets at fair value through profit or loss' in net amount in accordance with IAS 9 because the economic characteristics and risks of the embedded derivatives were not closely related to those of the host contracts. The effective interest rate of the bonds payable after such separation was 1.55%.

(11) Long-term borrowings

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

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

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

(12) Pensions

A. Effective July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

B. The pension costs under defined contribution pension plans of the Company for the years ended December 31, 2022 and 2021, were $1,698 and $1,476, respectively.

(13) Share-based payment

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

Type of arrangement	Grant date	Quantity granted (thousand shares)	Vesting conditions
Cash capital increase reserved for employee preemption	July 5, 2021	1,500 thousand shares	Vested immediately
Cash capital increase reserved for employee preemption	August 15, 2022	1,750 thousand shares	Vested immediately

The share-based payment arrangements above are settled by equity.

B. The fair value of stock options granted on grant date is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Stock price (NTD)	Exercise price (NTD)	Expected price volatility (Note 1)	Expected option life	Expected dividends	Risk-free interest rate (Note 2)	Fair value per share (NTD)
Cash capital increase reserved for employee preemption	July 5, 2021	$ 33.3	$ 28	71.82% (Note 1)	25 days	$ -	0.17%	$ 5.80
Cash capital increase reserved for employee preemption	August 15, 2022	21.4	18.28	53.13 (Note 2)	28 days	-	0.81%	3.29

Note 1: Expected price volatility rate was estimated by using the average annualised volatility of return rate of the Company's stock price between July 6, 2020 and July 5, 2021.

Note 2: Expected price volatility rate was estimated by using the average annualised volatility of return rate of the Company's stock price between August 15, 2021 and August 15, 2022.

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

C. For the years ended December 31, 2022 and 2021, the Company had expenses due to share-based payments transactions in the amounts of $5,758 and $8,700, respectively.

(14) Share capital

A. As of December 31, 2022, the Company had authorised capital in the amount of $3,500,000 and paid-in capital in the amount of $2,391,567, which consisted of 239,157 thousand shares with a par value of NT$10. All proceeds from shares issued have been collected.

B. Movements in the number of the Company's ordinary shares outstanding are as follows: (Unit: thousand shares)

	2022	2021
At January 1	188,636	152,636
Cash capital increase	50,000	36,000
Conversion of convertible bonds	521	-
At December 31	239,157	188,636

C. On March 8, 2021, the Board of Directors of the Company approved to increase cash capital, and the capital increase had been approved by the Financial Supervisory Commission. The effective date was set on July 30, 2021, and the Company increase by issuing 36,000 thousand new shares with a par value of NT$10, the acquisition price was $28 per share, and the total stock proceeds was $1,008,000 which had been collected in full amount. The registration of the capital increase had been completed. The capital increase generated premiums on issuance in the amount of $648,000, and the net premium amount was $646,904 after deducting necessary cost of increasing capital by issuing new shares and plus actual transference amount which was acquired by employees.

D. On March 4, 2022, the Board of Directors of the Company approved to increase cash capital which had been approved by the Financial Supervisory Commission. The effective date was set on September 1, 2022, and the Company increased capital by issuing 50,000 thousand new shares with a par value of NT$10, the acquisition price was NT$18.28 per share, and the total stock proceeds was $914,000 which had been collected in the full amount. The registration of the capital increase was completed. The capital increase generated premiums on issuance in the amount of $414,000, and the net premium amount was $419,715 after deducting necessary cost of increasing capital by issuing new shares and plus actual transference amount which was acquired by employees.

E. For the year ended December 31, 2022, the amount of the Company's convertible bonds which were asked for conversion into common shares was $5,209, as of December 31, 2022, because the conversion had not been registered, thus, they were shown as ‘Bond Conversion Entitlement Certificates’. Additionally, on March 3, 2023, the Board of Directors approved the effective date of the conversion and issuance of new shares, and related registration procedures of changes were processing.

(15) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(16) Retained earnings

A. After annual settlement, the current year's earnings, if any, shall first be used to pay profit-seeking enterprise income tax and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve until the legal reserve amount equals total capital amount. After that, special reserve shall be set aside or reversed in accordance with the related laws or the regulations made by the regulatory authority. The remainder along with the beginning undistributed earnings will be accumulated distributable earnings which shall be appropriated after being proposed by the Board of Directors and being resolved by the shareholders.

   For the aforementioned appropriation of earnings, the Board of Directors may, upon special resolution adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors, distribute dividends and bonus, capital surplus or legal reserve, in whole or in part, in the form of cash, and reported to the shareholders. The above distribution is not subject to approval by the shareholders.

B. In order to continually expand the scale of operation, increase competitiveness as well as cooperate with the Company's long-term development, future capital requirements and long-term financial plan, the dividend policy is to distribute as stock dividend and as cash dividends. Cash dividends shall not be less than 10% of the total dividends distributed to shareholders. The appropriation of dividends and bonus were proportionately based on each shareholders' shareholding ratio, if the Company had no retained earnings, the Company could not appropriate dividends and bonus.

C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

D. On August 20, 2021, the shareholders of the Company resolved the appropriation of 2020 retained earnings, except for the provision of legal reserves and special reserves, the distributable earnings were retained at full amount and would not be distributed as dividends.

E. On May 26, 2022, the shareholders of the Company resolved the appropriation of 2021 earnings, and the cash dividends was $150,909 (NT$0.8 per share).

F. On March 3, 2023, the Board of Directors of the Company resolved the appropriation of 2022 earnings, and the cash dividends amounted to $358,735 (NT$1.5 per share).

(17) Operating revenue

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

Disaggregation of revenue from contracts with customers

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

Year ended December 31, 2022	Transportation revenue	Vessels management revenue	Total
Revenue from external customer contracts	$ -	$ 63,261	$ 63,261
Timing of revenue-over time	$ -	$ 63,261	$ 63,261

Year ended December 31, 2021	Transportation revenue	Vessels management revenue	Total
Revenue from external customer contracts	$ 117	$ 62,737	$ 62,854
Timing of revenue-over time	$ 117	$ 62,737	$ 62,854

(18) Other income

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

Note: Refer to Note 7 for related information.

(19) Other gains and losses

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

(20) Finance costs

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

(21) Expenses by nature

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

(22) Employee benefit expense

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

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall not be lower than 1% for employees' compensation and shall not be higher than 5% for directors' remuneration.

B. For the years ended December 31, 2022 and 2021, employees' compensation was accrued at $13,158 and $3,815, respectively; while directors' remuneration was accrued at $13,158 and $3,815, respectively. The aforementioned amounts were recognised in salary expenses and other expenses.

The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on certain percentages of distributable profit of current year as of the end of reporting period.

For 2021, the employees' compensation and directors' and supervisors' remuneration resolved by the Board of Directors amounted to $3815 and $3815, respectively. The difference of $2 between the amounts resolved by the Board of Directors and the amounts of employees' compensation of $3,816 and directors' remuneration of $3,816 recognised in the 2021 financial statements, had been adjusted in the profit or loss of 2022.

Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(23) Income tax

A. Income tax expense (benefit)

Components of income tax expense (benefit):

	Year ended December 31	
	2022	2021
Current tax:		
Current tax on profits for the year	$ -	$ -
Tax on undistributed earnings	5,893	-
Total current tax	5,893	-
Deferred tax:		
Origination and reversal of temporary differences	2,811	(1,892)
Income tax expense (benefit)	$ 8,704	($ 1,892)

B. Reconciliation between income tax expense (benefit) and accounting profit:

	Year ended December 31	
	2022	2021
Tax calculated based on profit before tax and statutory tax rate	$ 257,723	$ 74,674
Effects from items adjusted in accordance with tax regulation	7,432	182
Tax on undistributed surplus earnings	5,893	-
Temporary difference not recognised as deferred tax assets	(12,556)	(2,984)
Temporary difference not recognised as deferred tax liabilities	(257,619)	(76,682)
Change in assessment of realisation of deferred tax assets	2,346	(1,852)
Taxable loss not recognised as deferred tax assets	5,485	4,770
Income tax expense (benefit)	$ 8,704	($ 1,892)

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

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

	2021		
	January 1	Recognised in profit or loss	December 31
Deferred income tax assets			
Temporary differences:			
Exchange losses	$ -	4	$ 4
Tax losses	15,258	1,852	17,110
	$ 15,258	$ 1,856	$ 17,114
Deferred income tax liabilities			
Temporary differences:			
Exchange gains	($ 36)	$ 36	$ -

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

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

December 31, 2021						
Year incurred	Amount assessed/filed	Amount	Used amount	Unused amount	Unrecognised deferred tax assets	Expiry year
2012	Amount assessed	$ 13,066	($ 1,336)	$ 11,730	$ -	2022
2013	Amount assessed	16,063	-	16,063	-	2023
2014	Amount assessed	35,774	-	35,774	-	2024
2015	Amount assessed	15,177	-	15,177	-	2025
2020	Amount filed	6,810	-	6,810	-	2029
2021	Amount expected to be filed	23,851	-	23,851	23,851	2030
		$110,741	($ 1,336)	$ 109,405	$ 23,851	

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

	December 31, 2022	December 31, 2021
Deductible temporary differences	$ 126,513	$ 189,294

F. The Company has not recognised taxable temporary differences associated with investment in subsidiaries as deferred tax liabilities. As of December 31, 2022 and 2021, the amounts of temporary difference unrecognised as deferred tax liabilities were $2,049,490 and $761,392, respectively.

G. The Company's income tax returns through 2020 have been assessed and approved by the Tax Authority. As of the reporting date, the Company had no significant and pending tax administrative remedies.

(24) Earnings per share

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

	Year ended December 31, 2021		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to the parent	$ 375,262	167,825	$ 2.24
Diluted earnings per share			
Profit attributable to the parent	375,262	167,825	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	160	
Profit attributable to ordinary shareholders of the Company plus assumed conversion of all dilutive potential ordinary shares	375,262	167,985	$ 2.23

(25) Supplemental cash flow information

Financing activities with no cash flow effects:

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

(26) Changes in liabilities from financing activities

	Short-term borrowings	Short-term notes and bills payable	Long-term borrowings	Bonds payable	Liabilities from financing activities-gross
January 1, 2022	$ 10,000	$ -	$ 24,043	$ 400,000	$ 434,043
Changes in cash flow from financing activities	110,000	30,000	(2,153)	600,881	738,728
Changes in non-financing cash flows	-	-	-	(29,503)	(29,503)
Other non-cash changes	-	(34)	-	(5,979)	(6,013)
December 31, 2022	$ 120,000	$ 29,966	$ 21,890	$ 965,399	$ 1,137,255

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

7. Related Party Transactions

(1) Names of related parties and relationship

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

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

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

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

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

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

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

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

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

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

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

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

(2) Significant related party transactions

A. Operating revenue

(a) ISM vessels management revenue

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

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

(b) Vessels operation escrow revenue

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

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

B. Other income

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

C. Receivables from related parties

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

D. Loans

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

E. Receipts under custody

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

F. Endorsements and guarantees

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

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

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

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

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

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

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

(c) To obtain the facilities in relation to the first domestic secured corporate bonds, the Company had the second-tier subsidiary, Franbo Shipping S.A., to be the guarantor according to the requirement of the bank's loan terms, and the endorsed and guaranteed amount was $407,200.

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

	December 31, 2021
The Company	$ 10,000
Logos	-

On December 31, 2022: None.

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

I. In June 2022, the Company exercised to directors for the disgorgement of short-swing profits of $166 which was shown as capital surplus in accordance with Securities and Exchange Act Article 157 regarding to regulations of short-swing trading.

(3) Key management compensation

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

8. Pledged Assets

Assets	December 31, 2022	December 31, 2021	Purpose
Land	$ 19,247	19,247	Short-term borrowings and long-term borrowings
Buildings and structures, net	27,540	28,413	Short-term borrowings and long-term borrowings
Restricted assets - demand deposits (Note)	88,752	88,752	Bonds payable and
Guarantee deposits paid			Guarantees for Maritime
(shown as “other non-current assets, others”)	600	600	Port Bureau
	$ 136,139	$ 137,012	

Note: Restricted assets on December 31, 2022 and 2021- current deposits are listed in " Current financial assets at amortised cost " and " Non-current financial assets at amortised cost "

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) On July 26, 2022, the Company’s second-tier subsidiary, Franbo Ocean Ltd., signed a credit facility agreement with Entie Commercial Bank. The total amount of credit agreement was USD 10,420 thousand, the credit term was 5 years, and the Company and the related parties, TSAI,PANG-CHUAN and TSAI,CHING-CHUNG, were joint guarantors and should keep the commitments which were recorded on the credit agreements, the commitments were as follows:

A. Every year, the consolidated financial statements of the Company was verified that interest coverage ratio could not be lower than three times (earnings before interest and taxes + interest expenses + depreciations and amortisations/ interest expenses). The net tangible assets value (net assets reduce intangible assets): Not be lower than NT$1 billion. Each financial ratio restrictions would be verified once a half-year by using consolidated financial statements which were annually attested by auditors and the second quarter consolidated financial statements which were annually reviewed by auditors as the calculation basis.

B. From the date of the first withdrawal, the collateral, vessels, should be appraised at least once a year by the appraisal company which was admitted by this bank, and the original of appraisal report should be provided to this bank.

C. From 2023, LTV should be verified every year, if following regulations were not met, Franbo Ocean Ltd. should pledge additional deposits as collaterals in three business days.

Verification year	The ceiling of LTV
2022	55%
2023	50%
2024	45%
2025 - 2027	40%

D. In the duration of the borrowings, the Company's directly or indirectly held equity interests in Franbo Bright Ltd. should not be lower than 100%.

(2) On October 14, 2021, the Company's second-tier subsidiary, Franbo Bright Ltd., signed a credit facility agreement with O BANK. The total amount of credit agreement was USD 6,000 thousand, the credit term was 5 years, and the Company and related parties, TSAI,PANG-CHUAN and TSAI,CHING-CHUNG, were joint guarantors and should keep the commitments which were recorded on the credit agreements, the commitments were as follows:

A. Every year, the consolidated financial statements of the Company was verified that interest coverage ratio could not be lower than five times (earnings before interest and taxes + interest expenses + depreciations and amortisations/interest expenses). Net assets (shareholders' equity): Not be lower than NT$1.5 billion. Financial debt ratio (total financial liabilities/net assets): Not be higher than 185%. Each financial ratio restrictions would be verified once a half-year by using consolidated financial statements which were annually attested by auditors and the second quarter consolidated financial statements which were annually reviewed by auditors as the calculation basis.

B. From the date of the first withdrawal, the collateral, vessels, should be appraised at least once a year by appraisal company which was admitted by this bank, and the original of appraisal report should be provided to this bank.

C. From 2022, LTV should be verified every year, if following regulations were not met, Franbo Bright Ltd. should repay the borrowings or requisition and pledge additional deposits as collaterals in five business days.

Verification year	The ceiling of LTV
2022	55%
2023 - 2026	50%

D. In the duration of the borrowings, the Company's directly or indirectly held equity interests in Franbo Bright Ltd. should not be lower than 100%.

(3) On August 26, 2021, the Company's second-tier subsidiary, Franbo Legacy Ltd., signed a credit facility agreement with BANK OF PANHSIN. The total amount of credit agreement was USD 6,000 thousand, the credit term was 5 years, and the Company and related parties, TSAI,PANG-CHUAN and TSAI,CHING-CHUNG, were joint guarantors and should keep the commitments which were recorded on the credit agreements, the commitments were as follows:

From the date of the first withdrawal, the collateral, vessels, should be appraised at least once a year by appraisal company which was admitted by this bank, and the original of appraisal report should be provided to this bank. If (the credit balance/the appraisal amount) was larger than 60%, the difference should be repaid or the collateral which was admitted by this bank should be requisitioned.

(4) On November 11, 2020, the Company's second-tier subsidiary, FB Navigation Ltd., signed a credit facility agreement with BANK OF PANHSIN. The total amount of credit agreement was USD 2,100 thousand, the credit term was 3.6 years, and the Company and related parties, TSAI,PANG-CHUAN and TSAI,CHING-CHUNG, were joint guarantors and should keep the commitments which were recorded on the credit agreements, the commitments were as follows:

From the date of the first withdrawal, the collateral, vessels, should be appraised at least once a year by appraisal company which was admitted by this bank, and the original of appraisal report should be provided to this bank. If (the credit balance/the appraisal amount) was larger than 40%, the difference should be repaid or the collateral which was admitted by this bank should be requisitioned.

(5) On November 11, 2020, the Company's second-tier subsidiary, FB Pioneer Ltd., signed a credit facility agreement with BANK OF PANHSIN. The total amount of credit agreement was USD 2,400 thousand, the credit term was 4 years, and the Company and related parties, TSAI,PANG-CHUAN and TSAI,CHING-CHUNG, were joint guarantors and should keep the commitments which were recorded on the credit agreements, the commitments were as follows:

From the date of the first withdrawal, the collateral, vessels, should be appraised at least once a year by appraisal company which was admitted by this bank, and the original of appraisal report should be provided to this bank. If (the credit balance/the appraisal amount) was larger than 40%, the difference should be repaid or the collateral which was admitted by this bank should be requisitioned.

(6) On August 26, 2015, the Company's second-tier subsidiary, Franbo Lohas S.A., signed a credit facility agreement with Mega Bank, the total amount of credit agreement was USD 12,000 thousand. Additionally, on May 6, 2016, the second-tier subsidiary signed a credit facility agreement with Mega Bank, the total amount of credit agreement was USD 1,000 thousand., the credit terms both were 5 years, and the Company and related parties, TSAI,PANG-CHUAN and TSAI,CHING-CHUNG, were joint guarantors and should keep the commitments which were recorded on the credit agreements, the commitments were as follows:

A. The interest coverage ratio could not be lower than three times (earnings before interest and taxes interest expenses + depreciations and amortisations/ interest expenses). The net tangible assets value (shareholders' equity reduce intangible assets): Not be lower than NT$1 billion. Each financial ratio restrictions would be verified once a half-year by using consolidated financial statements which were annually attested by auditors and the second quarter consolidated financial statements which were annually reviewed by auditors as the calculation basis.

B. The debt ratio should not be higher than 75% for 2016, 70% for 2017, 65% for 2018, 60% for 2019 (including years after) and should be verified once a year by using annual non-consolidated financial statements which were attested by auditors as the calculation basis.

C. From the date of the first withdrawal, the collateral, vessels, should be appraised at least once a year by appraisal company which was admitted by this bank, and the original of appraisal report should be provided to this bank. If (the credit balance/the appraisal amount) was larger than 65%, the difference should be repaid or the collateral which was admitted by this bank should be requisitioned.

D. In the duration of the borrowings, the Company's directly or indirectly held equity interests in Franbo Lohas S.A. should not be lower than 100%.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

The distribution of 2022 earnings and the effective date of the conversion and issuance of the fifth unsecured convertible bonds were resolved by the Company's Board of Directors on March 3, 2023. Refer to Notes 6(14) and 6(16) for more details.

12. Others

(1) Capital management

The Company's capital management objective was to secure the ability of going-concern in order to return to the shareholders and maintain optimal capital structure. Because the Company should maintain or adjust the capital structure, the Company's objectives when managing capital are to secure necessary financial resources and operating plans to meet the needs of operating funds for the next 12 months, capital expenditure, debt repayment and dividend payment.

For the year ended December 31, 2022, the Company's strategy was the same as that in 2021 and was dedicated to maintaining a stable debt to assets ratio. The Company's debt to assets ratios were as follows:

	December 31, 2022	December 31, 2021
Total liabilities	$ 1,631,828	$ 461,723
Total assets	$ 6,968,653	$ 3,339,318
Debt to assets ratio	23%	14%

(2) Financial instruments

A. Financial instruments by category

	December 31, 2022	December 31, 2021
Financial assets		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	$ 7,816	2,748
Financial assets at amortised cost/Loans and receivables		
Cash and cash equivalents	217115	42,985
Accounts receivable due from related parties	6198	7,575
Other receivables due from related parties	-	1,190
Guarantee deposits paid (Note 1)	600	600
Other financial assets (Note 2)	242,302	88,752
	$ 474,031	$ 143,850
Financial liabilities		
Financial liabilities at amortised cost		
Short-term borrowings	$ 120,000	$ 10,000
Short-term notes and bills payable	29,966	-
Other payables (including related parties)	488,598	27,492
Corporate bonds payable (including current portion)	965,399	400,000
Long-term borrowings (including current portion)	21,890	24,043
	$ 1,625,853	$ 461,535

Note 1: Shown as “other non-current assets - others”.

Note 2: Shown as “current financial assets at amortised cost” and “non-current financial assets at amortised cost”.

B. Financial risk management policies

(a) The Company’s activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk.

(b) Risk management is carried out by a central treasury department (Company treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close co-operation with the Company’s operating units.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Exchange rate risk

i. The Company operates internationally and is exposed to exchange rate risk arising from the transactions of the Company used in various functional currency, primarily with respect to the USD. Foreign exchange rate risk arises from future commercial transactions and recognised assets and liabilities.

ii. The Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2022		
(Foreign currency: functional currency)	Foreign currency amount (In thousands)	Exchange rate	Carrying amount (New Taiwan dollar)
Financial assets			
Monetary items			
USD:NTD	$ 10,570	30.71	$ 324,605
Non-monetary items			
USD:NTD (Note)	199,487	30.71	6,126,232
Financial liabilities			
Monetary items			
USD:NTD	13,971	30.71	429,049

Note: Investments accounted for using equity method.

	December 31, 2021		
(Foreign currency: functional currency)	Foreign currency amount (In thousands)	Exchange rate	Carrying amount (New Taiwan dollar)
Financial assets			
Monetary items			
USD:NTD	$ 330	27.68	$ 9,134
Non-monetary items			
USD:NTD (Note)	112,808	27.68	3,119,040
Financial liabilities			
Monetary items			
USD:NTD	170	27.68	4,706

Note: Investments accounted for using equity method.

iii. Total exchange gain, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2022 and 2021, amounted to $10,408 and $1,799, respectively.

iv. Analysis of foreign currency market risk arising from significant foreign exchange variation:

	Year ended December 31, 2022		
	Sensitivity analysis		
(Foreign currency: functional currency)	Degree of variation	Effect on profit or loss	Effect on comprehensive income
Financial assets			
Monetary items			
USD:NTD	1%	$ 3,246	$ -
Non-monetary items			
USD:NTD	1%	-	61,262
Financial liabilities			
Monetary items			
USD:NTD	1%	4,290	-

	Year ended December 31, 2021		
	Sensitivity analysis		
(Foreign currency: functional currency)	Degree of variation	Effect on profit or loss	Effect on comprehensive income
Financial assets			
Monetary items			
USD:NTD	1%	$ 91	$ -
Non-monetary items			
USD:NTD	1%	-	31,190
Financial liabilities			
Monetary items			
USD:NTD	1%	47	-

Price risk

i. The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

ii. The Company's investments in equity securities comprise domestic beneficiary certificates of equity instruments and foreign corporate bonds. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2022 and 2021 would have increased/decreased by $69 and $16, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss.

Cash flow and fair value interest rate risk

i. The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. During 2022 and 2021, the Company's borrowings at variable rate were mainly denominated in New Taiwan dollars and US Dollars.

ii. The Company's borrowings are measured at amortised cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.

iii. If the borrowing interest rate had increased/decreased by 0.25% with all other variables held constant, profit, net of tax for the years ended December 31, 2022 and 2021 would have increased/decreased by $44 and $48, respectively. The main factor is that changes in interest expense result in floating-rate borrowings.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at fair value through profit or loss.

ii. According to the Company's credit policy, each local entity in the Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and service terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors.

iii. The Company adopts following assumptions under IFRS 9, if the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

iv. The Company adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.

v. The Company classifies customer's accounts receivable, contract assets and rents receivable in accordance with geographic area, credit rating of customer, credit risk on trade and customer types. The Company applies the modified approach based on the loss rate methodology to estimate the expected credit loss.

vi. The Company used the forecastability of adjust historical and timely information to assess the default possibility of accounts receivable. On December 31, 2022 and 2021, the loss rate methodology is as follows:

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

vii. The beginning and ending balances for the years ended December 31, 2022 and 2021 of the Company's application of the modified approach on loss allowance for accounts receivable were all $0. For the years ended December 31, 2022 and 2021, the Company had no impairment loss or benefit of receivables which were generated contracting with customers.

(c) Liquidity risk

i. The objectives for managing liquidity risk are maintaining cash and deposits needed for operations and adequate borrowing credits to ensure the Company is financially flexible.

ii. The table below analyses the Company's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity and undiscounted amount groups and aggregately listed the Company's financial liabilities which were contracted the repayment period:

	December 31, 2022		
	Within 1 year	Between 1 and 2 years	Over 2 years
Non-derivative financial liabilities:			
Short-term borrowings	$ 121,221	$ -	$ -
Other payables to related parties	488,598	-	-
Long-term borrowings	2,676	2,676	18,593
(including current portion)		-	-
Bonds payable	402,090	-	588,300
(including current portion)			

	December 31, 2021		
	Within 1 year	Between 1 and 2 years	Over 2 years
Non-derivative financial liabilities:			
Short-term borrowings	$ 10,033	$ -	$ -
Other payables to related parties	27,492	-	-
Long-term borrowings	2,635	2,635	21,299
(including current portion)			
Bonds payable	2,280	402,090	-

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Company's investment in beneficiary certificates is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

B. Financial instruments not measured at fair value:

(a) Except for those listed in the table below, the carrying amounts of cash and cash equivalents, accounts receivable (including related parties), other receivables (including related parties), financial assets at amortised cost, guarantee deposits paid (shown as "other non-current assets, others"), short-term borrowings, other payables (including related parties), long-term borrowings (including current portion), guarantee deposits received are approximate to their fair values.

	December 31, 2022			
		Fair value		
	Carrying amount	Level 1	Level 2	Level 3
Financial liabilities:				
Bonds payable	$ 965,399	$ -	$ -	$ 966,651

	December 31, 2021			
		Fair value		
	Carrying amount	Level 1	Level 2	Level 3
Financial liabilities:				
Bonds payable	$ 400,000	$ -	$ -	$ 400,000

(b) The methods and assumptions of fair value estimate are as follows:

Bonds payable: They are measured at present value, which is calculated based on the cash flow expected to be paid and discounted using a market rate prevailing at balance sheet date.

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities is are as follows:

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

December 31, 2022	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Beneficiary certificates	$ 6,920	$ -	$ -	$ 6,920
Foreign corporate bond	896	-	-	896
Option to convert embedded corporate bonds	-	-	880	880
Total	$ 7,816	$ -	$ 880	$ 7,816

December 31, 2021	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Beneficiary certificates	$ 1,580	$ -	$ -	$ 1,580
Foreign corporate bond	1,168	-	-	1,168
Total	$ 2,748	$ -	$ -	$ 2,748

(b) The methods and assumptions the Company used to measure fair value are as follows:

i. The instruments the Company used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	Open-end fund	Corporate bond
Market quoted price	Net asset value	Referable redemption price

ii. For high-complexity financial instruments, the fair value is measured by using self-developed valuation model based on the valuation method and technique widely used within the same industry. The valuation model is normally applied to derivative financial instruments, debt instruments with embedded derivatives or securitised instruments. Certain inputs used in the valuation model are not observable at market, and the Company must make reasonable estimates based on its assumptions.

iii. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Company's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Company's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

D. For the years ended December 31, 2022 and 2021, there was no transfer between Level 1 and Level 2.

E. The following chart is the movement of Level 3 for the year ended December 31, 2022:

	2022
	Derivative instruments
January 1	$ -
Issued in the period	1,500
Gains and losses recognised in profit or loss (Note)	(604)
Conversion or repurchase in the period	(16)
December 31	$ 880

Note: Accounted as other gains and losses.

For the year ended December 31, 2021: None.

F. The following chart is the movement of Level 3 for the years ended December 31, 2022 and 2021:

G. Treasury segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

H. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

Hybrid instrument:	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Convertible bonds	$ 880	The Binomial-Tree approach to convertible bonds	Stock price volatility	46.94%~51.35%	The higher the price volatility , the higher the fair value

On December 31, 2021: None.

I. The Company has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed:

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

On December 31, 2021: None.

(4) Other matters

Starting from 2020, the effects from global Covid-19 pandemic had slow down, and the Company assessed that the overall business and finance was not significantly affected by the pandemic.

13. Supplementary Disclosures

(1) Significant transactions information

According to the current regulatory requirements, the Company is only required to disclose the information for the year ended December 31, 2022, the required disclosure information of each investee was prepared according to the 2022 financial statements which were attested by auditors and was disclosed according to each consolidated entities, and the consolidated write-offs and adjustment would not be included into consideration.

A. Loans to others: Please refer to table 1.

B. Provision of endorsements and guarantees to others: Please refer to table 2.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: Please refer to table 4.

E. Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching NT$300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more: None.

H. Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more: None.

I. Trading in derivative instruments undertaken during the reporting periods: Please refer to 6(2)、12(3).

J. Significant inter-company transactions during the reporting periods: Please refer to table 6.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China)：Please refer to table 7.

(3) Information on investments in Mainland China

A. Basic information: None.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

(4) Major shareholders information

Major shareholders information: Please refer to table 8.

14. Segment Information

Not applicable.

FRANBO LINES CORPORATION

Loans to others

Year ended December 31, 2022

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2022	Balance at December 31, 2022	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for Creditor Counterparty doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
													Item	Value			
1	New Lucky Lines S.A.	Franbo Lines Corporation	Other receivables due from related parties	Y	$ 429,940	$ 429,940	$ 318,463	-	Short-term financing	-	Operating turnover	-	None	-	$ 1,783,005	$ 5,943,353	Note 1 ~ 4
1	New Lucky Lines S.A.	Franbo Shipping S.A.	Other receivables due from related parties	Y	61,420	-	-	-	Short-term financing	-	Operating turnover	-	None	-	1,783,005	5,943,353	Note 1 ~ 4
1	New Lucky Lines S.A.	Franbo Wind S.A.	Other receivables due from related parties	Y	30,710	-	-	-	Short-term financing	-	Operating turnover	-	None	-	1,783,005	5,943,353	Note 1 ~ 4
1	New Lucky Lines S.A.	TW Hornbill Lind S.A.	Other receivables due from related parties	Y	61,420	-	-	-	Short-term financing	-	Operating turnover	-	None	-	1,783,005	5,943,353	Note 1 ~ 4
1	New Lucky Lines S.A.	Franbo Logos S.A.	Other receivables due from related parties	Y	30,710	30,710	3,685	-	Short-term financing	-	Operating turnover	-	None	-	1,783,005	5,943,353	Note 1 ~ 4
1	New Lucky Lines S.A.	Franbo Logic S.A.	Other receivables due from related parties	Y	30,710	-	-	-	Short-term financing	-	Operating turnover	-	None	-	1,783,005	5,943,353	Note 1 ~ 4
1	New Lucky Lines S.A.	Franbo Logion S.A.	Other receivables due from related parties	Y	107,485	107,485	98,886	-	Short-term financing	-	Operating turnover	-	None	-	1,783,005	5,943,353	Note 1 ~ 4
1	New Lucky Lines S.A.	Franbo Uprightness Corp.	Other receivables due from related parties	Y	30,710	-	-	-	Short-term financing	-	Operating turnover	-	None	-	1,783,005	5,943,353	Note 1 ~ 4
1	New Lucky Lines S.A.	Franbo Ocean Ltd.	Other receivables due from related parties	Y	307,100	61,420	31,017	-	Short-term financing	-	Operating turnover	-	None	-	1,783,005	5,943,353	Note 1 ~ 4
1	New Lucky Lines S.A.	Franbo Bright Ltd.	Other receivables due from related parties	Y	122,840	122,840	98,579	-	Short-term financing	-	Operating turnover	-	None	-	1,783,005	5,943,353	Note 1 ~ 4
1	New Lucky Lines S.A.	Franbo Ace Ltd.	Other receivables due from related parties	Y	30,710	30,710	3,992	-	Short-term financing	-	Operating turnover	-	None	-	1,783,005	5,943,353	Note 1 ~ 4
1	New Lucky Lines S.A.	Franbo Art Ltd.	Other receivables due from related parties	Y	30,710	30,710	2,764	-	Short-term financing	-	Operating turnover	-	None	-	1,783,005	5,943,353	Note 1 ~ 4
1	New Lucky Lines S.A.	Franbo Cosmos Ltd.	Other receivables due from related parties	Y	30,710	30,710	3,071	-	Short-term financing	-	Operating turnover	-	None	-	1,783,005	5,943,353	Note 1 ~ 4
1	New Lucky Lines S.A.	Franbo Century Ltd.	Other receivables due from related parties	Y	30,710	30,710	7,985	-	Short-term financing	-	Operating turnover	-	None	-	1,783,005	5,943,353	Note 1 ~ 4
1	New Lucky Lines S.A.	Franbo Brave Ltd.	Other receivables due from related parties	Y	30,710	30,710	2,150	-	Short-term financing	-	Operating turnover	-	None	-	1,783,005	5,943,353	Note 1 ~ 4
1	New Lucky Lines S.A.	Franbo Bravo Ltd.	Other receivables due from related parties	Y	30,710	30,710	3,378	-	Short-term financing	-	Operating turnover	-	None	-	1,783,005	5,943,353	Note 1 ~ 4
2	Uni-Morality Lines Ltd.	Franbo Lines Corporation	Other receivables due from related parties	Y	170,133	170,133	110,556	-	Short-term financing	-	Operating turnover	-	None	-	111,307	111,307	Note 1 ~ 4
2	Uni-Morality Lines Ltd.	New Lucky Lines S.A.	Other receivables due from related parties	Y	116,698	-	-	-	Short-term financing	-	Operating turnover	-	None	-	111,307	111,307	Note 1 ~ 4
2	Uni-Morality Lines Ltd.	Dexin Shipping S.A.	Other receivables due from related parties	Y	30,710	-	-	-	Short-term financing	-	Operating turnover	-	None	-	111,307	111,307	Note 1 ~ 4

FRANBO LINES CORPORATION

Loans to others

Year ended December 31, 2022

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2022	Balance at December 31, 2022	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for Creditor Counterparty doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
													Item	Value			
3	Franbo Shipping S.A.	New Lucky Lines S.A.	Other receivables due from related parties	Y	92,130	92,130	65,412	-	Short-term financing	-	Operating turnover	-	None	-	136,159	136,159	Note 1 ~ 4
4	Franbo Transportation S.A.	New Lucky Lines S.A.	Other receivables due from related parties	Y	122,840	122,840	115,163	-	Short-term financing	-	Operating turnover	-	None	-	155,524	155,524	Note 1 ~ 4
5	Franbo Wind S.A.	New Lucky Lines S.A.	Other receivables due from related parties	Y	219,884	-	-	-	Short-term financing	-	Operating turnover	-	None	-	-	-	Note 1 ~ 4
6	Franbo Hornbill Lind S.A.	New Lucky Lines S.A.	Other receivables due from related parties	Y	261,035	239,538	237,081	-	Short-term financing	-	Operating turnover	-	None	-	243,815	243,815	Note 1 ~ 4
7	Franbo Logos S.A.	New Lucky Lines S.A.	Other receivables due from related parties	Y	30,710	30,710	-	-	Short-term financing	-	Operating turnover	-	None	-	413,826	413,826	Note 1 ~ 4
8	Franbo Logic S.A.	New Lucky Lines S.A.	Other receivables due from related parties	Y	61,420	61,420	23,954	-	Short-term financing	-	Operating turnover	-	None	-	445,007	445,007	Note 1 ~ 4
9	Franbo Lohas S.A.	New Lucky Lines S.A.	Other receivables due from related parties	Y	122,840	122,840	93,358	-	Short-term financing	-	Operating turnover	-	None	-	389,916	389,916	Note 1 ~ 4
10	Franbo Sagacity S.A.	New Lucky Lines S.A.	Other receivables due from related parties	Y	39,923	39,923	12,837	-	Short-term financing	-	Operating turnover	-	None	-	74,353	74,353	Note 1 ~ 4
11	Franbo Way Ltd.	New Lucky Lines S.A.	Other receivables due from related parties	Y	214,970	214,970	189,788	-	Short-term financing	-	Operating turnover	-	None	-	499,618	499,618	Note 1 ~ 4
12	Franbo Uprightness Corp.	New Lucky Lines S.A.	Other receivables due from related parties	Y	546,638	546,638	546,638	-	Short-term financing	-	Operating turnover	-	None	-	564,858	564,858	Note 1 ~ 4
13	Franbo Sino Ltd.	New Lucky Lines S.A.	Other receivables due from related parties	Y	83,531	61,420	31,017	-	Short-term financing	-	Operating turnover	-	None	-	93,514	93,514	Note 1 ~ 4
14	Franbo Ocean Ltd.	New Lucky Lines S.A.	Other receivables due from related parties	Y	47,293	-	-	-	Short-term financing	-	Operating turnover	-	None	-	208,188	208,188	Note 1 ~ 4
15	Franbo Logion S.A.	New Lucky Lines S.A.	Other receivables due from related parties	Y	61,420	-	-	-	Short-term financing	-	Operating turnover	-	None	-	282,632	282,632	Note 1 ~ 4
16	FB Pioneer Ltd.	New Lucky Lines S.A.	Other receivables due from related parties	Y	15,355	15,355	5,835	-	Short-term financing	-	Operating turnover	-	None	-	55,625	55,625	Note 1 ~ 4
17	FB Navigation Ltd.	New Lucky Lines S.A.	Other receivables due from related parties	Y	15,355	15,355	8,292	-	Short-term financing	-	Operating turnover	-	None	-	61,578	61,578	Note 1 ~ 4
18	Franbo Legacy Ltd.	New Lucky Lines S.A.	Other receivables due from related parties	Y	245,680	245,680	182,110	-	Short-term financing	-	Operating turnover	-	None	-	409,547	409,547	Note 1 ~ 4
19	Franbo Bright Ltd.	New Lucky Lines S.A.	Other receivables due from related parties	Y	27,639	-	-	-	Short-term financing	-	Operating turnover	-	None	-	116,616	116,616	Note 1 ~ 4
20	BCTS Capital Inc.	New Lucky Lines S.A.	Other receivables due from related parties	Y	61,420	61,420	42,687	-	Short-term financing	-	Operating turnover	-	None	-	69,169	69,169	Note 1 ~ 4

FRANBO LINES CORPORATION

Loans to others

Year ended December 31, 2022

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2022	Balance at December 31, 2022	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for Creditor Counterparty doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
													Item	Value			
21	FWF Shipping Ltd.	New Lucky Lines S.A.	Other receivables due from related parties	Y	11,363	2,150	1,843	-	Short-term financing	-	Operating turnover	-	None	-	2,403	2,403	Note 1 ~ 4
22	Dexin Shipping S.A.	Uni-Morality Lines Ltd.	Other receivables due from related parties	Y	115,163	115,163	114,855	-	Short-term financing	-	Operating turnover	-	None	-	115,137	115,137	Note 1 ~ 4
23	Franbo Asset Management Co., Ltd.	Franbo Propriety Buiding Development Co.,	Other receivables due from related parties	Y	35,000	35,000	5,000	-	Short-term financing	-	Operating turnover	-	None	-	298,788	298,788	Note 1 ~ 3
24	Franbo Justice Buiding Development Co., Ltd.	Franbo Asset Management Co.,	Other receivables due from related parties	Y	90,000	90,000	50,000	1	Short-term financing	1	Operating turnover	-	None	-	129,881	129,881	Note 1 ~ 3

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1)The Company is '0'.

(2)The subsidiaries are numbered in order starting from '1'.

Note 2: According to the Company's directions of loans to others, the limit of the Company's loan to individuals could not exceed 10% of the Company's net assets. Except for the limit of the Group's subsidiary, New Lucky Lines S.A., loans to individuals could not exceed 30% of its net assets , other subsidiaries in the Group all could not exceed 100% of the subsidiary's net assets.

Note 3: According to the Company's directions of loans to others, the limit of total loans to others by the Company could not exceed 20% of the Company's net assets, and the limit of total loans to others by the Group's subsidiaries could not exceed 100% of the subsidiary's net assets.

Note 4: The exchange rates of United States dollars were translated into New Taiwan dollars at the rate of 30.71 on the reporting date.

FRANBO LINES CORPORATION

Provision of endorsements and guarantees to others

Year ended December 31, 2022

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number	Endorser/guarantor	Party being endorsed/ guaranteed: Company name	Party being endorsed/ guaranteed: Relationship with the counterparty	Limit on endorsements/guarantees provided for a single party	Maximum outstanding endorsement/ guarantee amount as of December 31, 2022	Outstanding endorsement/ guarantee amount at December 31, 2022	Actual amount drawn down	Amount of endorsements /guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the Endorser/guarantor company	Ceiling on total amount of endorsements/guarantees provided	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements /guarantees to the party in Mainland China	Footnote
0	Franbo Lines Corporation	Franbo Shipping S.A.	Note 2	$ 5,336,825	$ 95,201	$ 95,201	$ 95,201	$ -	1.78%	$ 26,684,125	Y	N	N	Note 3, 4 and 5
0	Franbo Lines Corporation	Franbo Transportation S.A.	Note 2	5,336,825	73,704	73,704	73,704	-	1.38%	26,684,125	Y	N	N	Note 3, 4 and 5
0	Franbo Lines Corporation	Franbo Wind S.A.	Note 2	5,336,825	420,727	-	-	-	-	26,684,125	Y	N	N	Note 3, 4 and 5
0	Franbo Lines Corporation	TW Hornbill Line S.A.	Note 2	5,336,825	110,556	-	-	-	-	26,684,125	Y	N	N	Note 3, 4 and 5
0	Franbo Lines Corporation	Franbo Logos S.A.	Note 2	5,336,825	313,733	-	-	-	-	26,684,125	Y	N	N	Note 3, 4 and 5
0	Franbo Lines Corporation	Franbo Logic S.A.	Note 2	5,336,825	297,733	-	-	-	-	26,684,125	Y	N	N	Note 3, 4 and 5
0	Franbo Lines Corporation	Franbo Lohas S.A.	Note 2	5,336,825	386,946	143,723	143,723	-	2.69%	26,684,125	Y	N	N	Note 3, 4 and 5
0	Franbo Lines Corporation	Franbo Way Ltd.	Note 2	5,336,825	110,556	-	-	-	-	26,684,125	Y	N	N	Note 3, 4 and 5
0	Franbo Lines Corporation	Franbo Sagacity S.A.	Note 2	5,336,825	73,704	-	-	-	-	26,684,125	Y	N	N	Note 3, 4 and 5
0	Franbo Lines Corporation	Franbo Sino Ltd.	Note 2	5,336,825	88,445	-	-	-	-	26,684,125	Y	N	N	Note 3, 4 and 5
0	Franbo Lines Corporation	Franbo Ocean Ltd.	Note 2	5,336,825	542,032	319,998	319,998	-	6.00%	26,684,125	Y	N	N	Note 3, 4 and 5
0	Franbo Lines Corporation	Franbo Legion Ltd.	Note 2	5,336,825	101,937	-	-	-	-	26,684,125	Y	N	N	Note 3, 4 and 5
0	Franbo Lines Corporation	FB Pioneer Ltd.	Note 2	5,336,825	73,704	73,704	73,704	-	1.38%	26,684,125	Y	N	N	Note 3, 4 and 5
0	Franbo Lines Corporation	FB Navigation Ltd.	Note 2	5,336,825	64,491	64,491	64,491	-	1.21%	26,684,125	Y	N	N	Note 3, 4 and 5
0	Franbo Lines Corporation	Dexin Shipping S.A.	Note 2	5,336,825	75,547	-	-	-	-	26,684,125	Y	N	N	Note 3, 4 and 5
0	Franbo Lines Corporation	Franbo Legacy Ltd.	Note 2	5,336,825	184,260	184,260	184,260	-	3.45%	26,684,125	Y	N	N	Note 3, 4 and 5
0	Franbo Lines Corporation	Franbo Bright Ltd.	Note 2	5,336,825	184,260	184,260	184,260	-	3.45%	26,684,125	Y	N	N	Note 3, 4 and 5
0	Franbo Lines Corporation	Franbo Uprightness Ltd.	Note 2	5,336,825	110,556	-	-	-	-	26,684,125	Y	N	N	Note 3, 4 and 5
0	Franbo Lines Corporation	Franbo Ace Ltd.	Note 2	5,336,825	552,780	552,780	552,780	-	10.36%	26,684,125	Y	N	N	Note 3, 4 and 5
0	Franbo Lines Corporation	Franbo Art Ltd.	Note 2	5,336,825	552,780	552,780	552,780	-	10.36%	26,684,125	Y	N	N	Note 3, 4 and 5

FRANBO LINES CORPORATION

Provision of endorsements and guarantees to others

Year ended December 31, 2022

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number	Endorser/guarantor	Party being endorsed/ guaranteed: Company name	Party being endorsed/ guaranteed: Relationship with the counterparty	Limit on endorsements/guarantees provided for a single party	Maximum outstanding endorsement/ guarantee amount as of December 31, 2022	Outstanding endorsement/ guarantee amount at December 31, 2022	Actual amount drawn down	Amount of endorsements /guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the Endorser/guarantor company	Ceiling on total amount of endorsements/guarantees provided	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements /guarantees to the party in Mainland China	Footnote
0	Franbo Lines Corporation	Franbo Cosmos Ltd.	Note 2	5,336,825	569,671	569,671	569,671	-	10.67%	26,684,125	Y	N	N	Note 3, 4 and 5
0	Franbo Lines Corporation	Franbo Century Ltd.	Note 2	5,336,825	552,780	552,780	-	-	10.36%	26,684,125	Y	N	N	Note 3, 4 and 5
0	Franbo Lines Corporation	Franbo Brave Ltd.	Note 2	5,336,825	583,490	576,642	576,642	-	10.80%	26,684,125	Y	N	N	Note 3, 4 and 5
0	Franbo Lines Corporation	Franbo Bravo Ltd.	Note 2	5,336,825	583,490	576,642	576,642	-	10.80%	26,684,125	Y	N	N	Note 3, 4 and 5
0	Franbo Lines Corporation	New Lucky Lines S.A.	Note 2	5,336,825	92,130	-	-	-	-	26,684,125	Y	N	N	Note 3, 4 and 5
2	Franbo Shipping S.A.	Franbo Lines Corporation	Note 2	544,636	407,200	407,200	407,200	-	299.06%	680,795	N	Y	N	Note 3, 4 and 5

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1)The Company is '0'.

(2)The subsidiaries are numbered in order starting from '1'.

Note 2: Above 50% of equity interests with voting rights of this company were held by the parent company and subsidiaries.

Note 3: According to the Company's directions of endorsement and guarantees, the limit of total endorsed and guaranteed amounts to single affiliated company by the Company, New Lucky Lines S.A. and Uni-Morality Lines Ltd. was 100% of that company's net assets, and other subsidiaries of the Group all could not exceed 400% of that company's net assets.

Note 4: According to the Company's directions of endorsement and guarantees, the total endorsed and guaranteed amount of the Company and the Group's subsidiaries, except for New Lucky Lines S.A. andUni-Morality Lines Ltd. could not exceed 200% and 300% of that company's net assets, the Company and other subsidiaries of the Group all could not exceed 500% of that company's net assets.

Note 5: The exchange rates of United States dollars were translated into New Taiwan dollars at the rate of 30.71 on the reporting date.

FRANBO LINES CORPORATION

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

December 31, 2022

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2022				Footnote
				Number of shares (unit)	Carrying amount	Ownership (%)	Fair value	
Franbo Lines Corporation	Corporate bonds with call option(Capable of being called by the issuer) corporate bonds	None	Financial assets at fair value through profit or loss - current	450	$ 896	-	$ 896	Note 1、2
Franbo Lines Corporation	Neuberger Berman Disruptive Innovation Equity Securities Investment Trust Fund	None	Financial assets at fair value through profit or loss - current	2,000	371	-	371	Note 1、3
Franbo Lines Corporation	Yuanta Taiwan High-yield Leading Company Fund A	None	Financial assets at fair value through profit or loss - current	194,427	2,094	-	2,094	Note 3
Franbo Lines Corporation	Allianz Global Investors Greater China Fund	None	Financial assets at fair value through profit or loss - current	42,088	752	-	752	Note 3
Franbo Lines Corporation	UPAMC Ben Teng Fund	None	Financial assets at fair value through profit or loss - current	6,883	843	-	843	Note 3
Franbo Lines Corporation	Franklin Technology Fund Class A(acc) USD	None	Financial assets at fair value through profit or loss - current	936	762	-	762	Note 1、3
Franbo Lines Corporation	Taishin Future Health Fund A-USD	None	Financial assets at fair value through profit or loss - current	30,000	297	-	297	Note 3
Franbo Lines Corporation	Allianz Income and Growth - Class AT Acc (USD)	None	Financial assets at fair value through profit or loss - current	1,551	972	-	972	Note 3
Franbo Lines Corporation	Neuberger Berman US Short Duration Non-Investment Grade Bond Fund	None	Financial assets at fair value through profit or loss - current	2,700	829	-	829	Note 1、3

Note 1: The exchange rates of United States dollars were translated into New Taiwan dollars at the rate of 30.71 on the reporting date.

Note 2: The market price of the corporate bonds referred to referable redemption price at the balance sheet date.

Note 3: The market price of the open-end funds referred to the net value at the balance sheet date.

FRANBO LINES CORPORATION

Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital

Year ended December 31, 2022

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

					Balance as at January 1, 2022		Addition		Disposal				Balance as at December 31, 2022	
Investor	Marketable securities	General ledger account	Counterparty	Relationship with the counterparty	Number of shares	Amount	Number of shares	Amount (Note)	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount
Franbo Lines Corporation	New Lucky Lines S.A.	Investments accounted for using equity method	New Lucky Lines S.A.	Subsidiaries	78,000,000	$ 2,905,827	45,428,012	$ 3,037,526	-	$ -	$ -	$ -	123,428,012	$ 5,943,353

Note: In 2022, the Company newly invested $1,407,131 in New Lucky Lines S.A., and the investment amount included the investment income (loss) and other comprehensive income recognised in the period.

FRANBO LINES CORPORATION

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

December 31, 2022

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2021	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
New Lucky Lines S.A.	Franbo Lines Corporation	Parent company	$ 318,463	Not applicable	$ -	-	$ -	$ -
Uni-Morality Lines Ltd.	Franbo Lines Corporation	Parent company	110,556	Not applicable	-	-	-	-
Franbo Transportation S.A.	New Lucky Lines S.A.	Subsidiaries	115,163	Not applicable	-	-	-	-
TW Hornbill Lines S.A.	New Lucky Lines S.A.	Subsidiaries	237,081	Not applicable	-	-	-	-
Franbo Way Ltd.	New Lucky Lines S.A.	Subsidiaries	180,788	Not applicable	-	-	-	-
Franbo Uprightness Corp.	New Lucky Lines S.A.	Subsidiaries	546,638	Not applicable	-	-	-	-
Franbo Legacy Limited	New Lucky Lines S.A.	Subsidiaries	182,110	Not applicable	-	-	-	-
Dexin Shipping S.A.	Uni-Morality Lines Ltd.	Subsidiaries	114,855	Not applicable	-	-	-	-

FRANBO LINES CORPORATION

Significant inter-company transactions during the reporting periods

Year ended December 31, 2022

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Transactions amount between the parent company and subsidiaries or inter-subsidiaries transactions reaching $10 million were as follows:

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction				Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account		Amount	Transaction terms	
0	Franbo Lines Corporation	Franbo Shipping S.A.	1	Endorsements and guarantees	$	95,201	Note 4	1%
0	Franbo Lines Corporation	Franbo Transportation S.A.	1	Endorsements and guarantees		73,704	Note 4	1%
0	Franbo Lines Corporation	Franbo Lohas S.A.	1	Endorsements and guarantees		143,723	Note 4	2%
0	Franbo Lines Corporation	Franbo Ocean Ltd.	1	Endorsements and guarantees		319,998	Note 4	4%
0	Franbo Lines Corporation	FB Pioneer Ltd.	1	Endorsements and guarantees		73,704	Note 4	1%
0	Franbo Lines Corporation	FB Navigation Ltd.	1	Endorsements and guarantees		64,491	Note 4	1%
0	Franbo Lines Corporation	Franbo Legacy Ltd.	1	Endorsements and guarantees		184,260	Note 4	2%
0	Franbo Lines Corporation	Franbo Bright Ltd.	1	Endorsements and guarantees		184,260	Note 4	2%
0	Franbo Lines Corporation	Franbo Ace Ltd.	1	Endorsements and guarantees		552,780	Note 4	7%
0	Franbo Lines Corporation	Franbo Art Ltd.	1	Endorsements and guarantees		552,780	Note 4	7%
0	Franbo Lines Corporation	Franbo Cosmos Ltd.	1	Endorsements and guarantees		569,671	Note 4	7%
0	Franbo Lines Corporation	Franbo Brave Ltd.	1	Endorsements and guarantees		576,642	Note 4	7%
0	Franbo Lines Corporation	Franbo Brav0 Ltd.	1	Endorsements and guarantees		576,642	Note 4	7%
1	Franbo Shipping S.A.	Franbo Lines Corporation	2	Endorsements and guarantees		407,200	Note 4	5%
2	New Lucky Lines S.A.	Franbo Shipping S.A.	3	Other payables		65,412	Note 4、5	1%
2	New Lucky Lines S.A.	Franbo Transportation S.A.	3	Other payables		115,163	Note 4、5	1%
2	New Lucky Lines S.A.	TW Hornbill Line S.A.	3	Other payables		237,081	Note 4、5	3%
2	New Lucky Lines S.A.	Franbo Logic S.A.	3	Other payables		23,954	Note 4、5	0%
2	New Lucky Lines S.A.	Franbo Lohas S.A.	3	Other payables		93,358	Note 4、5	1%
2	New Lucky Lines S.A.	Franbo Sagacity S.A.	3	Other payables		12837	Note 4、5	0%
2	New Lucky Lines S.A.	Franbo Way Ltd.	3	Other payables		189,788	Note 4、5	2%
2	New Lucky Lines S.A.	Franbo Uprightness Corp.	3	Other payables		546,638	Note 4、5	7%
2	New Lucky Lines S.A.	Franbo Sinot Ltd.	3	Other payables		31,017	Note 4、5	0%
2	New Lucky Lines S.A.	Franbo Legacy Ltd.	3	Other payables		182,110	Note 4、5	2%
2	New Lucky Lines S.A.	BCTS Capital Inc.	3	Other payables		42687	Note 4、5	1%
2	New Lucky Lines S.A.	Franbo Lines Corporation	3	Other payables		318,463	Note 4、5	4%
2	New Lucky Lines S.A.	Franbo Legion Ltd.	3	Other payables		98,886	Note 4、5	1%
2	New Lucky Lines S.A.	Franbo Ocean Ltd.	3	Other payables		31,017	Note 4、5	0%
2	New Lucky Lines S.A.	Franbo Bright Ltd.	3	Other payables		98,579	Note 4、5	1%
3	Uno-Morality Lines Ltd.	Franbo Lines Corporation	2	Other payables		110,556	Note 4、5	1%
4	Dexin Shipping S.A.	Uno-Morality Lines Ltd.	3	Other payables		114,855	Note 4、5	1%
5	Franbo Justice Buiding Development Co., Ltd.	Franbo Asset Management Co., Ltd.	3	Other payables		50,000	Note 5	1%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1)Parent company is '0'.

(2)The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose repeatedly. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

(1)Parent company to subsidiary.

(2)Subsidiary to parent company.

(3)Subsidiary to subsidiary.

Note 3: Regarding the percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on the ending balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the current year to consolidated total operating revenues for income statement accounts.

Note 4: The exchange rates of United States dollars were translated into New Taiwan dollars at the rate of 30.71 on the reporting date.

Note 5: It was a loan in nature.

FRANBO LINES CORPORATION

Information on investees

Year ended December 31, 2022

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Name of investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2022			Net income of investee as of December 31, 2022	Investment income (loss) recognised by the Company for the year ended December 31, 2022	Footnote
				December 31, 2022	December 31, 2021	Number of shares	Ownership (%)	Book value			
Franbo Lines Corporation	New Lucky Lines S.A.	Panama	Investment in other area, Note 5	$ 3,809,831	$ 2,402,700	123,428,012	100	$ 5,943,353	$ 1,285,102	$ 1,285,102	Note 1, 8 and 9
Franbo Lines Corporation	Uni-Morality Lines Ltd.	Hong Kong	Investment in other area	37,700	131,490	1,000,000	100	11,307	62,781	62,781	Note 1, 8 and 9
Franbo Lines Corporation	Franbo Asset Management Co., Ltd.	Taiwan	Note 7	300,000	3,500	30,000,000	100	298,788	(1,201)	(1,201)	Note 1, 7 and 9
Franbo Lines Corporation	Taiwan Offshore Engineering Co., Ltd.	Taiwan	Note 6	30	30	3,000	30	30	(1)	(1)	Note 3, 9 and 10
Franbo Lines Corporation	BCTS Capital Inc.	Marshall	Investment in other area	57,409	57,409	2,000,000	100	69,169	2,496	2,496	Note 1, 8 and 9
Franbo Lines Corporation	FWF Shipping Ltd.	Marshall	Investment in other area	284	284	10,000	100	2,403	499	499	Note 1, 8 and 9
New Lucky Lines S.A.	Franbo Shipping S.A.	Panama	Note 5	184,260	184,260	6,000,000	100	136,159	19,865	19,865	Note 2, 8 and 9
New Lucky Lines S.A.	Franbo Transportation S.A.	Panama	Note 5	195,670	195,670	6,371,535	100	155,524	7,689	7,689	Note 2, 8 and 9
New Lucky Lines S.A.	Franbo Wind S.A.	Panama	Note 5	-	116,698	-	100	-	127,142	127,142	Note 2, 8, 9 and 11
New Lucky Lines S.A.	TW Hornbill Line S.A.	Panama	Note 5	126,995	126,995	3,500,000	100	243,815	(13,029)	(13,029)	Note 2, 8 and 9
New Lucky Lines S.A.	Franbo Logos S.A.	Panama	Note 5	291,745	46,065	9,500,000	100	413,826	8,794	8,794	Note 2, 8 and 9
New Lucky Lines S.A.	Franbo Logic S.A.	Panama	Note 5	291,745	46,065	9,500,000	100	445,007	30,843	30,843	Note 2, 8 and 9
New Lucky Lines S.A.	Franbo Lohas S.A.	Panama	Note 5	98,272	98,272	3,200,000	100	389,916	104,233	104,233	Note 2, 8 and 9
New Lucky Lines S.A.	Franbo Sagacity S.A.	Panama	Note 4 and 5	61,420	61,420	2,000,000	100	74,353	8,106	8,106	Note 2, 8 and 9
New Lucky Lines S.A.	Prevalent Creation Corp.	Seychelles	Note 4	921	921	30,000	100	523	(33)	(33)	Note 2, 8 and 9
New Lucky Lines S.A.	Franbo Way Ltd.	Marshall	Note 5	153,550	153,550	5,000,000	100	499,618	291,370	291,370	Note 2, 8 and 9
New Lucky Lines S.A.	Franbo Uprightness Corp.	Marshall	Note 5	184,260	184,260	6,000,000	100	564,858	327,430	327,430	Note 2, 8 and 9
New Lucky Lines S.A.	Franbo Sino Ltd.	Marshall	Note 5	69,098	69,098	2,250,000	100	93,514	10,536	10,536	Note 2, 8 and 9
New Lucky Lines S.A.	Franbo Ocean Ltd.	Marshall	Note 5	153,550	28,791	5,000,000	100	208,188	49,822	49,822	Note 2, 8 and 9
New Lucky Lines S.A.	Franbo Legion Ltd.	Marshall	Note 5	261,035	184,260	8,500,000	100	282,632	2,333	2,333	Note 2, 8 and 9
New Lucky Lines S.A.	FB Pioneer Ltd.	Marshall	Note 5	33,781	33,781	1,100,000	100	55,625	9,752	9,752	Note 2, 8 and 9
New Lucky Lines S.A.	FB Navigation Ltd.	Marshall	Note 5	35,624	35,624	1,160,000	100	61,578	12,301	12,301	Note 2, 8 and 9
New Lucky Lines S.A.	Franbo Legacy Ltd.	Marshall	Note 5	122,840	122,840	4,000,000	100	409,547	269,346	269,346	Note 2, 8, 9 and 13
New Lucky Lines S.A.	Franbo Ace Ltd.	Marshall	Note 5	408,443	178,118	13,300,000	100	408,577	203	203	Note 2, 8, 9 and 14
New Lucky Lines S.A.	Franbo Bright Ltd.	Marshall	Note 5	107,485	107,485	3,500,000	100	116,616	11,573	11,573	Note 2, 8, 9 and 14
New Lucky Lines S.A.	Franbo Cosmos Ltd.	Marshall	Note 5	366,800	184,260	11,944,000	100	368,308	1,528	1,528	Note 2, 8, 9 and 15
New Lucky Lines S.A.	Franbo Art Ltd.	Marshall	Note 5	266,409	178,118	8,675,000	100	266,013	(324)	(324)	Note 2, 8, 9 and 16
New Lucky Lines S.A.	Franbo Century Ltd.	Marshall	Note 5	275,530	184,260	8,972,000	100	275,940	444	444	Note 2, 8, 9 and 16

FRANBO LINES CORPORATION

Information on investees

Year ended December 31, 2022

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Name of investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2022			Net income of investee as of December 31, 2022	Investment income (loss) recognised by the Company for the year ended December 31, 2022	Footnote
				December 31, 2022	December 31, 2021	Number of shares	Ownership (%)	Book value			
New Lucky Lines S.A.	Franbo Brave Ltd.	Marshall	Note 5	193,473	193,473	6,300,000	100	199,972	(68)	(68)	Note 2, 8 and 9
New Lucky Lines S.A.	Franbo Bravo Ltd.	Marshall	Note 5	193,473	193,473	6,300,000	100	199,967	(73)	(73)	Note 2, 8 and 9
Uni-Morality Lines Ltd.	Dexin Shipping S.A.	Panama	Note 5	22,592	73,724	540,000	100	115,137	54,364	54,364	Note 2, 8 and 9
Uni-Morality Lines Ltd.	Due Feng Shipping Co.,Ltd.	Hong Kong	Note 5	1,096	20,351	3,300	22	43	39,115	8,606	Note 3, 8 and 9
Franbo Asset Management Co., Ltd.	Franbo Propriety Buiding Development Co., Ltd.	Taiwan	Note 7	85,000	-	8,500,000	100	84,816	(184)	(184)	Note 2, 7 and 9
Franbo Asset Management Co., Ltd.	Franbo Justice Buiding Development Co., Ltd.	Taiwan	Note 7	130,000	-	13,000,000	100	129,881	(119)	(119)	Note 2, 7 and 9
BCTS Capital Inc.	Franbo Courage S.A.	Panama	Note 5	12,791	12,791	416,500	49	14,161	2,581	1,265	Note 3, 8 and 9
BCTS Capital Inc.	BCI Loyalty Inc.	Marshall	Note 5	10,834	12,129	352,800	49	12,129	2,564	1,256	Note 3, 8 and 9

Note 1: The relationship between this investee and the Company was subsidiary company.

Note 2: The relationship between this investee and the Company was second-tier subsidiary company.

Note 3: The relationship between this investee and the Company was investment accounted for using equity method.

Note 4: The main business activities was domestic and foreign management consulting service of steamship.

Note 5: The main business activities were domestic and foreign shipping business and ocean freight transportation forwarding services.

Note 6: The main business activities were plumbing engineering and energy technical service.s

Note 7: The main business activities was property investment trading.

Note 8: The exchange rates of United States dollars were translated into New Taiwan dollars at the rate of 30.71 on the reporting date and at the average rate of 29.80 in the financial statements period.

Note 9: Valuations were based on each investee's financial statements which were attested by auditors.

Note 10: It was an investee which was invested by the Group in March 2017. In August 2019, TAIWAN OFFSHORE ENGINEERING CO.,LTD. decreased its capital, and the Group collected the investment proceeds in the amount of $2,970. As of December 31, 2022, this company had not formally operated.

Note 11: The investment company handled the capital reduction in November 2022

FRANBO LINES CORPORATION

Major shareholders information

December 31, 2022

Table 8

Name of major shareholders	Shares	
	Name of shares held	Ownership (%)
Zhengzhan Investment Advisory Co., Ltd.	41,020,836	17.15%

FRANBO LINES CORPORATION
STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

STATEMENT 1

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

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

STATEMENT 2

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

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

STATEMENT 3

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

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FRANBO LINES CORPORATION
STATEMENT OF SHORT-TERM BORROWINGS
DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

STATEMENT 4

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

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

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

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

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FRANBO LINES CORPORATION
STATEMENT OF SHORT-TERM BILLS PAYABLE
DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

STATEMENT 5

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

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FRANBO LINES CORPORATION
STATEMENT OF BONDS PAYABLE
DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

STATEMENT 6

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

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

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

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FRANBO LINES CORPORATION
STATEMENT OF LONG-TERM BORROWINGS
DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

STATEMENT 7

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

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

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

FRANBO LINES CORPORATION
STATEMENT OF OPERATING REVENUES
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

STATEMENT 8

Item	Quantity	Amount	Note
Vessels management revenue		$ 63,261	

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FRANBO LINES CORPORATION
STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

STATEMENT 9

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

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FRANBO LINES CORPORATION
STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

STATEMENT 10

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

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FRANBO LINES CORPORATION
SUMMARY STATEMENT OF CURRENT EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND AMORTISATION EXPENSES BY FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

STATEMENT 11

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

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

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

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

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

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

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

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Seven. Review and Analysis of Financial Situation and Financial Performance and Risk Matters

I. Finance situation:

Financial Situation Analysis and Comparison Table

Unit: NT$ 1,000

Items \ Year	2022	2021	Difference	
			Amount	%
Current assets	2,737,033	720,392	2,016,641	279.94
Real estate property, plant and equipment	2,505,566	4,018,921	(1,513,355)	(37.66)
Intangible assets	382	540	(158)	(29.26)
Other assets	2,769,311	978,631	1,790,680	182.98
Total assets	8,012,292	5,718,484	2,293,808	40.11
Current liability	1,028,962	633,091	395,871	62.53
Non-current liabilities	1,646,505	2,207,798	(561,293)	(25.42)
Total liabilities	2,675,467	2,840,889	(165,422)	(5.82)
Share capital	2,391,567	1,886,358	505,209	26.78
Capital reserve	1,107,999	652,668	455,331	69.76
Retained surplus	1,730,852	601,850	1,129,002	187.59
Other equities	106,407	(263,281)	369,688	140.42
Total equity	5,336,825	2,877,595	2,459,230	85.46

1. 1. The items for which the changes in assets, liabilities and shareholders' equity between 2022 and 2021 reach NT$ 10 million and more than 20% are as follows:
   (1) The increase in current assets: It was mainly due to the increase in profits in 2022, as well as the handling of cash capital increase and the 5th domestic unsecured convertible bonds in the current period.
   (2) The decrease in real estate property, plant and equipment: It was mainly due to the disposal of multiple ships in 2022.
   (3) Increase in other assets: It was mainly due to the signing of bareboat charter and purchase contracts for three ships in 2022, with long-term chartering amount receivable recorded in the chartering amount for each period, and prepayments for equipment recorded in the prepayments for six newly built ships.
   (4) The increase in current liabilities: It was mainly due to the re-recognition of company bonds due in 2023 to long-term liabilities due within one year or one operating cycle, resulting in a significant increase in current liabilities in 2022.
   (5) The decrease in non-current liabilities: It was mainly due to the cash inflow generated by multiple ships in 2022 to repay bank borrowings.
   (6) Increase in share capital: It was mainly due to a cash capital increase in 2022.
   (7) The increase in capital reserve: It was mainly due to the issuance of cash capital increase premium in 2022.
   (8) Increase in retained surplus: It was mainly due to the increase in profits in 2022.
   (9) The increase in other equities: It was due to the depreciation of the exchange rate of NT$: US$ in 2022.
2. Explanation of significant future response plans: There were no significant abnormalities in the overall performance of the Company, so there is no need to formulate a response plan.

II. Finance performance:

(I) Financial difference analysis:

Unit: NT$ 1,000

Items \ Year	2022	2021	Increase/decreased amount	Change percentage (%)
Business income	1,466,949	1,226,139	240,810	19.64
Business cost	698,938	756,546	(57,608)	(7.61)
Business gross profit	768,011	469,593	298,418	63.55
Business expenses	133,647	91,113	42,534	46.68
Business gains	634,364	378,480	255,884	67.61
Non-business income and expenditure	654,251	(5,110)	659,361	12,903.35
Net profit before tax	1,288,615	373,370	915,245	245.13
Net profit in the current period	1,279,911	375,262	904,649	241.07
Other comprehensive gains and losses in current period	369,688	(68,966)	438,654	636.04
Total comprehensive gains and losses in the current period	1,649,599	306,296	1,343,303	438.56

The items for which the changes in business income, net business profits and net profits before tax between 2022 and 2021 reach NT$ 10 million and more than 20% are as follows:

(1) The increase in business income: It was mainly due to the fact that many of the Company's term-based charter contracts were renewed in 2022, which was not affected by market fluctuations, and the daily amount for chartering remained high, resulting in revenue growth compared to the same period last year.

(2) Increase in business gross profit: It was mainly due to the continuation of a higher daily amount for chartering in 2022, coupled with appropriate cost control, resulting in a significant increase in business gross profit.

(3) The increase in operating expenses: It was mainly due to an increase in profits in 2022, and the appropriation of more year-end bonuses and employee compensation.

(4) The increase in non-business income and expenditure: It was mainly due to the profits generated from the disposal of multiple ships in 2022.

(5) The increase in other comprehensive incomes and losses in the current period: It was mainly due to the depreciation of the exchange rate of NT$: US$ in 2022, resulting in an increase in recognized exchange differences from the translation of financial statements of foreign operations.

III. Cash flow:

(I) Analysis and explanation of changes in cash flow in the most recent year (2022):

Unit: NT$ 1,000

	2022	2021	Amount of change	Change percentage (%)
Business activities	358,272	677,787	(319,515)	(47.14)
Investment activities	325,795	(1,099,433)	1,425,228	129.63
Financing activities	381,853	783,300	(401,447)	(51.25)

Analysis and explanation of changes in the percentage of increase and decrease:

(1) Business activities: The net cash inflow from business activities in 2022 decreased compared to 2021, mainly due to the cash outflow caused by the acquisition of construction land to be developed in 2022.

(2) Investment activities: The net cash outflow from investment activities in 2022 increased compared to 2021, mainly due to cash inflow generated by disposal of multiple ships in 2022.

(3) Financing activities: The cash outflow from financing activities in 2022 decreased compared to that in 2021, mainly due to the repayment of long-term loans after acquiring multiple ships in 2022.

(II) Improvement plan of liquidity shortage and analysis of cash liquidity in the next year:

Cash balance at the beginning of the period	Annual cash flow from business activities	Annual cash inflow (outflow)	Remaining (insufficient) amount of cash	Remedial measures for insufficient cash	
				Investment plan	Financial plan
1,597,253	534,235	(1,186,162)	945,326	—	—

Analysis of changes in cash flow in the next year:

(1) Business activities: It is estimated that the bulk shipping market will remain stable in the next year, with the fleet's chartering amount maintained, resulting in cash inflow generated from business activities remaining at NT$ 500 to NT$ 600 million.

(2) Investment activities: It is estimated that to meet the Group's business planning in the next year, the Group needs to pay for the construction of new ships in 2023, resulting in net cash outflow from investment activities.

(3) Financing activities: It is estimated that the Group will repay the medium and long-term loans of the ships in the next year and pay cash dividends in 2022, resulting in net cash outflow from financing activities.

IV. The impact of major capital expenditures on financial business in the most recent year:

(I) Major capital expenditures and their application:

April 30, 2023; Unit: US$1,000

Planned items	Completion date Date	Total funds Total amount	Actual capital expenditures		Remarks
			2022	2023	
Franbo Ocean Ltd.	111	20,850	20,850	-	Purchased an existing ship, which was chartered and operated from August 2022.
Franbo Ace Ltd.	112	28,750	5,750	17,250	Built a new energy-saving ship which was delivered in March 2023.
Franbo Art Ltd.	112	28,750	2,875	20,125	Built a new energy-saving ship which was delivered in April 2023.
Franbo Cosmos Ltd.	112	29,720	2,972	-	Built a new energy-saving ship which is expected to be delivered in 2023.
Franbo Century Ltd.	112	29,720	2,972	-	Built a new energy-saving ship which is expected to be delivered in 2023.
Franbo Brave Ltd.	113	31,295	6,259	-	Built a new energy-saving ship which is expected to be delivered in 2024.
Franbo Bravo Ltd.	113	31,295	6,259	-	Built a new energy-saving ship which is expected to be delivered in 2024.

(II) Impact on financial business:

Based on the considerations of ship operation, in addition to continuously expanding the fleet, it is expected that the Group shall increase revenue and profits, actively expand the maritime contracting business, and reduce operational risks and stabilize the profits through stable ship chartering business, hence providing customers with safe, stable, and fast transportation services.

V. The reinvestment policy in the most recent year, the main reasons for its profits or losses, the improvement plan and the investment plan for the next year:

(I) Reinvestment policy of Company

The Company's reinvestment object is mainly the companies in the shipping industry. In addition to compliance with the investment cycle provisions of the internal control system, the Company manages the reinvestment businesses in accordance with the "Management Operation of Related Party Transactions" and the "Supervision and Management Operation of Subsidiaries" established by the Company, taking into account the laws and regulations in the place where the reinvestment companies are located and their actual operating conditions, and assists the reinvestment companies to establish appropriate internal control systems.

(II) Main reasons for profit or loss from reinvestment in recent year, improvement plan and investment plan for the next year:

December 31, 2022; Unit: NT$1,000

Items \ Description	Investment amount	Nature of business	The recognized investment gains and losses of the invested company for the most recent year	Improvement plan
New Lucky Lines S.A.	3,809,831	Investment holdings and notes	1,285,102	
Uni-Morality Lines Ltd.	30,710	Investment holdings	62,781	
Franbo Asset Management Co., Ltd.	300,000	Investment in real estate property trading and development	(1,201)	Some of the construction lands are under development
Taiwan Offshore Engineering Co., Ltd.	30	Pipeline engineering industry and energy technology service industry	(1)	
BCTS Capital Inc.	57,409	Investment holdings	2,496	
FWF Shipping Ltd.	284	Note	499	
Franbo Shipping S.A.	184,260	Note	19,865	
Franbo Transportation S.A.	195,670	Note	7,689	
TW Hornbill Line S. A.	126,995	Note	(13,029)	Sold in September 2022
Franbo Logos S.A.	291,745	Note	8,784	
Franbo Logic S.A.	291,745	Note	30,843	
Franbo Lohas S.A.	98,272	Note	104,233	
Franbo Sagacity S.A.	61,420	Ship management consulting services and (notes)	8,106	
Prevalent Creation Corp.	921	Ship management consulting services	(33)	
Franbo Way Ltd.	153,550	Note	291,370	
FranboUprightness Corp.	184,260	Note	327,430	
Franbo Sino Ltd.	69,098	Note	10,536	
Franbo Ocean Ltd.	153,550	Note	49,822	
Franbo Legion Ltd.	261,035	Note	2,333	
FB Pioneer Ltd.	33,781	Note	9,752	
FB Navigation Ltd.	35,624	Note	12,301	
Franbo Legacy Ltd.	122,840	Note	269,346	
Franbo Bright Ltd.	107,485	Note	11,573	
Franbo Ace Ltd.	408,443	Note	203	Not yet constructed
Franbo Art Ltd.	266,409	Note	(324)	Not yet constructed
Franbo Cosmos Ltd.	366,800	Note	1,526	Not yet constructed
Franbo Century Ltd.	275,530	Note	444	Not yet constructed
Franbo Brave Ltd.	193,473	Note	(68)	Not yet constructed
Franbo Bravo Ltd.	193,473	Note	(73)	Not yet constructed
Dexin Shipping S.A.	22,592	Note	54,364	
FB Propriety Construction and Development Co., Ltd. Co., Ltd.	85,000	Investment in real estate property trading and development	(184)	Not yet constructed
FB Justice Construction and Development Co., Ltd., Ltd.	130,000	Investment in real estate property trading and development	(119)	Not yet constructed
Due Feng Shipping Co., Ltd.	1,096	Note	8,606	
Franbo Courage S.A.	12,791	Note	1,265	
BCI Loyalty INC.	10,834	Note	1,256	

Note: The shipping industry and ocean freight forwarding industry of domestic and foreign ships.

The subsidiaries and affiliated enterprises that the Company reinvests in, as well as

those engaged in domestic and foreign shipping and ocean freight forwarding, have their own exclusive ships. The goods, routes, freight rates, daily rents, whether the ships are old or new, and years of docking maintenance undertaken by each subsidiary and affiliated enterprise vary and affect the profitability of individual subsidiaries and affiliated enterprises. On the whole, the profit and loss of subsidiaries, affiliated enterprises and joint ventures recognized by the equity method in 2022 was NT$ 1,349,676,000. In the next year, the Company will continue to strive towards younger age of the fleet, building energy-saving new ships, investing in younger second-hand ships, and strengthening management, training, auditing, and scheduling capabilities, thus being able to operate steadily and improve business performance in the fierce competition of the global shipping market.

VI. Risk matters shall be analyzed and evaluated for the following events in the latest year and as of the publication date of the annual report:

(I) The impact of interest rate, exchange rate change and inflation on the Company's loss and profit and future countermeasures:

1. The impact of the interest rate change on the Company's loss and profit and future countermeasures:

The shipping industry is a capital intensive industry. Based on these business characteristics, the Company needs to invest a large amount of funds to expand its operating fleet. Therefore, the existing debt mainly covers the cost of ships. The Company has started investing in construction this year, which is also a highly capital intensive industry. Most of the land obtained from construction is mortgaged to banks for financing and building houses.The interest expenses of the Company for the years 2022 and 2021 were NT$ 61,900,000 and NT$ 42,806,000, respectively, accounting for 4.22% and 3.49% of the net operating income. The Company's operating profit and financial structure for the long term have been good, so the Company has the ability to maintain a good credit status of paying a debt. To optimize borrowing arrangements, the Company negotiates borrowing terms with multiple banks to achieve a more favorable interest rate level.At present, the interbank offered rate is at a flat level, and it is expected that there will be no significant changes in the rate in the next year. Therefore, the interest burden of the Company's existing liabilities will not have a significant influence.The Company closely grasps relevant information on interest rate changes, evaluates the future trend of interest rates, and adjusts short-term, medium-term, and long-term lines of credit according to interest rate conditions in a timely manner to reduce the impact of interest rate changes on the Company's finances.

2. The impact of the exchange rate change on the Company's loss and profit and future countermeasures:

The income, costs, and main ship financing generated by the Group's operating activities are mostly denominated in US dollars. Exchange rate fluctuations have little impact on the Group's loss and profit and can generate natural hedge functions, so as to effectively reduce the impact of exchange rate fluctuations on the Company's loss and profit.

The consolidated exchange benefits of the Company for the years 2022 and 2021 were NT$10,903,000 and NT$1,665,000, respectively, accounting for 0.75% and 0.13% of the net business income. Therefore, the exchange rate changes will not have a significant impact on the Group’s loss and profit.

The Company adopts a prudent and conservative approach to the management of foreign currency funds. On ordinary days, the Company closely observes information on exchange rate market changes, tries its best to avoid adverse effects caused by exchange rate fluctuations, and maintains contact with major correspondent banks to keep track of exchange rate trends at all times.

3. The impact of inflation on the Company's loss and profit and future countermeasures:

Up to now, inflation has not had a significant adverse impact on the Company’s operation. If the overall operation cost increases due to inflation, the Company will adjust the price in time.The Company has maintained good interaction with customers, chartering companies, suppliers and shipyards for a long time since the Company's operation. At the same time, the Company is always aware of the fluctuations in the original materials and fuel market prices, and provides relevant information to the management as a basis for decision-making and review, so as to cope with the possibility of changes in costs due to inflation and avoid adverse effects on the Company.

(II) The policies for engaging in high-risk and highly leveraged investments, providing loans to others, endorsements, and derivative product transactions, the main reasons for the profit and loss, and future countermeasures:

1. The policies for engaging in high-risk and highly leveraged investments, the main reasons for the profit and loss, and future countermeasures:

The Group focuses on its own business operations and has not ventured into other high-risk industries. Moreover, the Group’s financial policies adhere to the prudent and conservative principle, and it does not make high leverage investments, so the risk is limited.

2. The policies for engaging in high-risk and highly leveraged investments, the main reasons for endorsements, the profit and loss, and future countermeasures:

The Company's capital loans and endorsements are only targeted at subsidiaries and sub-subsidiaries. Relevant operations are handled in accordance with the Company's "Procedures for Lending Funds to Others" and "Endorsement and Guarantee Operation Procedures", as a management system to standardize risk matters such as capital loans and endorsements, in order to effectively control the operational risks of the Company.

3. The policies for engaging in derivative product transactions, the main reasons for the profit and loss, and future countermeasures:

The Company is not engaged in derivative financial product trading.

(III) Future R&D plan and estimated investment cost:

The Company's business mainly focuses on managing ships and providing freight transportation services, and has not been involved in ship construction, so it is not applicable.

(IV) The impact of significant domestic and foreign policies and changes in the law on the

Company's financial operations and countermeasures:

The Company was registered in the Republic of China, but some ships are registered as owners in the name of Panama Sub-subsidiaries and Marshall Islands Sub-subsidiaries. The main operating entities include New Lucky (Panama) incorporated in Panama, Hong Kong Uni-Morality incorporated in Hong Kong, etc., and financial services are the main economic activities.Panama is currently the leading state of the ship’s registry in the world, with an open economy and no foreign exchange controls.The political and economic environment in the three regions is stable. As of the date of publication of the annual report, the Company is not aware of any significant changes in shipping policies and laws in the Republic of China, Panama, the Marshall Islands or Hong Kong that may affect its financial operations.

Since the shipping routes of the Company and reinvestment companies cover Asia, the Americas and Oceania, in the case of making a contract or having a dispute with a third party, the laws and litigation procedures shall be in accordance with the circumstances of individual cases, so that the Company needs to comply with laws and regulations of different countries, or carry out the procedures in different countries, which requires certain transnational operations and risk management capabilities. For the purpose of operation, the Company and reinvestment companies have already insured their ships for shipping related insurance, to better avoid operational risks. However, the Company focuses on cultivating and selecting management teams with a complete background in learning economics and excellent foreign language skills; At the same time, it is required that relevant personnel shall fully understand various international differences and continuously pay attention to adjustments and changes in relevant laws and regulations; When necessary, they consult relevant experts at home and abroad, supplemented by years of experience accumulated by the management team and maritime expertise, in order to carry out risk management and crisis management with a rapid and correct decision-making process.

(V) The impact of science and technology changes and industry changes on the Company's financial operations and countermeasures:

The Company provides ship transportation services and has not engaged in production and manufacturing activities, and sea transportation is still the most economical transportation option to this day. The foreseeable science and technology changes shall not have a significant impact on the Company's financial operations.

The Company has established an internal control system for information management operations and personal data protection management operations to ensure the security of the network and information, but the Company still cannot guarantee that it can protect network and computer systems from attacks from third parties. Under these attacks, the Company may lose important data, and ship navigation positioning systems and electronic charts may also be attacked by hackers so that they gain control and extort money from the Company, resulting in business interruption or damage to ships. To ensure internal information security, the Company has dedicated information personnel responsible for inspecting the operational security of the information system, controlling colleagues’ usage of the system, setting daily

and scheduled backups of important data, and promoting relevant information security concepts and correct operation methods.

The Company continuously reviews and evaluates its information security regulations and procedures to ensure their appropriateness and effectiveness, but the Company cannot guarantee that the Company will not be affected by the risks and attacks of constantly changing information security threats. Network attacks may also attempt to steal company business secrets and other confidential information, such as proprietary information of customers or other interested persons and personal information of company employees; Regarding the security of ship information systems, the Company also maintains close contact with professional insurance companies to understand information related to information safety insurance and will consider purchasing according to needs.

(VI) The impact of the Company's image change on crisis management and countermeasures:

The Company adheres to the business philosophy of "Integrity, Honesty, Fairness, and Ethics" and strives to provide customers with efficient, comprehensive, high-quality, and reliable services. The Company's working principle is to promote the team spirit of the Company, cultivate a good company culture, and strive to achieve the vision and goals of a socially responsible enterprise. The Company's shares were officially listed in Taipei Exchange in October, 2014, so it continued to improve its governance and daily operating procedures, and the Company has effectively improved its internal management, customer satisfaction and company image; This will also provide the ability to respond to greater opportunities and challenges in the future. As of now, there have been no incidents that endanger the Company's image.The "Corporate Governance System" assessment released by the Company in the Corporate Governance Center in 2022 showed that the assessment results fell to 36% - 50%, indicating that the Company needs to further improve and make efforts to promote and implement corporate governance. The Company will continue to uphold the principle of integrity and honesty, strengthen the efficiency of corporate governance operations, improve the sustainable development of enterprises, and create a sound ESG ecosystem.

(VII) Expected benefits and potential risks of merger and acquisition and countermeasures:

The Company has not had any plans to acquire another company in the most recent year or as of the date of publication of the annual report, so it is not applicable.

(VIII) Expected benefits and potential risks of expanding plants and countermeasures:

The Company has not had any plans to expand plants in the most recent year or as of the date of publication of the annual report, so it is not applicable.

(IX) Risks due to the concentration of purchase or sales and countermeasures:

1. Risks due to the concentration of purchase and countermeasures

The Company mainly purchases fuel for ship operation. In order to balance the bargaining power of centralized purchasing and the risk of over-centralized purchasing, the Company carefully selects a few well-known international oil suppliers for purchasing, mainly foreign oil companies.In the bunkering arrangement, after considering the condition of

freight forwarding, the voyage, the weather, the stock and the price difference between supply ports, etc., the Company makes the purchase at reasonable prices through comprehensive analysis, thus effectively diversifying purchasing sources and lowering costs.In addition, the Company continues to maintain business contacts with multiple international fuel suppliers, and can always obtain fuel market information and sufficient fuel supply; The Company can also adjust suppliers after internal evaluation according to the prices offered by the suppliers, quality of goods and supply stability, so that the risk of centralized purchase can be diversified.

2. Risks due to the concentration of sales and countermeasures

The Group belongs to the shipping service industry, so the main revenue is from ship management and freight. In the most recent year, the proportion of the Group's top three customers in the revenue for that year is: Thorco Projects A/S (23.63%), Value Shipping (13.59%), and AN SHUN Shipping (HK) Limited (12.90%), with the revenue from the remaining single customers no more than 10%. The operating strategy is to provide stable income and reduce operational risks for the charterers the Company has long-term cooperation with, let part of the ships collect cargo on their own, or adopt the way of voyage chartering, to strive for larger voyage income, voyage contracts, and other freight arrangements to diversify and avoid the potential risks of concentrated sales.

(X) The impacts and risks due to significant transfer or exchange of stocks of Directors, Supervisors, or major shareholders holding more than 10% of the shares and countermeasures: None.

(XI) The impact and risks due to the change of management rights on the Company and countermeasures:

The Company has not changed management rights in the most recent year or as of the date of publication of the annual report.

(XII) Lawsuits or non-contentious matters:

1. For lawsuits, non-contentious matters or administrative disputes that have been established by judgment in the most recent year and as of the date of publication of the annual report or that are currently ongoing in the Company, and whose results may have a significant impact on shareholders' equity or securities prices, the fact in contention, the amount of the contract, lawsuit start date, main parties involved, and the current situation shall be disclosed: None.
2. For Directors, Supervisors, President, the person in charge, the major shareholders holding more than 10% of the shares and subsidiary companies, lawsuits, non-contentious matters or administrative disputes that have been established by judgment in the most recent year and as of the date of publication of the annual report or that are currently ongoing, and whose results may have a significant impact on shareholders' equity or securities prices: None.
3. Incidents related to Article 157 of the Securities and Exchange Act that occurred on Directors, Supervisors, President, the major shareholders holding more than 10% of the

shares and the Company’s handling at present: None.

(XIII) Other important risks and countermeasures:

1. Risk of hull collision damage or loss:

During the operation, the ships can be influenced by the risk of maritime accidents caused by uncontrollable factors or human factors, such as collision, mechanical breakdown, or awful weather. To manage the potential impact of that risk on the Company's operations, all ships are insured against hull damage and war to reduce operational risks.In addition to maintaining the effectiveness of insurance, the Company also strengthens the training and management of relevant personnel regarding the safety and seaworthiness of ships to effectively manage the risk.

2. Liability insurance for a third party:

Claims for crew injuries, cargo losses, and responsibilities for cleaning caused by pollution may occur during ship operation.To manage the potential impact of this risk on the Company, all ships are in the International Shipowners Mutual Insurance Association and purchase shipowners’ liability insurance to reduce the negative impact on the Company caused by third-party liability during operation.On the bright side, the Company also strengthens the training and management of relevant personnel regarding the safety and seaworthiness of ships to effectively manage the risk.

3. Risk due to changes in oil price:

In principle, the Company does not need to bear the cost of oil for ships of both time-based chartering and bare chartering, so the impact of oil price fluctuations on the Company is limited to self-operated ships in the spot market. The actual freight rates on spot market for bulk shipping, in principle, are adjusted based on the ups and downs of oil prices, so the impact of changes in oil prices on the Company is less risky.

4. Risk of encountering pirates:

If the Company's ship operation navigation route may include waters or countries concerning anti-terrorism, the Company will negotiate with all charterers to avoid dangerous waters as much as possible or avoid nearshore navigation to reduce risks. If the Company's ships need to sail across high-risk waters, the Company's ships will follow armed escort fleets stationed in various countries or hire armed mercenaries to escort, to strengthen protection to avoid pirate hijacking incidents. In addition to providing valuable insurance coverage and additional insurance coverage in areas other than those covered by insurance, the Company's relevant departments shall provide the latest anti-theft information on each ship at any time and assist the captain and crew of each ship in familiarizing themselves with anti-theft exercises to enhance the autonomous anti-terrorism ability of ships.

5. Risk of crew turnover

As a professional shipowner, the Company must hire a large number of crew members. In recent years, the shipping market has experienced significant fluctuations, resulting in difficulties in recruiting crew members and varying qualities of the crew members, leading

to an increase in operating costs and risks.

Most of the non-senior crew members currently employed by the Company are from Vietnam, and their recruitment, dispatch, and management are handled by a well-known Vietnamese local human resources agency with experience in seafarer dispatch management and relevant qualifications. Qualified local crew members with relevant knowledge backgrounds are selected to meet the Company's needs of seafarers while professionalism and cost are balanced.

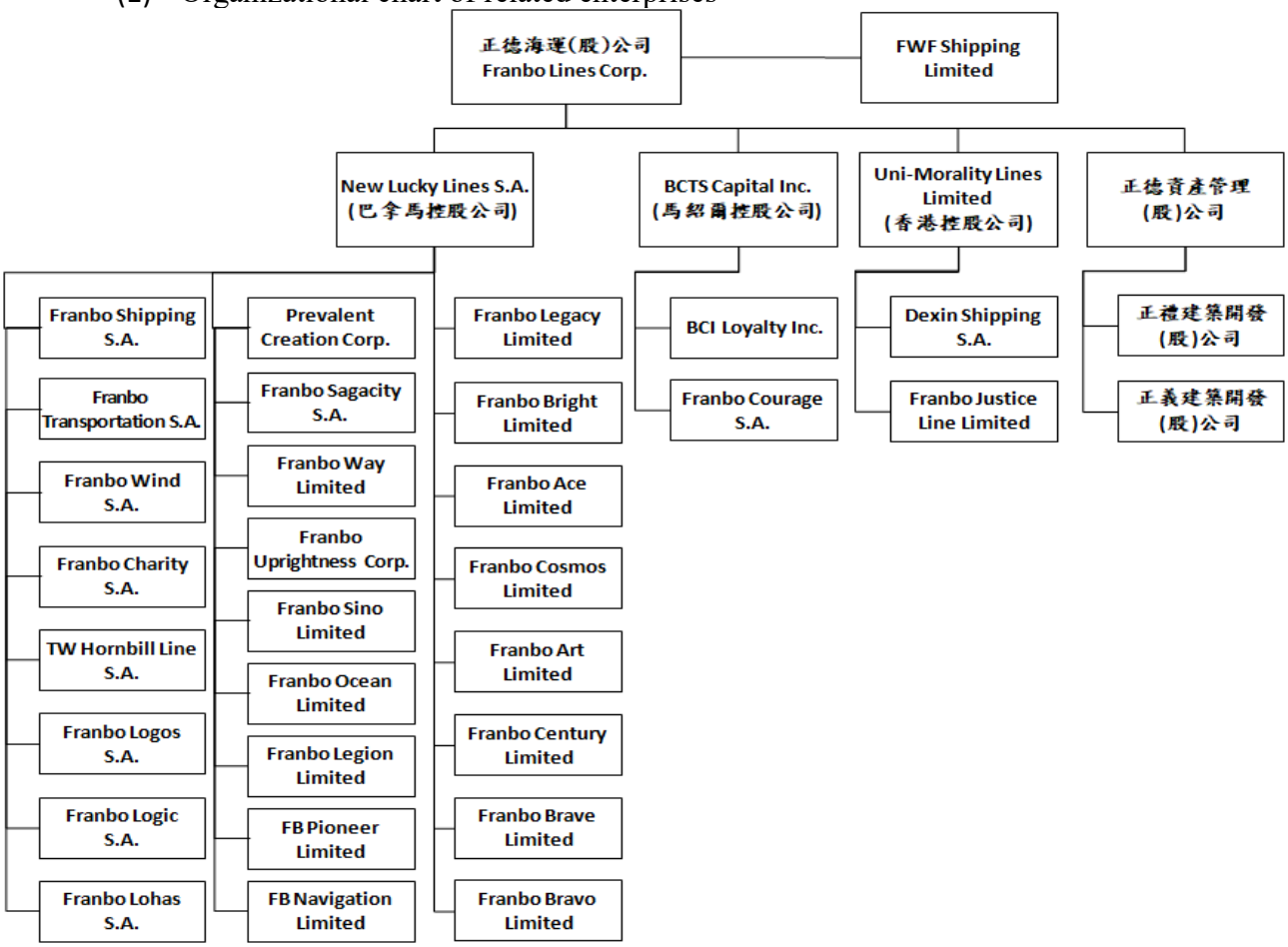
VII. Other Important Matters: None.

Eight. Special Records

I. Related information on related enterprises

(I) Organizational overview of related enterprises chart

(1) Organizational chart of related enterprises



(2) The basic information of related enterprises (as of December 31, 2022)

Unit: US$1,000

Enterprise name	Date of establishment	Address	Paid in Capital	Main business or production items
New Lucky Lines S.A.	2007/4/24	Banco General Tower, 19th Floor,Aquilino De la Guardia Street,Marbella, Panama City, Republic of Panama	123,428	Investment in other regions
Franbo Shipping S.A.	2006/6/9		6,000	Marine transportation
Franbo Transportation S.A.	2005/1/27		6,372	Marine transportation
Franbo Wind S.A.	2011/4/26		0	Marine transportation
Franbo Charity S.A.	2012/11/8		0	Marine transportation
Franbo Sagacity S.A.	2011/12/11		2,000	Ship management consultant and maine transportation
TW Hornbill Line S.A.	2012/2/29	60th Floor, BICSA Financial Center, Balboa Avenue, Panama City, Republic of Panama	3,500	Marine transportation
Franbo Logos S.A.	2014/9/5		9,500	Marine transportation
Franbo Logic S.A.	2014/9/5		9,500	Marine transportation
Franbo Lohas S.A.	2014/9/5		3,200	Marine transportation
Dexin Shipping S.A.	2015/3/26		540	Marine transportation
Franbo Way Limited	2017/9/27	Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Republic of the Marshall Islands MH 96960	5,000	Marine transportation
Franbo Uprightness Corp.	2018/1/16		6,000	Marine transportation
Franbo Sino Limited	2018/2/13		2,250	Marine transportation
Franbo Ocean Limited	2018/9/2		5,000	Marine transportation

Enterprise name	Date of establishment	Address	Paid in Capital	Main business or production items
Franbo Legion Limited	2020/5/12	Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Republic of the Marshall Islands MH 96960	8,500	Marine transportation
FB Pioneer Limited	2019/5/9		1,100	Marine transportation
FB Navigation Limited	2019/5/9		1,160	Marine transportation
Franbo Legacy Limited	2021/3/15		4,000	Marine transportation
Franbo Bright Limited	2021/5/20		3,500	Marine transportation
Franbo Ace Limited	2021/5/20		1,330	Marine transportation
Franbo Cosmos Limited	2021/5/20		11,944	Marine transportation
Franbo Art Limited	2021/8/5		8,675	Marine transportation
Franbo Century Limited	2021/8/13		8,972	Marine transportation
Franbo Brave Limited	2021/11/5		6,300	Marine transportation
Franbo Bravo Limited	2021/11/5		6,300	Marine transportation
BCTS Capital Inc.	2020/9/25		2,000	Investment in other regions
FWF Shipping Limited	2020/12/17		10	Marine transportation
Prevalent Creation Corp.	2008/11/10	24, Lesperance Complex, Providence Industrial Estate, Mahe, Seychelles	30	Ship management consultant
Uni-Morality Lines Limited	2010/5/14	Unit 1801-2, 18/F, Jubilee Centre,46 Gloucester Road, Wanchai, Hong Kong	1,000	Investment in other regions
Franbo Asset Management Co., Ltd.	2020/7/13	3F, No. 31 Haibian Road, Lingya District, Kaohsiung City	Note 1	Real estate property trading and development
FB Propriety Construction and Development Co., Ltd. Co., Ltd.	2022/4/19		Note 2	Real estate property trading and development
FB Justice Construction and Development Co., Ltd., Ltd.	2022/7/5		Note 3	Real estate property trading and development

Note 1: The paid-in capital of Franbo Asset Management Co., Ltd. is NT$ 300,000,000.
Note 2: The paid-in capital of FB Propriety Construction and Development Co., Ltd. Co., Ltd. is NT$ 85,000,000.
Note 3: The paid-in capital of FB Justice Construction and Development Co., Ltd., Ltd. is NT$ 130,000,000.

(3) Presuming that the Company shares the same shareholder information with the parties the Company has a control and subordinate relationship with: No such situation.

(4) The industry covered by the business of the whole related enterprises: The business operated by the Company and its affiliated enterprises is bulk shipping services.

(5) Information of the Director, Supervisor and President of each related enterprise:

December 31, 2022; Unit: 1,000 shares

Enterprise name	Title	Name or representative	Shares held	
			The number of shares	Shareholding ratio
New Lucky Lines S.A.	Director	Tsai Ching Chuang, Tsai Pang Chuan, and Tsai Ping Jui	123,482	100%
Franbo Shipping S.A.	Director		6,000	100%
Franbo Transportation S.A.	Director		6,372	100%
Franbo Wind S.A.	Director	Tsai Pang Chuan, Tsai Ching Chuang, and Tsai Ping Jui	0	100%
Franbo Charity S.A	Director		0	100%
TW Hornbill Line S.A.	Director		3,500	100%
Franbo Logos S.A.	Director		9,500	100%
Franbo Logic S.A.	Director		9,500	100%
Franbo Lohas S.A.	Director		3,200	100%
Franbo Sagacity S.A.	Director		2,000	100%

Enterprise name	Title	Name or representative	Shares held	
			The number of shares	Shareholding ratio
Franbo Way Limited	Director	Tsai Pang Chuan, Tsai Ching Chuang, and Tsai Ping Jui	5,000	100%
Franbo Uprightness Corporation	Director		6,000	100%
Franbo Sino Limited	Director		2,250	100%
Franbo Ocean Limited	Director		5,000	100%
Franbo Legion Limited	Director		8,500	100%
FB Pioneer Limited	Director		1,100	100%
FB Navigation Limited	Director		1,160	100%
Franbo Legacy Limited	Director		4,000	100%
Franbo Bright Limited	Director		3,500	100%
Franbo Ace Limited	Director		13,300	100%
Franbo Cosmos Limited	Director		11,944	100%
Franbo Art Limited	Director		8,675	100%
Franbo Century Limited	Director		8,972	100%
Franbo Brave Limited	Director		6,300	100%
Franbo Bravo Limited	Director		6,300	100%
Dexin Shipping S.A.	Director		540	100%
BCTS Capital Inc.	Director		2,000	100%
FWF Shipping Limited	Director		10	100%
Prevalent Creation Corp.	Director	Tsai Ching Chuang	30	100%
Uni-Morality Lines Limited	Director	Tsai Pang Chuan	1,000	100%
Franbo Asset Management Co., Ltd.			30,000,0000	100%
FB Propriety Construction and Development Co., Ltd. Co., Ltd.	Director	Tsai Ching Chuang	8,500,000	100%
FB Justice Construction and Development Co., Ltd., Ltd.	Director	Tsai Ching Chuang	13,000,000	100%

(6) Financial status and operating results of each related enterprises (as of December 31, 2022)

Unit: US$1,000 (except that the earnings per share are US dollars)

Enterprise name	Capital	Total assets	Total liabilities	Net value	Business income	Business gains	Gains and losses in the current period (after tax)	Earnings per share (NT$)
Franbo Shipping S.A.	6,000	6,007	2,240	3,767	621	149	119	0.02
Franbo Transportation S.A.	6,372	7,129	2,323	4,806	621	140	116	0.02
Franbo Wind S.A.	3,800	7,727	2,818	4,909	1,288	553	502	0.13
TW Hornbill Line S.A.	3,500	12,074	3,697	8,376	2,469	384	332	0.09
Franbo Logos S.A.	1,500	16,446	11,265	5,180	3,027	660	472	0.31
Franbo Logic S.A.	1,500	16,807	11,351	5,456	3,223	885	709	0.47
Franbo Lohas S.A.	3,200	17,232	8,033	9,199	4,055	1,758	1,645	0.51
Franbo Sagacity S.A.	2,000	4,071	1,322	2,749	652	282	266	0.13
Prevalent Creation Corp.	30	18	-	18	-	(2)	(1)	(0.05)
Franbo Way Limited	5,000	13,036	3,544	9,491	6,253	3,270	3,588	0.72
Franbo Uprightness Corp.	6,000	13,503	4,097	9,406	5,289	2,122	2,088	0.35
Franbo Sino Limited	2,250	4,758	1,649	3,110	1,002	362	334	0.15
Franbo Oecan Limited	938	7,106	5,461	1,645	756	359	575	0.61
Franbo Legion Limited	6,000	12,380	5,755	6,625	2,536	497	398	0.07
FB Pioneer Limited	1,100	5,131	3,647	1,484	1,008	370	328	0.30

FB Navigation Limited	1,160	4,531	2,939	1,592	986	437	432	0.37
Franbo Legacy Limited	4,000	11,536	6,238	5,297	2,090	1,305	1,297	0.32
Franbo ACE Limited	5,800	5,798	-	5,798	-	(3)	(2)	(0.00)
Franbo Bright Limited	3,500	9,776	6,367	3,409	180	(82)	(91)	(0.03)
Franbo Cosmos Limited	6,000	5,998	-	5,998	-	(3)	(2)	(0.00)
Franbo ART Limited	5,800	5,798	-	5,798	-	(2)	(2)	(0.00)
Franbo Century Limited	6,000	5,998	-	5,998	-	(2)	(2)	(0.00)
Franbo Brave Limited	6,300	6,300	-	6,300	-	-	-	0.00
Franbo Bravo Limited	6,300	6,300	-	6,300	-	-	-	0.00
New Lucky Lines S.A.	78,000	124,180	19,201	104,979	671	23	13,061	0.17
BCTS Capital Inc.	2,000	2,169	-	2,169	-	(1)	160	0.08
FWF Shipping Limited	10	577	100	477	5,060	466	467	46.65
Dexin Shipping S.A.	2,205	6,588	2,998	3,590	1,087	508	444	0.20
Uni-Morality Lines Limited	4,050	5,316	258	5,058	-	(1)	533	0.13
Franbo Asset Management Co., Ltd.	126	126	-	126	-	-	0	0.00

(II) Declaration of the consolidated financial report of related enterprises:

The companies that shall be brought by the Company in the year 2022 (from January 1, 2022 to December 31, 2022) to draw up consolidated financial statements of related enterprises in accordance with "Guidelines for Drawing up Consolidated Business Report for Related Enterprises, Consolidated Financial Statements for Related Enterprises and Relationship Report" and the companies that shall be brought to draw up consolidated financial statements for parent companies and subsidiary companies in accordance with International Financial Reporting Standards 10 shall be the same. And the relevant information that shall be disclosed in the consolidated financial statements of related enterprises has already been disclosed in the previous consolidated financial reports of the parent and subsidiary companies, so no separate consolidated financial statements of related enterprises will be drawn up.

It is hereby certified

Company name: Franbo Lines Corp.

Chairman: Tsai Pang Chuan

March 3, 2023

(III) Relationship report: not applicable.

II. Handling of Privately Placed Negotiable Securities in the most recent year and as of the date of publication of the annual report:None.

III. Shares held or disposed of by subsidiaries in the most recent year and as of the date of publication of the annual report: None.

IV. Other necessary supplementary explanations: None.

Nine. In the most recent year and up to the date of publication of the annual report, the events that have a significant impact on shareholders' equity or securities prices as specified in Subparagraph 2, Paragraph 3, Article 36 of the Securities Exchange Act: None.

Franbo Lines Corp.

Chairman: Tsai Pang Chuan