



# **Franbo Lines Corp.**

## **2024 Annual Report**

URLs at which this annual report can be found

<http://mops.twse.com.tw/>

<http://www.franbo.com.tw/>

Date of publication: April 30, 2025

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Name of firm: PricewaterhouseCoopers Taiwan (PwC Taiwan)  
Address of head office: 22F, No. 95, Minzu 2nd Road, Xinxing District, Kaohsiung City  
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Website: <http://www.pwc.com.tw>
- V. Name of any exchange where the Company's securities are traded offshore, and method by which to access information on said offshore securities: None.
- VI. Company website: <http://www.franbo.com.tw>

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## **I. Letter to Shareholders**

Dear shareholders, ladies and gentlemen:

Since the end of 2023, the Yemeni Houthi armed forces in the Middle East have continued to attack merchant ships in the Red Sea, greatly affecting shipping activities in the Suez Canal. As a key hub for global trade, the Suez Canal handles about 12% to 15% of international trade volume and more than 12% of oil transportation each year. It is an important link connecting Europe and Asia. Due to the geopolitical uncertainty of the Red Sea crisis, many shipping companies have been forced to choose to bypass the Cape of Good Hope in Africa, resulting in an increase in transportation time of about 7 to 10 days, affecting supply chain efficiency, and rising fuel and labor costs, increasing shipping operating costs, and short-term capacity shortages, causing the Baltic Sea Index to average 1,836 points in the first half of 2023, up 58.70% year-on-year. However, after entering the fourth quarter, the market showed an increase in freight volume and a decline in freight rates, showing the challenges of fierce market competition and overcapacity. BDI fell back to the end of the year's low of 715 points. Another issue worth paying attention to in 2024 is environmental protection and international emission reduction regulations. High-sulfur fuel for ships has been gradually replaced by low-sulfur fuel in the past few years, but the demand for high-sulfur fuel rebounded unexpectedly strongly in 2024, with annual sales reaching 20.15 million metric tons, an increase of 21% over the previous year. The main reason is that more and more ships are installing "scrubbers". This equipment allows ships to meet emission standards while using high-sulfur fuel, helping shipowners to effectively reduce fuel costs. In contrast, sales of low-sulfur fuel fell slightly by 4% to 29.58 million metric tons. This is not because of weakening demand, but rather that the market has begun to show a clear trend of segmentation. As the shipping industry accelerates the process of decarbonization, alternative fuels have seen exponential growth in 2014, with total sales exceeding 1.34 million metric tons, more than double that of 2012. Key sources of growth include biofuel blends, which have become a popular choice for large container ships and cruise ships due to their carbon-reducing benefits. Liquefied Natural Gas (LNG): Sales volume increased fourfold year-on-year, fully demonstrating the shipping industry's high attention to low-carbon energy. Policy support, technological innovation and active promotion from suppliers are the main reasons for the rise of alternative fuels. As the shipping industry's demand for carbon reduction continues to increase, the future development potential of this type of fuel cannot be ignored.

Looking back on 2024, factors such as geopolitical risks, oil price fluctuations, and environmental pressures may have a significant impact on the shipping market. However, as the global economy continues to recover and international trade grows, the shipping industry will usher in more opportunities. Looking ahead to 2015, in response to the rapid economic changes and the company's long-term operational layout, the company has delivered three 60,000-ton new ships that meet environmental regulations in the second and third quarters of 2015. We believe that these expansions in fleet size in response to market demand and development will have positive benefits for the Company's future revenue growth and increased profits, enhanced company value, and long-term development. Our report on the Company's operating status over the past year is as follows:

## **Operating Results for 2024**

### **1. Business plan implementation results:**

The Company purchased one existing ship in 2024, and two newly built ships were delivered and put into operation in 2024. Due to the Group's replacement of old vessels with new ones, consolidated revenue in 2024 was NT\$1,654,400,000, an increase of NT\$316,740,000, and representing an increase of 23.68% as compared to 2023's figure of NT\$1,337,660,000.

### **2. Budget implementation status:**

The Company did not disclose financial forecasts in 2024.

### **3. Analysis of financial revenue, expenditure, and profitability**

Benefiting from the successive operation of six 40,000-ton new ships with higher gross profit margins, the company's operating gross profit margin increased slightly from 45.62% to 46.06%. In addition, affected by global inflation, borrowing interest rates remain high. Financial expenditures in 2024 were NT\$161,809,000, an increase of NT\$65,783,000 as compared to 2023's figure of NT\$96,026,000. Nevertheless, with revenues and expenditures well under control, net profit attributable to the parent company was NT\$584,901,000, and earnings per share were NT\$1.92.

## **Business Policy for 2024**

### **1. Operational policy**

The Company operates bulk cargo transportation services. The operating models are mainly long-term and short-term time charters, trip charters, and as bareboat charters in cooperation with charterers. The short-term charter model has the advantage of adjusting rental fees in a timely manner in conjunction with market conditions; while the long-term time charter model allows us to establish long-term and reliable cooperative relationships with existing charterers, and provide highly efficient and stable charter services.

### **2. Important production and marketing strategies**

The Group's 100%-owned sub-subsidiaries have a total of 18 ships. The operating models are time charters and bareboat charters. The fleet age is 9.08 years, and the fleet has a gross deadweight tonnage of approximately 721,600 tons. One ship has a load capacity of 176,000 tons; one Panamax with a deadweight of more than 80,000 tons, eight extreme lightweight ships have load capacities of 40,000 tons or more; one lightweight ship has a load capacity of c. 20,000 tons; and seven lightweight ships have load capacities of 10,000 tons. The charterers' main operations cover global routes.

## **Our Future Development Strategy**

The Company's operations focus on bulk shipping business and ship management. In terms of directions for expanding our shipping business, the Company plans to purchase energy-saving, environmentally-friendly, newly-built ships; increase fleet deadweight tonnage; strengthen safety management and risk controls; improve the quality of ship management; pay attention to global environmental protection and sustainable operations; strengthen the development of high-quality charterers; increase stable income; and continue to maintain our fleet's long-term competitive advantages in low costs and high service quality.

## Effects of the External Competitive Environment, Regulatory Environment, and Overall Operating Environment

The global shipping industry is actively promoting the development of environmentally-friendly ships. The International Maritime Organization (IMO) has set a carbon reduction goal of achieving net-zero emissions by around 2050 and hopes to reduce greenhouse gas emissions by at least 20% by 2030 as compared to that in 2008, and by 70% by 2040. In addition, by 2030, the use rate of zero-emission or near-zero-emission fuel will reach 5% to 10%. In addition to the impact of environmental regulations on the shipping market, the supply and demand of ships will reach a peak between 2023 and 2024, and the supply of new ship capacity will reach a peak, which may put pressure on freight rates. It is expected that this pressure will gradually decrease in 2025 and ease in 2026.

In 2025, as Red Sea shipping gradually recovers, about 30% of the shipping capacity will be released. The short route of the Suez Canal is also expected to become mainstream again, making the operation of global trade more efficient. The Russian-Ukrainian war is also expected to end with the mediation of the United States. The issue of Ukraine's reconstruction will drive an increase in steel demand. In order to cope with the Red Sea crisis, labor-management negotiations at US ports, and tariff policy changes and avoid supply chain disruptions, companies have begun to "grab goods", causing the freight market to heat up instantly. Overall, the global shipping industry is in a critical period of rapid change. The restoration of the Red Sea shipping route is expected to reduce transportation costs and ease supply chain pressure; the rise of the African market provides new growth opportunities for enterprise; and the upgrade of European infrastructure shows the potential to seek breakthroughs even in the face of economic challenges. Looking forward to the future, as Franbo Lines adjusts our fleet and new ships are put into operation, and as we continue to plan our newly-built fleet deployment, profits from our main business will have even more room for growth. In conjunction with the diversified business strategy, we aim to maximize shareholder interests and maintain the Company's sustainable operations and growth, so as to return the favor and support shareholders have shown us.

Chairman: Tsai, Pang-Chuan



President: Tsai, Pang-Chuan



Accounting Director: Wilson Lin



## II. Corporate Governance Report

### 1. Profiles of Directors, Supervisors, President, Vice President, Assistant Manager, Heads of departments and branches

#### (1) Profiles of Directors and Supervisors:

##### 1. Names, Academic Qualification, Work Experience, Shareholding held and Nature of Directors and Supervisors

April 7, 2025; Unit: shares

Title	Nationality or place of registration	Name	Gender Age	Election (Appointment) Date	Term of Office	Initial Election Date	Shares at Election		Current shareholding		Current shareholding held by spouse & minor children		Shareholding held through nominees		Main experiences (education background)	Position(s) held concurrently in the company and/or in any other company	Other heads, Directors or Supervisors who have spouses or relatives within the second degree of kinship		Note
							Number of shares	Shareholding proportion	Number of shares	Shareholding proportion	Number of shares	Shareholding proportion	Number of shares (shares)	Shareholding proportion			Title	Name	
Chairman	ROC	Prosperity Investment and Consulting Co., Ltd. Representative: Tsai, Pang-Chuan	Not applicable Male 71—80	June 1, 2023	3 years	Nov. 6, 2009	41,020,836	17.11	48,038,398	15.09	—	—	—	—	College of Management, Cheng Shiu University	Note 1	—	—	—
Director	ROC	Prosperity Investment and Consulting Co., Ltd. Representative: Tsai, Ching-Chuang	Not applicable Male 41—50	June 1, 2023	3 years	Nov. 6, 2009	8,986	0.04	37,000	0.01	84,523	0.03	—	—	Department of Economics, University of Toronto, Canada	Note 2	—	—	—
Director	ROC	Lo, Chun-Yu	Male 51—60	June 1, 2023	3 years	Jan. 15, 2008	6,839,429	2.85	7,064,590	2.22	—	—	—	—	Department of Electrical Engineering, National Chung Hsing University	Director of Ever Steel Enterprise Co., Ltd.	—	—	—
Director	ROC	Shen, Yi-Wen	Female 61—70	June 1, 2023	3 years	June 23, 2017	275,945	0.12	258,535	0.08	—	—	—	—	Graduated from a trade school	Director General of Kaohsiung Disabled Services Association	—	—	—
Independent Director	ROC	Yen, Shu-Yang	Female 41—50	June 1, 2023	3 years	June 1, 2023	—	—	—	—	—	—	—	—	Master of Business Administration/Laws, American University, USA	Attorney-in-Charge of Kaohsiung Office, Asian Pacific Int'l Patent & Trademark Office	—	—	—
Independent Director	ROC	Wu, Tien-Ming	Male 71—80	June 1, 2023	3 years	May 28, 2020	358,430	0.15	190,568	0.06	—	—	—	—	Department of Shipping & Transportation Management, National Taiwan Ocean University Chairman of Kaohsiung Marine Shipservice Corp.	Chairman of Morgan Shipping Agency Corp. Director of Kaohsiung Marine Shipservice Corp. Director of Kaohsiung Logistics & Stevedoring Co., Ltd. President of Allegro Shipping Agency Corp.	—	—	—
Independent Director	ROC	Liu, Jung-Chin	Male 61—70	June 1, 2023	3 years	June 23, 2017	—	—	—	—	—	—	—	—	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 Univaco Technology Inc.	—	—	—
Independent Director	ROC	Lin, Shih-Chuan	Male 41—50	June 1, 2023	3 years	June 1, 2023	—	—	—	—	—	—	—	—	Master of Information Engineering, Lamar University, USA	President of Ming Tzong Heng Trading Co., Ltd. President of Ming Quo Enterprise Co., Ltd.	—	—	—



Note 1: President of the Company, Chairman of Franbo Asset Management 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 Charity S.A., TW Hornbill Line S.A., Franbo Logos S.A., Franbo Logic S.A., Franbo Way Limited, Franbo Sino Limited, Franbo Ocean Limited, Franbo Legion Limited, FB Pioneer Limited, FB Navigation Limited, Unit-Morality Lines Limited, Dexin Shipping S.A., BCTS Capital Inc., Franbo Bright Ltd., Franbo Courage S.A., Franbo Legacy Ltd., Franbo Ace Ltd., Franbo Art Ltd., Franbo Cosmos Ltd., Franbo Century Ltd., Franbo Brave Ltd., Franbo Bravo Ltd.

Note 2: Chairman of FB Propriety Real Estate Development Co., Ltd., FB Justice Real Estate Development Co., Ltd., FB Integrity Real Estate Development Co., Ltd. and Prosperity Investment and Consulting 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 Charity 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 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 Cosmos Ltd., Franbo Century Ltd., Franbo Brave Ltd., Franbo Bravo Ltd., Franbo Monica Shipping Ltd., Franbo Wealth Shipping Ltd.

Note 3: The Company's chairman Mr. Tsai, Pang-Chuan and the president Mr. Tsai, Ching-Chuang are first-degree relatives. This helps improve the effectiveness and efficiency of operations as well as the power of decision execution. The number of independent directors was increased during the re-election of directors at the 2023 shareholders' meeting; more than half of the directors do not concurrently serve as employees or managers, so as to enhance the functions of the Board of Directors and strengthen the supervisory function.

## 2. Major juridical person shareholders

April 7, 2025	
Name of institutional shareholders	Major juridical person shareholders
Prosperity Investment and Consulting Co., Ltd.	Tsai, Ching-Chuang 25.00%, Tsai, Ping-Jui 25.00%, Tsai, Pang-Chuan 21.57%, Tsai Wu, Hsin-Hsiang 21.57%, Hsieh, Wan-Chih 3.43%, Chen, Yen-Cheng 3.43%

## 3. Major juridical person shareholders whose major shareholders are themselves juridical persons: Does not apply.

#### 4. Director and Supervisor qualifications and independence status:

##### (1) Disclosure of Director and Supervisor qualifications, and information on independence of Independent Directors:

Name	Criterion	Qualifications and experience (Note 2)	Independence status (Note 3)	Number of other public companies in which independent director concurrently serves
Tsai, Pang-Chuan (Note 1,4)		1. College of Management, Cheng Shiu University 2. Chairman and President of Franbo Lines Corp. 3. Has five years or more of work experience in commerce or as required for the Company's business as well as professional qualifications.	None	-
Tsai, Ching-Chuang (Note 1,4)		1. Department of Economics, University of Toronto, Canada 2. Director of Franbo Lines Corp., President of Franbo Lines Corp. 3. Has five years or more of work experience in commerce or as required for the Company's business as well as professional qualifications.	None	-
Shen, Yi-Wen		1. Director General of Kaohsiung Disabled Services Association 2. Has five years or more of work experience in commerce or as required for the Company's business as well as professional qualifications.	Compliance with independence	-
Lo, Chun-Yu		1. Department of Electrical Engineering, National Chung Hsing University 2. Director of Ever Steel Enterprise Co., Ltd. 3. Has five or more years of work experience in commerce or as required for the Company's business as well as professional qualifications.	None	-
Yen, Shu-Yang Independent Director		1. Master of Business Administration and Laws, American University, USA 2. Attorney-in-Charge of Kaohsiung Office, Asian Pacific Int'l Patent & Trademark Office 3. Has obtained a lawyer's certificate of the Republic of China with five or more years of work experience in legal affairs or as required for the Company's business as well as professional qualifications. 4. No occurrence of any of the circumstances listed in Article 30 of the Company Act has been identified.	Compliance with independence	1
Wu, Tien-Ming Independent Director		1. Department of Shipping & Transportation Management, National Taiwan Ocean University 2. Currently serves as Chairman of Morgan Shipping Agency Corp.; Director of Kaochun Logistics & Stevedoring Co., Ltd.; President of Allegro Shipping Agency Corp. 3. Former Managing director of Kaohsiung Marine Shipperservice Corp. 4. Has five or more years of work experience in commerce or as required for the Company's business as well as professional qualifications. 5. No occurrence of any of the circumstances listed in Article 30 of the Company Act has been identified.	Compliance with independence	-
Liu, Jung-Chin Independent Director		1. Department of Accounting, Chinese Culture University 2. Currently serves as Certified Public Accountants of Chien Sheng Finance and Taxation Joint Accounting Firm 4. Former Partner CPAs of Chien Hsing Accounting Firm 3. Has obtained an accountant's certificate from the National Senior Professional and Technical Examinations for Certified Public Accountants with five or more years of work experience in commerce, accounting or as required for the Company's business as well as professional qualifications.	Compliance with independence	1
Lin, Shih-Chuan Independent Director		1. Master of Information Engineering, Lamar University, USA 2. President of Ming Tzong Harn Trading Co., Ltd. 3. President of Ming Quo Enterprise Co., Ltd. 4. Has five or more years of work experience in commerce or as required for the Company's business as well as professional qualifications. 5. No occurrence of any of the circumstances listed in Article 30 of the Company Act has been identified.	Compliance with independence	-

Note 1: Director of Representative of Prosperity Investment and Consulting Co., Ltd.

Note 2: 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 3: State the Compensation Committee members' compliance with independence, 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 affiliated 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 Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies); the amount of compensation obtained for providing business, legal, financial, accounting, and other services for the Company or its affiliated enterprise in the past two years.

Note 4: 2024.10.01 Internal position adjustment of the company: General Manager Tsai, Ching-Chuang resigned and Chairman Tsai, Ching-Chuang will concurrently serve as General Manager..

## (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 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. If the number of directors of one gender on the board of directors of TWSE/TPEx-Listed company is less than one-third, explain the reasons and plan to take measures to improve the gender diversity of directors.

### ● Diversity policy:

In order to strengthen corporate governance and promote the sound development of the composition and structure of the Board of Directors, the nomination and selection of board members of the Company are based on the Company's Articles of Incorporation and the Guidelines for the Election of Directors, adopting a candidate nomination system. In addition to evaluating the academic background, work experience and qualifications of each candidate, we also take into account the opinions of stakeholders so as to ensure the diversity and independence of board members. We also formulate appropriate diversity policies based on its own operations, operating types and development needs, which preferably includes but is not limited to two major aspects of basic conditions and values (gender, age, nationality, culture, ethnic group, etc.) as well as professional knowledge and skills (law, accounting, industry, finance, marketing or technology, etc.).

### ● Specific management objectives:

The Company's Board of Directors guides the Company's strategies, supervises the management, and is responsible to the Company and shareholders. All operations and arrangements of its corporate governance system play the role of ensuring that the Board of Directors exercises its powers in accordance with laws and regulations, the Company's Articles of Incorporation, or the resolutions of the shareholders' meeting. At least one fifth of the Board of Directors members shall be represented by experts. The directors of the Company all have the necessary knowledge, skills, literacy, as well as industrial decision-making and management capabilities to perform duties. The Company also continues to arrange diversified continuing education courses for board members to improve their decision-making quality and enhance supervisory skills, thereby strengthening the functions of the Board of Directors. In addition, the Company also pays attention to gender equality in the composition of the Board of Directors, with the goal of having at least one female director, thus accounting for 20% or more of the total board seats.

### ● The current implementation status of diversity among board members is as follows:

The Company's Board of Directors consists of 8 directors, including 4 non-independent directors and 4 independent directors, among which there are 2 female directors and 2 expert directors, and all the 8 directors are nationals of the Republic of China. The Company's Board of Directors as a whole possesses: Operational judgment, accounting,

and financial analysis, business management, crisis management, industry knowledge, international market outlook, leadership, decision-making and other capabilities. The board members also have industrial experience and professional capabilities: 4 directors in transportation management, 1 director with experience in the steel industry, 7 directors in finance and banking, 1 director in service and marketing, 4 directors in professional legal affairs, 1 director in professional accounting / finance, and 8 directors in risk management. The implementation status is as follows:

Diversified core  Name of Director	Basic composition								Industrial experience					Professional ability			
	Nationality	Gender	Having employee status		Age			Term and seniority of Independent Directors		Shipping	Iron and steel	Accounting and Finance	Service and Marketing universities	Lecturer in colleges and universities	Legal affairs	Accounting	Risk management
					41-50	51-60	61-70	71-80	Less than 3 years								
Prosperity Investment and Consulting Co., Ltd. Representative: Tsai, Pang-Chuan	ROC	Male	✓				✓			✓		○					○
Prosperity Investment and Consulting Co., Ltd. Representative: Tsai, Ching-Chuang	ROC	Male	✓	✓						✓		○		○			○
Shen, Yi-Wen	ROC	Female				✓							✓				○
Lo, Chun-Yu	ROC	Male		✓							✓	○					○
Independent Director: Yen, Shu-Yang	ROC	Female		✓					✓			○		✓			✓
Independent Director: Wu, Tien-Ming	ROC	Male					✓		✓	✓		○					○
Independent Director: Liu, Jung-Chin	ROC	Male				✓			✓			✓			✓	✓	✓
Independent Director: Lin, Shih-Chuan	ROC	Male		✓				✓		✓		○					○

Note 1: ✓ indicates “possesses this ability”; ○ indicates “partially possesses this 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 8 members of the Board of Directors, 4 independent directors account for 50%, and 4 general directors account for 50%. Except Chairman Tsai, Pang-Chuan and director Tsai, Ching-Chuang, who have kinship within the 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) The Company’s chairman Mr. Tsai, Pang-Chuan and the director Mr. Tsai, Ching-Chuang are first-degree relatives, which helps improve the effectiveness and efficiency of operations as well as the power of decision execution. The number of independent directors has been increased during the re-election of directors at the 2023 shareholders’ meeting, and more than half of the directors do not concurrently serve as employees or managers, so as to enhance the functions of the Board of Directors and strengthen the supervisory function.

(2) Profile of President, Vice President, Assistant Manager, Heads of departments and branches

April 7, 2025

Title	Nationality	Name	Gender	Election (Appointment) Date	Shareholding		Shareholding held by spouse & minor children		Shareholding held through nominees		Main experiences (education background)	Position(s) held concurrently in any other company	Managers who have spouses or relatives in the second-degree relationship			Note
					Number of shares (shares)	Shareholding proportion	Number of shares (shares)	Shareholding proportion	Number of shares (shares)	Shareholding proportion			Title	Name	Relationship	
President	ROC	Tsai, Pang-Chuan	Male	2024/10/01	37,000	0.01	84,523	0.03	—	—	College of Management, Cheng Shii University	Note 1	President of Operations Office	Tsai, Ching-Chuan	Father and son	Note 2 - 3
President	ROC	Tsai, Ching-Chuan	Male	2019/03/08	5,437,786	1.71	150,587	0.05	—	—	Department of Economics, University of Toronto	Note 4	Chairman of Operations Office	Tsai, Pang-Chuan	Father and son	Note 2 - 3
Vice President of Management Office	ROC	Wilson Lin	Male	2021/10/01	4,748	0.00	—	—	—	—	Department of Accounting, Soochow University TYCOONS GROUP ENTERPRISE CO., LTD. Vice President	—	—	—	—	None
Vice President of Operations Office	ROC	Tsai, Ping-Jui	Male	2021/04/01	1,685,862	0.53	131,981	0.04	—	—	Department of National Law, Shanghai Maritime University	Note 5	Chairman President	Tsai, Pang-Chuan Tsai, Ching-Chuan	Father and son Brothers	None
Assistant Manager of Operations Office	ROC	Hsieh, Wen-Dai	Male	2024/03/07	—	—	—	—	—	—	Graduate School of Shipping & Transportation Management, National Taiwan Ocean University, Special Assistant of President, Tainan Enterprise Co., Ltd.	—	—	—	—	None

Note 1: Chairman of Franbo Asset Management 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 Charity S.A., TW Hornbill Line S.A, Franbo Logos S.A., Franbo Logos S.A., Franbo Logic S.A., Franbo Logic S.A., Franbo Lohas S.A., Franbo Way Limited, Franbo Sino Limited, Franbo Ocean Limited, Franbo Legion Limited, FB Pioneer Limited, FB Navigation Limited, Uni-Morality Lines Limited, Dexin Shipping S.A., BCTS 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 Bravo Ltd., Franbo Bravo Ltd.

Note 2: 2024.10.01 Internal position adjustment of the company: General Manager Tsai, Ching-Chuan resigned and Chairman Tsai, Ching-Chuan will concurrently serve as General Manager.

Note 3: The Company's chairman Mr. Tsai, Pang-Chuan and the director Mr. Tsai, Ching-Chuan are first-degree relatives, which helps improve the effectiveness and efficiency of operations as well as the power of decision execution. The number of independent directors has been increased during the re-election of directors at the 2023 shareholders' meeting, and more than half of the directors do not concurrently serve as employees or managers, so as to enhance the functions of the Board of Directors and strengthen the supervisory function.

Note 4: Chairman of FB Propriety Real Estate Development Co., Ltd., FB Justice Real Estate Development Co., Ltd., FB Integrity Real Estate Development Co., Ltd. and Prosperity Investment and Consulting 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 Charity 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 Sino Limited, Franbo Ocean Limited, Franbo Legion Limited, FB Pioneer Limited, FB Navigation Limited, Dexin Shipping S.A., BCTS 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 Bravo Ltd., Franbo Bravo Ltd., Franbo Monica Shipping Ltd., Franbo Wealth Shipping Ltd.

Note 5: 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 Charity S.A.; TW Hornbill Line S.A; Franbo Logos S.A.; Franbo Logic S.A.; Franbo Logic S.A.; Franbo Lohas S.A.; Franbo Way Limited; Franbo Sino Limited; Franbo Ocean Limited; Franbo Legion Limited; FB Pioneer 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 Bravo Ltd.; Franbo Monica Shipping Ltd.; Franbo Wealth Shipping Ltd.

## 2. Remuneration paid to the Directors, Supervisors, President and Vice Presidents in the most recent year:

### (1) Remuneration paid to Director (including Independent Director), Supervisor, President and Vice President in 2023

#### 1. Remuneration to Directors (Including independent directors)

Unit: NT\$1,000

Title	Name	Remuneration to directors (Note)								Sum of A, B, C and D; and proportion of net income after tax				Remuneration received by directors for concurrent service as employee				Sum of A, B, C, D, E, F and G; and proportion to Net income after tax	Remuneration received from companies other than Company subsidiaries or parent company
		Base compensation (A)		Retirement pay and pension (B)		Director profit-sharing compensation (C)		Expenses and perquisites (D)		Salary, rewards, and special disbursements (E)		Retirement pay and pension (F)		Employee profit-sharing compensation (G)		The Company	All companies mentioned in the financial statements		
		The Company	All companies mentioned in the financial statements	The Company	All companies mentioned in the financial statements	The Company	All companies mentioned in the financial statements	The Company	All companies mentioned in the financial statements	The Company	All companies mentioned in the financial statements	Cash	Stock	Cash	Stock				
Chairman	Representative of Prosperity Investment and Consulting Co., Ltd.: Tsai, Pang-Chuan	120	120	-	-	1,260	24	24	0.24%	0.24%	3,295	-	585	-	0.90%	0.90%	-		
Director	Representative of Prosperity Investment and Consulting Co., Ltd.: Tsai, Ching-Chuang	120	120	-	-	1,260	18	18	0.24%	0.24%	2,188	86	457	-	0.71%	0.71%	-		
Director	Shen, Yi-Wen	120	120	-	-	630	24	24	0.13%	0.13%	-	-	-	-	0.13%	0.13%	-		
Director	Lo, Chun-Yu	120	120	-	-	630	24	24	0.13%	0.13%	-	-	-	-	0.13%	0.13%	-		
Independent Director	Yen, Shu-Yang	120	120	-	-	630	39	39	0.13%	0.13%	-	-	-	-	0.13%	0.13%	-		
Independent Director	Wu, Tien-Ming	120	120	-	-	630	36	36	0.13%	0.13%	-	-	-	-	0.13%	0.13%	-		
Independent Director	Liu, Jung-Chin	120	120	-	-	630	39	39	0.13%	0.13%	-	-	-	-	0.13%	0.13%	-		
Independent Director	Lin, Shih-Chuan	120	120	-	-	630	24	24	0.13%	0.13%	-	-	-	-	0.13%	0.13%	-		

1. State the remuneration policy, system, standard, and structure of Independent Directors, and describe the remuneration amount in accordance with the responsibilities, risks, investment time and other factors:  
According to the Articles of Incorporation 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.

## Classification of Remuneration paid to Directors

Classification of Remuneration paid to directors	Director name(s)			
	Sum of the 4 Remunerations (A+B+C+D)		Sum of the 7 Remunerations ((A+B+C+D+E+F+G)	
	The Company	All companies mentioned in the financial statements	The Company	All companies mentioned in the financial statements
Less than NT\$1,000,000	Lo, Chun-Yu; Shen, Yi-Wen; Wu, Tien-Ming; Liu, Jung-Chin; Yen, Shu-Yang; Lin, Shih-Chuan	Same as left	Lo, Chun-Yu; Shen, Yi-Wen; Wu, Tien-Ming; Liu, Jung-Chin; Yen, Shu-Yang; Lin, Shih-Chuan	Same as left
At least NT\$1,000,000 to less than NT\$2,000,000	Prosperity Investment and Consulting Co., Ltd. Representative: Tsai, Pang-Chuan; Tsai, Ching-Chuang	Same as left	—	—
At least NT\$2,000,000 to less than NT\$3,500,000	—	—	—	—
At least NT\$3,500,000 to less than NT\$5,000,000	—	—	—	—
At least NT\$5,000,000 to less than NT\$10,000,000	—	—	Prosperity Investment and Consulting Co., Ltd. Representative: Tsai, Pang-Chuan; Tsai, Ching-Chuang	Same as left
At least NT\$10,000,000 to less than NT\$15,000,000	—	—	—	—
At least NT\$15,000,000 to less than NT\$30,000,000	—	—	—	—
At least NT\$30,000,000 to less than NT\$50,000,000	—	—	—	—
At least NT\$50,000,000 to less than NT\$100,000,000	—	—	—	—
NT\$100,000,000 or more	—	—	—	—
Total	8 persons	8 persons	8 persons	8 persons

2. Supervisor remuneration: Not applicable.

3. Remuneration paid to the President and Vice Presidents:

Unit: NT\$1,000

Title	Name	Salary (A)		Retirement pay and pension (B)		Rewards, and special disbursements (C)		Employee profit-sharing compensation (D)				Sum of A, B, C and D; and proportion of net income after tax (%)		Remuneration received from an invested company other than the Company's subsidiary or parent company
		The Company	All companies mentioned in the financial statements	The Company	All companies mentioned in the financial statements	The Company	All companies mentioned in the financial statements	The Company		All companies mentioned in the financial statements		The Company	All companies mentioned in the financial statements	
								Cash	Stock	Cash	Stock			
President (Note 1)	Tsai, Pang-Chuan	5,914	5,914	346	346	2,246	2,246	1,531	-	1,531	-	10,037 1.72%	10,037 1.72%	-
President (Note 1)	Tsai, Ching-Chuang													
Vice President	Wilson Lin													
Vice President	Tsai, Ping-Jui													
Assistant Vice President (Note 2)	Hsieh, Wen-Dai													

Note 1: 2024.10.01 Internal position adjustment of the company: General Manager Tsai, Ching-Chuang resigned and Chairman Tsai, Ching-Chuang will concurrently serve as General Manager.

Note 2: 2024.03.07 Hsieh, Wen-Dai was promoted to Assistant Vice Manager.

### Classification of Remuneration paid to President and Vice Presidents

Classification of Remuneration paid to President and Vice Presidents	President and Vice President names	
	The Company	All companies mentioned in the financial statements
Less than NT\$1,000,000	—	—
At least NT\$1,000,000 to less than NT\$2,000,000	—	—
At least NT\$2,000,000 to less than NT\$3,500,000	Wilson Lin; Tsai, Ping-Jui; Tsai, Ching-Chuang; Hsieh, Wen- Dai	Wilson Lin; Tsai, Ping-Jui; Tsai, Ching-Chuang; Hsieh, Wen- Dai
At least NT\$3,500,000 to less than NT\$5,000,000	—	—
At least NT\$5,000,000 to less than NT\$10,000,000	—	—
At least NT\$10,000,000 to less than NT\$15,000,000	—	—
At least NT\$15,000,000 to less than NT\$30,000,000	—	—
At least NT\$30,000,000 to less than NT\$50,000,000	—	—
At least NT\$50,000,000 to less than NT\$100,000,000	—	—
NT\$100,000,000 or more	—	—
Total	4 persons	4 persons

#### 4. Names of managerial officers with remuneration as employees and payment status:

Unit: NT\$1,000

Title	Name	Stock	Cash	Total	Proportion to net profit after tax (%)
CEO/ President(Note 1)	Tsai, Pang-Chuan	—	2,116	2,116	0.36%
President	Tsai, Ching-Chuang				
Vice President	Wilson Lin				
Vice President(Note 2)	Tsai, Ping-Jui				

Note 1: 2024.10.01 Internal position adjustment of the company: General Manager Tsai, Ching-Chuang resigned and Chairman Tsai, Ching-Chuang will concurrently serve as General Manager.

Note 2: 2024.03.07 Hsieh, Wen- Dai was promoted to Assistant Vice Manager.

(2) 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 parent company only 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, supervisors, president, and vice presidents in the consolidated financial statements in the last two years in the net profit after tax:

Unit: NT\$1,000

Title	2023				2024			
	Total remuneration		As proportion of post-tax net profit (%)		Total remuneration		As proportion of post-tax net profit (%)	
	The Company	All companies mentioned in consolidated financial statements	The Company	All companies mentioned in consolidated financial statements	The Company	All companies mentioned in consolidated financial statements	The Company	All companies mentioned in consolidated financial statements
Director	6,430	6,430	1.52%	1.52%	7,488	7,488	1.28%	1.28%
President and vice presidents	7,660	7,660	1.80%	1.80%	9,665	9,665	1.65%	1.65%
Total	14,090	14,090	3.32%	3.32%	17,153	17,153	2.93%	2.93%



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 receive monthly fixed remuneration in accordance with the resolution of the Board of Directors, and director remuneration is distributed based on the profit status of the year not exceeding 5% thereof in accordance with the Company's Articles of Incorporation.
- B. The CEO and the President shall pay salaries and staff remuneration in accordance with the remuneration approved by the Board of Directors.
- C. The salary of the Vice President is paid in accordance with 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 Company's individual directors' participation level and contribution to value in the Company's operations are determined based on the director's personal performance and the self-evaluation results of the director's performance (including but not limited to the items of director's attendance rate, continuing education, participation level in operations, interaction with the management team, promotion of sustainable development, and the implementation of corporate governance).
- B. Bonuses and remuneration to the CEO, president, and managers are evaluated and determined in accordance with the "Performance Evaluation Guidelines for Directors and Managers", covering the Company's operating performance results and individual performance results, including financial indicators (company revenue, net profit before tax, EPS, etc.) and non-financial indicators (the practice of the Company's core values, leadership, and management skills, operational management skills, continuing education, participation in sustainable management or other events with special contribution, etc.) and other key performance indicators to serve as the reference items for determining variable compensation.

(4) Relevance to future risks:

Important decisions made by the management of the Company will be made after considering different 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 presidents 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 in accordance with actual operating conditions and relevant laws and regulations.

### **3. Governance and operation of the Company**

(1) Operation of the board of directors

- 1. The Board of Directors held meeting (A) 8 times in 2024, and the attendance of Directors and Supervisors is as follows:

Title	Name	Actual number of attendance (B)	Attend through proxy	Attendance rate (%) (B/A)	Remarks
Chairman	Prosperity Investment and Consulting Co., Ltd. Representative: Tsai, Pang-Chuan	8	0	100%	None
Director	Prosperity Investment and Consulting Co., Ltd. Representative: Tsai, Ching-Chuang	6	2	75%	None
Director	Lo, Chun-Yu	8	0	100%	None
Director	Shen, Yi-Wen	8	0	100%	None
Independent Director	Wu, Tien-Ming	7	1	88%	None
Independent Director	Liu, Jung-Chin	8	0	100%	None
Independent Director	Yen, Shu-Yang	8	0	100%	None
Independent Director	Lin, Shih-Chuan	8	0	100%	None

Other matters to be recorded:

- 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:
  - 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, refer to the operation of the Audit Committee in this annual report.
  - 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: The Company has no board resolutions to or of which independent directors object or have reserved opinions.
- 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:

Board meeting dates	Content of motions	Name of directors	Reasons for recusal and participation in the voting
2024/03/07	Discussion on the distribution of employee remuneration and director remuneration in 2023	Director Tsai, Pang-Chuan Director Tsai, Ching-Chuang	Recused themselves from voting on motion due to conflict of interest
	Discussion on the distribution of talent retention bonuses for managers in the first half of 2024		
2024/05/08	Discussion the managers and directors' remuneration payment plan of 2023.		
2024/08/07	Distribution of retention bonuses for managers in the second half of 2024		
2024/11/06	2024 Manager Salary Adjustment Plan		
	Personnel changes of the company's general manager		
2024/12/25	Estimated distribution of managers' year-end bonuses for 2024		

- 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
Implemented once a year	For Board of Directors Evaluation of the performance of January 1, 2024 - December 31, 2024	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 Overall average was 4.7
Implemented once a year	Evaluation of the performance of January 1, 2024 - December 31, 2024	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 Overall average was 4.8
Implemented once a year	Audit Committee evaluated the performance of January 1, 2024 - December 31, 2024	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 Overall average was 4.8
Implemented once a year	For Compensation Committee Evaluation of the performance of January 1, 2024 - December 31, 2024	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 Overall average was 4.8

The results of this assessment have been submitted to the Board of Directors on March 11, 2025.

4. 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:

- (1) The Company has an Audit Committee and a Compensation Committee comprising four 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.
- (2) In order to diversify the legal liability risks of Directors, during the term of office of Directors, the Company purchases Directors' liability insurance in accordance with their business scope and legal liability, and reviews the contents of the insurance policy every time to complete the renewal conditions.
- (3) The Company was listed as an TWSE/TPEX-Listed Company in the 11 th Corporate Governance Evaluation 21%-35%, showing normal performance in corporate governance.

- (2) The operation of the Audit Committee or the participation of supervisors in the operation of the Board of Directors:

The Audit Committee of the Company is composed of 4 independent directors. The purpose

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

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

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

1. Review Financial Report:

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

2. Assess the effectiveness of the internal control system:

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

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

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

4. Operation of the Audit Committee

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

Title	Name	Actual number of attendance (B)	Attend through proxy	Attendance rate (%) (B/A)	Remarks
Independent Director	Liu, Jung-Chin	8	-	100%	
Independent Director	Wu, Tien-Ming	7	1	88%	
Independent Director	Yen, Shu-Yang	8	-	100%	
Independent Director	Lin, Shih-Chuan	8	-	100%	
<p>Other matters to be recorded:</p> <p>1. If the Audit Committee operates under any of the following circumstances, the following shall be stated: the date and period of the Audit Committee meeting, the proposal content, <u>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</u> and the Company's handling of the Audit Committee's opinions:</p> <p>(1) The matters listed in Paragraph 5, Article 14 of the Securities and Exchange Act.</p> <p>(2) Except for the previously mentioned matters, other matters that have not been approved by the Audit Committee but have been approved by more than two-thirds of all directors of Board of Directors.</p>					
Audit Committee meeting date	Session	Content of motions and follow-up processing		Matters set forth in §14-5 of the Securities and Exchange Act	Matters not approved by the Audit Committee but resolved by the Board of Directors with the consent of two thirds or more of all the directors
2024/03/07	1 <sup>st</sup> session of 2024	<ul style="list-style-type: none"> <li>■ Distribution of employee remuneration and director remuneration for 2023.</li> <li>■ Final accounting books and statements for 2023.</li> <li>■ Earnings distribution for 2023.</li> <li>■ Determination on the base date for the issuance of new shares converted from the Company's fifth domestic unsecured convertible corporate bonds.</li> <li>■ Review of the Company's 2023 Effectiveness Assessment of the Internal Control System and the Internal Control System Statement.</li> <li>■ Revision of the Company's Articles of Incorporation.</li> <li>■ Partial revisions and newly added provisions of the Company's guidelines and procedures.</li> <li>■ Earnings distribution and loss appropriation of the Group's wholly-owned subsidiaries and sub-subsidiaries in 2023.</li> <li>■ Capital increase of the sub-subsidiary Franbo Bright Limited.</li> <li>■ Revision of the Articles of Incorporation and capital increase of the subsidiary Franbo Asset Management Co., Ltd.</li> <li>■ Revision of the Articles of Incorporation and cash capital increase of the sub-subsidiary FB Propriety Real Estate Development Co., Ltd.</li> <li>■ The sub-subsidiary proposed an improvement plan due to its lending of funds exceeding the limit.</li> <li>■ Cancellation of lending limits by the Company, the subsidiaries and sub-subsidiaries.</li> </ul>		✓	None

		<ul style="list-style-type: none"> <li>■ Newly added lending limits by the subsidiaries and sub-subsidiaries.</li> <li>■ The subsidiary re-invested in the establishment of a sub-subsidiary.</li> </ul>		
2024/03/07	1 <sup>st</sup> session of 2024	<ul style="list-style-type: none"> <li>■ Changes in the organization of the ESG Sustainability and Greenhouse Gas Inventory Committee and the establishment of the Risk Management Committee (including the TCFD task force).</li> </ul>		
2024/04/12	2 <sup>nd</sup> session of 2024	<ul style="list-style-type: none"> <li>■ The case of the company's subsidiary FB Navigation Limited disposing of its vessel Christina Ocean.</li> <li>■ The case of investment structure change, capital increase and construction of new ships of subsidiary Franbo Sino Limited.</li> <li>■ Subsidiary Franbo Charity S.A.'s investment structure change, capital increase and new ship construction case.</li> <li>■ The Company's subsidiary adjusted its list of directors, increased investment and built a new ship.</li> <li>■ BCTS Capital Inc., a subsidiary of our company, completed the capital reduction process.</li> <li>■ Proposal to amend the company's Articles of Association.</li> </ul>	✓	None
2024/05/08	3 <sup>rd</sup> session of 2024	<ul style="list-style-type: none"> <li>■ Consolidated financial report for the first quarter of 2024.</li> <li>■ Undertaking the issuance of the seventh domestic unsecured convertible corporate bonds to raise funds.</li> <li>■ Determination on the base date for the issuance of new shares converted from the Company's domestic unsecured convertible corporate bonds.</li> <li>■ BCTS Capital Inc., a subsidiary of the Company, purchased 100% of the equity interests in FB Navigation Limited, a subsidiary of New Lucky Lines S.A.</li> <li>■ Cash capital increase case of sub-subsidiary Prevalent Creation Corp.</li> <li>■ Subsidiary FWF Shipping Limited completed interim capital reduction</li> <li>■ Cancellation of lending limits by the subsidiaries and sub-subsidiaries.</li> <li>■ Newly added lending limits by the subsidiaries and sub-subsidiaries.</li> </ul>	✓	None
2024/06/11	4 <sup>th</sup> session of 2024	<ul style="list-style-type: none"> <li>■ Changes to the equity structure of the investment subsidiary Franbo Bravo Limited and the increase in investment amount.</li> <li>■ Cancellation of lending limits by the subsidiaries and sub-subsidiaries.</li> <li>■ Newly added lending limits by the subsidiaries and sub-subsidiaries.</li> </ul>	✓	None
2024/08/07	5 <sup>th</sup> session of 2024	<ul style="list-style-type: none"> <li>■ Consolidated financial report for the second quarter of 2024.</li> <li>■ Franbo Wealth Shipping Limited, a subsidiary of our company, applied for a ship financing loan from a financial institution, and our company provided an endorsement guarantee for it.</li> <li>■ Franbo Charity S.A., a subsidiary of our company, applied for a ship financing loan from a financial institution, and our company provided endorsement guarantee for it.</li> <li>■ Franbo Monica Shipping Limited, a subsidiary of our company, applied for a ship financing loan from a</li> </ul>		

		<p>financial institution, and our company provided endorsement guarantee for it.</p> <ul style="list-style-type: none"> <li>■ Franbo Sino Limited, a subsidiary of our company, applied for a ship financing loan from a financial institution, and our company provided an endorsement guarantee for it.</li> <li>■ Our company applied for financing loans from financial institutions, and our subsidiary FB Propriety Real Estate Development Co., Ltd. provided endorsement and guarantee for it</li> <li>■ The Company's subsidiary handled interim profit distribution, cash capital reduction and account deposit settlement.</li> <li>■ Revision of the “Endorsement and Guarantee Operating Procedures”.</li> <li>■ Revision of the “Operating Procedures for Lending Funds to Others”.</li> <li>■ Revision of the “Procedures for Asset Acquisition &amp; Disposal”.</li> <li>■ Partial revisions of the Company’s internal control system.</li> <li>■ Determination on the base date for the issuance of new shares converted from the Company’s domestic unsecured convertible corporate bonds.</li> <li>■ Cancellation of lending limits by the subsidiaries and sub-subsidiaries.</li> <li>■ Newly added lending limits by the subsidiaries and sub-subsidiaries.</li> <li>■ Our subsidiary, Franbo Asset Management Co., Ltd., invested in the development of two plots of land in Jiuhe Section, Jiuru Township, Pingtung County.</li> </ul>		
2024/11/06	6th session of 2024	<ul style="list-style-type: none"> <li>■ Consolidated financial statements for the third quarter of 2024.</li> <li>■ Partial revisions and newly added provisions of the Company’s guidelines and procedures.</li> <li>■ Partial revisions of the Company’s internal control system.</li> <li>■ Determination on the base date for the issuance of new shares converted from the Company’s domestic unsecured convertible corporate bonds.</li> <li>■ The subsidiary of the Company handled the interim profit distribution case.</li> <li>■ New Lucky Lines S.A., a subsidiary of our company, processed its interim capital reduction.</li> <li>■ Franbo Bravo Limited, a subsidiary of the company, processed its interim capital reduction.</li> <li>■ The Company provides endorsement guarantee for the medium-term secured loan of its subsidiary Franbo Century Limited.</li> <li>■ Cancellation of lending limits by the subsidiaries and sub-subsidiaries.</li> <li>■ Newly added lending limits by the subsidiaries and sub-subsidiaries.</li> <li>■ New Lucky Lines S.A., a subsidiary of the Company, participated in the bidding for the purchase of three second-hand ships on the Guangzhou Shipping Trading Platform.</li> <li>■ The company's 2024 manager salary increase proposal (proposed by the Compensation Committee)</li> <li>■ Personnel changes of the general manager of the company.</li> </ul>		

2024/11/27	7th session of 2024	<ul style="list-style-type: none"> <li>■ The subsidiary of the Company handled the interim profit distribution and cash capital reduction proposal.</li> <li>■ Case of cash capital increase of our subsidiary New Lucky Lines S.A.</li> <li>■ Our subsidiary TW Hornbill Line S.A. applied for a ship financing loan from Entie Commercial Bank, and our company provided endorsement guarantee for it.</li> <li>■ Franbo Way Limited, a subsidiary of our company, applied for a ship financing loan from Taichung Commercial Bank, and our company provided endorsement guarantee for it.</li> <li>■ Our subsidiary FB Navigation Limited S.A. applied for a ship financing loan from a financial institution, and our company provided an endorsement guarantee for it.</li> <li>■ Cancellation of lending limits by the subsidiaries and sub-subsidiaries.</li> <li>■ Newly added lending limits by the subsidiaries and sub-subsidiaries.</li> </ul>	✓	None
2024/12/25	8th session of 2024	<ul style="list-style-type: none"> <li>■ Discussion on the 2024 operating plan.</li> <li>■ Discussion on the 2024 audit plan.</li> <li>■ Ratification of the purchase of 100% equity interest in FB Navigation Limited, a subsidiary of our company, by New Lucky Lines S.A., a subsidiary of our company.</li> <li>■ The disposal of dangerous and old land in Ren'ai Section, Sanchong District, New Taipei City by our subsidiary Franbo Asset Management Co., Ltd.</li> <li>■ The company has obtained the land investment and development project of Zhongshan 1st Road in Xinxing District, Kaohsiung City.</li> <li>■ The Company has obtained the land investment and development project in Lingya Liao Section, Lingya District, Kaohsiung City.</li> <li>■ Cancellation of lending limits by the subsidiaries and sub-subsidiaries.</li> <li>■ Newly added lending limits by the subsidiaries and sub-subsidiaries.</li> <li>■ Implementation of ESG sustainability report in 2023 and major issues in 2024.</li> <li>■ Our subsidiary New Lucky Lines S.A. applied for a short-term working capital line from Taishin International Bank, and our company provided an endorsement guarantee for it.</li> <li>■ Adjust the financial institution through which the Company's subsidiary FB Navigation Limited applies for ship financing loans.</li> </ul>	✓	None
2025/03/11	1st session of 2025	<ul style="list-style-type: none"> <li>■ Distribution of employee remuneration and director remuneration for 2024. (proposed by the Remuneration Committee)</li> <li>■ Final accounting books and statements for 2024.</li> <li>■ Earnings distribution for 2024.</li> <li>■ The Company's 2024 Effectiveness Assessment of the Internal Control System and the Internal Control System Statement.</li> <li>■ Independence assessment of the attesting accountants.</li> <li>■ Cooperate with the internal rotation of the accounting firm and change the visa accountant</li> </ul>	✓	None



		<ul style="list-style-type: none"> <li>■ Partial revisions and newly added provisions of the Company's guidelines and procedures.</li> <li>■ Revision of the Company's Articles of Incorporation.</li> <li>■ To ratify the interim cash capital reduction proposal of the subsidiary of the Company.</li> <li>■ Determination on the base date for the issuance of new shares converted from the Company's domestic unsecured convertible corporate bonds.</li> <li>■ The Company newly invested NT\$130,000,000 in its 100% subsidiary, Franbo Asset Management Co., Ltd.</li> <li>■ Earnings distribution and loss appropriation of the Group's wholly-owned subsidiaries and sub-subsidiaries in 2024.</li> <li>■ Cancellation of lending limits by the subsidiaries and sub-subsidiaries.</li> <li>■ Newly added lending limits by the subsidiaries and sub-subsidiaries.</li> <li>■ Case of disposal of its vessels by a subsidiary of our company.</li> <li>■ Case concerning disposal of vessels by Franbo Monica Shipping Ltd., a subsidiary of our Company.</li> <li>■ The Company has redefined the timeline for greenhouse gas inventory and verification.</li> <li>■ Our subsidiary New Lucky Lines S.A. applied to Cathay Commercial Bank for a short-term working capital line, and our company provided an endorsement guarantee for it.</li> </ul>		
<p>2. For the implementation status of an independent director recusing him/herself from motions with conflicts of interest, state clearly the name of the independent director, the content of the motion, the reasons for his/her refusal and his/her participation in the voting: There are no circumstances of conflicts of interest in the Company's independent directors where they should recuse themselves from the motion concerned.</p> <p>3. Communication status (should include the Company's finance, business status, significant matters being communicated on, the communication methods and results, etc.) between independent directors and internal audit supervisors as well as accountants:</p> <p>Depending on the needs of the agenda content, the Company invites certified public accountants to attend the Audit Committee meeting to conduct a consultation and provide professional opinions on issues relating to financial accounting. It also provides communication channels between independent directors and certified public accountants for independent directors to consult a consultation at any time.</p> <p>Communication status between independent directors and internal audit supervisors:</p> <p>The Company's internal audit unit submits a photocopy of the audit report to each independent director for review every month. The audit supervisor also participates in the quarterly board meeting reporting on the content of audit work, and prepares a report on audit matters to be submitted to each independent director.</p> <p>In 2024 and as of the date of publication of the annual report, the excerpts of the main communication matters at separate meetings between the independent directors and the audit supervisor are as follows:</p>				
Date of board meeting	Communication content		Suggestions and results	
2024/03/07	1. Report on the audit implementations for the fourth quarter of 2023 and first quarter of 2024 as well as the audit deficiencies improvement tracking report for the fourth quarter of 2023. 2. Report on the 2024 internal control self-assessment results 3. Report on the 2024 internal control system statement.		1. Passed as proposed after deliberation. 2. Passed as proposed after deliberation. 3. Passed as proposed	

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

(3) Implementation Status of Corporate Governance as required for company, and deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof

Evaluation item	Implementation Status		Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	
1. Does the Company formulate and disclose the code of practice on corporate governance in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies?	✓		No significant differences
2. The Company's shareholding structure and shareholders' equity (1) Does the Company establish internal operating procedures for handling shareholders' suggestions, doubts, disputes, and litigation matters, and implement them in accordance with the procedures? (2) Does the Company obtain a list of the major Shareholders and the ultimate controllers of the major shareholders who effectively control the Company?	✓  ✓		No significant differences  No significant differences
(3) Does the Company establish and implement a risk control and firewall mechanism with its related companies?	✓		No significant differences
(4) Does the Company establish internal regulations to prohibit insiders from trading securities using unpublished information in the market?	✓		No significant differences

<p>3. Composition and responsibilities of the Board of Directors</p> <p>(1) Does the Board of Directors formulate a diversity policy, and specific management objectives and implement them with respect to the composition of its members?</p>	<p>✓</p>	<p>(1) Diversification policy and implementation:</p> <p>1. Diversification policy: Please refer to the Board Diversity and Independence information on Page 7-8 of this annual report for information on the diversity and independence of the Board of Directors and its implementation.</p> <p>2. Specific management objectives: The Company's Board of Directors guides the Company's strategies, supervises the management, and is responsible to the Company and shareholders. All operations and arrangements of its corporate governance system play the role of ensuring that the Board of Directors exercises its powers in accordance with laws and regulations, the Company's Articles of Incorporation, or the resolutions of the shareholders' meeting. At least one fifth of the Board of Directors members shall be represented by experts. The directors of the Company all have the necessary knowledge, skills, literacy, as well as industrial decision-making and management capabilities to perform duties. The Company also continues to arrange diversified continuing education courses for board members to improve their decision-making quality and enhance supervisory skills, thereby strengthening the functions of the Board of Directors. In addition, the Company also pays attention to gender equality in the composition of the Board of Directors, with the goal of having at least one female director accounting for 20% or more of the total board seats.</p> <p>3. Implementation of diversity among board members: The Company's Board of Directors consists of 8 directors, including 4 non-independent directors and 4 independent directors, among which there are 2 female directors and 2 expert directors, and all the 8 directors are nationals of the Republic of China. The Company's Board of Directors as a whole has possessed: operational judgment, accounting, and financial analysis; business management, crisis management, industry knowledge, international market outlook, leadership, decision-</p>	<p>No significant differences</p>
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<p>(2) Does the Company voluntarily set up functional committees other than the Compensation Committee and Audit Committee in accordance with the law?</p> <p>(3) 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?</p>		<p>making and other capabilities; the board members also have industrial experience and professional capabilities: 4 directors in transportation management, 1 director with experience in the steel industry, 7 directors in finance and banking, 1 director in service and marketing, 4 directors in professional legal affairs, 1 director in professional accounting/finance, and 8 directors in risk management. The policy that diversity should be considered in the composition of the Board of Directors stipulated in the Company's Corporate Governance Code has been implemented.</p> <p>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 Pages 7-8.</p> <p>(2) 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.</p> <p>(3) The Company's Board of Directors approved the Board of Directors' Performance Evaluation Method, and the main performance evaluations include the following:</p> <ol style="list-style-type: none"> <li>1. Involvement in Company operations</li> <li>2. Improving decision quality of Board of Directors</li> <li>3. Composition and structure of the Board of Directors,</li> <li>4. Election and continuing education of Directors</li> <li>5. Internal control</li> </ol> <p>In order to implement the corporate governance, the performance evaluation report of the Board of Directors, individual directors and functional staff has been completed in the first quarter of 2025 in accordance with the Performance Evaluation of the Board of Directors established by the Company. Please refer to Pages 13-15 for the details of the Board of Directors' evaluation for 2024.</p>	<p>No significant differences</p> <p>No significant differences</p>
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(4) Does the Company regularly assess the independence of the certified public accountants?	✓	(4) The Company's Accounting Department regularly evaluates the independence of the certified public accountant once a year and submits the results to the Audit Committee on March 11, 2025 and the Board of Directors on March 11, 2025 for consideration and approval. The Accounting Department of the Company assessed that the PwC Taiwan certified public accountants, Wang, Kuo-Hua and Liao, A-Shen, met the Company's independence assessment standards and the accounting firm issued a statement of independence.	No significant differences
4. 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)?	✓	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
5. 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?	✓	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
6. Does the Company appoint a professional stock affairs agency to handle the affairs of the shareholders' meeting?	✓	The Company appointed a stock affairs agency, the department of stock affairs in Grand Fortune Securities Co., Ltd., to act for the Company on different stock matters.	No significant differences
7. Information disclosure (1) Does the Company set up a website to disclose financial business and corporate governance information?	✓	(1) The Company's website is <a href="http://www.franbo.com.tw/">http://www.franbo.com.tw/</a> , which regularly discloses the Company's relevant information and annual reports, and a spokesperson releases material information to the public in accordance with the law.	No significant differences No significant differences

<p>(2) 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.)?</p> <p>(3) 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?</p>	✓	<p>(2) 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.</p> <p>(3) The Company files its annual financial report within the prescribed time limit, announces, and files the first, second, and third quarter financial reports as well as monthly revenue in advance before the prescribed time limit. For the aforementioned information, refer to the Market Observation Post System.</p>	<p>Although the Company did not announce and file the annual financial report within two months after the end of the fiscal year in advance, it completed all the relevant filings within the time limit in compliance with the law and regulations.</p>
<p>8. 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.)?</p>	✓	<p>(1) 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.</p> <p>(2) 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.</p> <p>(3) 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.</p> <p>(4) Directors' further education:</p>	<p>No significant differences</p>

			<p>The Company complies with the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies stipulated by Taiwan Stock Exchange Corporation. Please refer to page 29 for the relevant status of further education.</p> <p>(5) Implementation of risk management policies and risk measurement standards: The Company focuses on its own business and establishes operational regulations and internal control systems to reduce risks, in accordance with laws and regulations and based on business activities, and holds a Board of Directors meeting at least once a quarter to supervise the Company's operations and risk management. Information on risk management is disclosed on pages 104–108.</p> <p>(6) 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.</p> <p>(7) The Company's purchase of liability insurance for directors and managers: The Company has taken out liability insurance for directors during their term of office for their legal liability in the scope of their performance of duties in order to reduce and disperse the risk of significant damage to the Company and shareholders due to errors or negligence by directors. The contents of the liability insurance are also notified of to the Company's directors. The Company has renewed the liability insurance for directors and managers in April 2023, with an insurance amount of US\$750,000. It was reported to the Board of Directors on May 8, 2025, and relevant information was announced on the Market Observation Post System.</p>
			<p>9. State the improvement of the corporate governance in accordance with 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 21%-35% of the TWSE/TPEX-Listed companies in the 11th Corporate Governance Assessment, indicating that it is performing normally in corporate governance.</p>



■ Directors' further education for the year 2024:

The term of office of the current directors: June 1, 2023 —May 31, 2026

Title	Name	Date for further education	Organizer	Course name	Further education hours	Whether the further education meets the requirements or not
Corporate Director Representative	Tsai, Pang-Chuan	July 3, 2024	Taiwan Stock Exchange	2024 Cathay Pacific Sustainable Finance and Climate Change Summit	6	Yes
Corporate Director Representative	Tsai, Ching-Chuang	September 11, 2024	Industrial Technology Research Institute.	Net Zero 2024 Key Action Forum	6	Yes
Director	Lo, Chun-Yu	April 17, 2024	Taiwan Academy of Banking and Finance	Corporate Governance Forum	3	Yes
		September 5, 2024	Taipei Exchange	Advocacy and Briefing on Insider Equity in TPEx Regular/Emerging Listed Companies	3	Yes
Director	Shen, Yi-Wen	April 17, 2024	Taiwan Academy of Banking and Finance	Corporate Governance Forum	3	Yes
		September 5, 2024	Taipei Exchange	Advocacy and Briefing on Insider Equity in TPEx Regular/Emerging Listed Companies	3	Yes
Independent Director	Yen, Shu-Yang	April 17, 2024	Taiwan Academy of Banking and Finance	Corporate Governance Forum	3	Yes
		July 3, 2024	Taiwan Stock Exchange	2024 Cathay Pacific Sustainable Finance and Climate Change Summit	3	Yes
		March 9, 2024	Hsin Chu BAR Association	Corporate Governance and Appraisal Practice	3	Yes
Independent Director	Wu, Tien-Ming	April 17, 2024	Taiwan Academy of Banking and Finance	Corporate Governance Forum	3	Yes
		July 3, 2024	Taiwan Stock Exchange	2024 Cathay Pacific Sustainable Finance and Climate Change Summit	6	Yes
Independent Director	Liu, Jung-Chin	May 9, 2024	Taiwan Corporate Governance Association	The value of corporate non-financial performance and climate-related disclosures - global trends and response strategies	3	Yes
		November 8, 2024	Taiwan Corporate Governance Association	Prevention and control of sexual harassment in the workplace under the ESG trend	3	Yes
Independent Director	Lin, Shih-Chuan	July 3, 2024	Taiwan Stock Exchange	2024 Cathay Pacific Sustainable Finance and Climate Change Summit	6	Yes

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

1. Information on the members of the Compensation Committee:

Identity level	Name	Conditions	Professional qualification and experience	Independence	The number of public offering companies which he/she concurrently works for as a member of the Compensation Committee
Independent Director (Convener)	Yen, Shu-Yang		Note	Note	1
Independent Director	Wu, Tien-Ming		Note	Note	-
Independent Director	Liu, Jung-Chin		Note	Note	1

Note : Please refer to page 6 for relevant information on Information Disclosure of Directors' Qualifications and Independent Directors' Independence.

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: June 1, 2023 to May 31, 2026, and the Compensation Committee met (A) five times in the most recent year (2024), with the following attendance of members:

Title	Name	Actual number of attendance (B)	Attend through proxy	Attendance rate (%) (B/A)	Remarks
Convener	Yen, Shu-Yang	5	0	100%	Scope of functions: 1. Formulate and regularly review performance evaluation of directors and managers as well as the policies, systems, standards, and structures of salary and remuneration. 2. Regularly evaluate and determine the salary and remuneration of directors and managers.
Member	Wu, Tien-Ming	5	0	100%	
Member	Liu, Jung-Chin	5	0	100%	
Other matters to be recorded:					
1. 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.					
2. 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
2024/2/26	<ol style="list-style-type: none"> <li>1. Evaluation standards for performance evaluation of directors and managers, the policies, systems, standards, and structures of salary and remuneration, as well as the relevancy and reasonableness for 2024.</li> <li>2. Review of performance evaluation indicators of the Company's Board of Directors.</li> <li>3. The assistant vice president compensation and personnel issue.</li> <li>4. Distribution of the Company's employee remuneration and director remuneration for 2024.</li> <li>5. Distribution of talent retention bonuses for managers in the first half of 2024.</li> </ol>	Approved by all members of the Compensation Committee.	Approved by all directors attending the Board of Directors' Meeting on March 7, 2024.
2024/4/25	Remuneration distribution plan for employees (including managers) and directors in 2024.	Approved by all members of the Compensation Committee.	Approved by all directors attending the Board of Directors' Meeting on May 8, 2024.
2024/7/29	Distribution of talent retention bonuses for managers in the second half of 2024.	Approved by all members of the Compensation Committee.	Approved by all directors attending the Board of Directors' Meeting on Aug. 7, 2024.
2024/10/28	Managers' salary increase and payment in 2024.	Approved by all members of the Compensation Committee.	Approved by all directors attending the Board of Directors' Meeting on Nov. 6, 2024.
2024/12/6	Estimated distribution of year-end bonuses for managers in 2024.	Approved by all members of the Compensation Committee.	Approved by all directors attending the Board of Directors' Meeting on Dec. 25, 2023.
2025/2/26	<ol style="list-style-type: none"> <li>1. Distribution of the Company's employee remuneration and director remuneration for 2024.</li> <li>2. Review of performance evaluation indicators of the Company's Board of Directors of 2024</li> <li>2..Evaluation standards for performance evaluation of directors and managers, the policies, systems, standards, and structures of salary and remuneration, as well as the relevancy and reasonableness for 2024.</li> <li>4. Distribution of talent retention bonuses for managers in the first half of 2025.</li> <li>5. Revised Articles of Incorporation - A proposal to set aside a certain percentage to distribute remuneration to grassroots employees</li> </ol>	Approved by all members of the Compensation Committee.	Approved by all directors attending the Board of Directors' Meeting on Mar. 11, 2025.

(5) Implementation status of the promotion of sustainable development, deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof:

Evaluation item	Operation Status		Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	
1. Has the Company <u>established a governance framework to advocate sustainable development</u> and set up a dedicated (concurrently) unit, which is headed by a senior executive at the authorization of the Board and is <u>supervised</u> by the Board, to advocate sustainable development?	✓		The Company established the Sustainable Development Committee in December 2021. The chairman serves as the chief commissioner, and the president and two vice presidents serve as the secretaries-general. The management department is in charge of promoting a dedicated unit for sustainable development, which was approved by the Board of Directors on March 4, 2022. The Sustainability Committee will review the progress of ESG sustainability-related operations four times in 2024 and submit work reports to the Board of Directors twice, including organizational changes, climate-related financial disclosures (TCFD), stakeholder communication and major topics, greenhouse gas inventory implementation progress and risk management implementation status. The management department shall report to the board of directors at least once a year. The management team must propose corporate strategies to the board of directors. The board of directors also reviews and supervises the implementation of sustainable development and urges the management team to make adjustments when necessary.
2. Does the Company conduct risk assessment on environmental, social, and corporate governance issues related to the Company's operations, and has the Company established the relevant risk management policies or strategies based on the materiality principle?	✓		The Company has established the Risk Management Committee in March 2024, with the president serving as the chief commissioner; the organizational structure is divided into four groups: regulatory risk, operating risk, environmental risk (including TCFD), and financial risk. Each unit identified a total of 13 existing or potential risks based on operational, financial, social, environmental, and corporate governance operational risks. After risk measurement, risk response, risk monitoring, information and communication, 8 projects were selected based on "medium risk" and various risk management and mitigation measures were proposed. These were submitted to the "Sustainability Committee" as the company's 2024 risk management agenda. The 2024 Risk Management Committee has held three implementation review meetings and submitted the implementation results to the Board of Directors on December 25, 2024.

<p>3. Environmental Issues</p> <p>(1) Has the Company established an appropriate environmental management system in accordance with its industrial characteristics?</p>	✓	<p>(1) The Company and the entire fleet are implementing 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.</p>	<p>In 2023, the Company began to write our first Franbo Lines ESG Sustainability Report in accordance with the Financial Supervisory Commission's Corporate Governance 3.0 and disclosed the relevant measures taken by the shipping industry in response to the marine environmental protection requirements of the International Maritime Organization (IMO) as well as GRI 302 to GRI 306 on measures related to environmental management of energy, water and effluent, biodiversity, and emissions and waste.</p> <p>No significant differences</p>
<p>(2) Has the Company made effort to enhance the efficient use of energy and used regenerated materials that have a low impact on the environment?</p>	✓	<p>(2) The Technical Department of the Company shall be responsible for establishing or revising 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, updated the inverter air-conditioning system to save electricity, promoted e-operation to effectively reduce the use of paper and related consumables, and reminded colleagues to use non-disposable food utensils and implement garbage sorting and resource recycling.</p>	

(3) Has the Company assessed the potential current and future risks and opportunities from climate change for the Company, and has the Company taken countermeasures to address the issues?	✓	(2) The Group is in the maritime transportation industry, and its fleet will reduce speed and drag; complete the installation of EPL (Engine Power Limitation) on each ship by the end of 2023; comply with the latest international and regional standards and regulations, identify and monitor ship speed and fuel consumption, optimize operations and reduce energy waste. and the Company's offices will control the temperature of the air conditioners in accordance with the seasonal changes to reduce unnecessary waste of resources.	No significant differences															
<table><tr><th>Risk Category</th><th>Major issues</th><th>Impact period</th><th>Description of potential financial impact</th><th>Countermeasures</th></tr><tr><td>Transformation risks -----Policies and regulations</td><td>EEEXI (Energy Efficiency Existing Ship Index) and EPL (Engine Power Limit)</td><td>Long-term</td><td>The additional installation of EPL and other related equipment will increase operating costs and profits reduce.</td><td>Install a host power limiting device to meet the derating requirements.</td></tr><tr><td>Transformation risks -----Policies and regulations</td><td>CII (Carbon Intensity Index)</td><td>Long-term</td><td>The additional installation of EPL and other related equipment will increase operating costs and profits reduce.</td><td>Regular hull cleaning improves energy efficiency.</td></tr></table>				Risk Category	Major issues	Impact period	Description of potential financial impact	Countermeasures	Transformation risks -----Policies and regulations	EEEXI (Energy Efficiency Existing Ship Index) and EPL (Engine Power Limit)	Long-term	The additional installation of EPL and other related equipment will increase operating costs and profits reduce.	Install a host power limiting device to meet the derating requirements.	Transformation risks -----Policies and regulations	CII (Carbon Intensity Index)	Long-term	The additional installation of EPL and other related equipment will increase operating costs and profits reduce.	Regular hull cleaning improves energy efficiency.
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	Transformation risks -----Policies and regulations	EU ETS ( EU Emissions Trading System )	Long-term	Imposing carbon tax will increase costs and affect freight rates	Collection and payment of carbon rights
	Transformation risks -----Policies and regulations	Speed reduction requirements, energy-saving additives	Long-term	Increase operating costs	Set in the contract to be charged to the charterer
	Transformation risks -----Operating costs	Danger of deviation and ship damage due to bad weather	Long-term	Increased operating costs and reduced profits	Employ meteorological navigation and marine technical units to assist in reminding customers to avoid severe weather and sea conditions, and avoid the risk of ship damage.
	Transformation risks -----Operating costs	Climate change could lead to increased instability in ocean and weather conditions, causing disruptions in material supply chains	Long-term	Increased transportation costs and material price fluctuations lead to increased operating costs and reduced profits	1. Develop a contingency plan for supply chain emergencies 2. Audit the vulnerability of the supply chain 3. Identify backup suppliers and diversify the company's supply base 4. Build inventory

						5. Improve supply chain transparency	No significant differences



reflected in employee compensation?				
(3) Has the Company provided a safe and healthy work environment for employees, and provided education on labor safety and health regularly?	✓		<p>(3) 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.</p> <p>In response to the Sexual Harassment Prevention Act, in addition to strengthening publicity, relevant complaint channels are also provided.</p> <p>We conduct ship firefighting and first aid training drills on board the fleet every year in accordance with the plan, and conduct audits of the ship's working environment. Safety and health education lectures are also conducted before crew members go on board the ship.</p>	No significant differences
(4) Has the Company established the training program for the effective planning of career development for employees?	✓		<p>(4) 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 operation history of Zhengde Shipping from the perspective of financial statements (2013-2023), an introduction to ship</p>	No significant differences

<p>(5) Does the Company comply with relevant regulations and international standards <u>on</u> 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?</p>	✓		<p>satellites and CCTV, BP Castrol lubricating oil technical service contract fleet training, cargo calculations, legal liability for employee fraud and fraud identification methods, and other related courses, as well as occasional dispatches for professional training..</p> <p>(5) 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.</p> <p>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).</p> <p>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.</p>	No significant differences
<p>(6) 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?</p>	✓		<p>(6) The Company attaches great importance to the protection of the environment and social human rights. It also selects suppliers with the same integrity as the Company and regularly evaluates their suitability. In 2023, the Company required all suppliers to sign a Supplier Social Responsibility Commitment Letter requiring suppliers to jointly implement environmental protection, human rights and sustainable development of resource recycling so as to fulfill their social responsibilities, promote the sustainable development of the supply chain; it especially formulated the Supplier Management Policy for all suppliers to comply with the Company's honesty policy and related requirements. Suppliers seek the most reasonable price quotation to provide the best quality and the best service so as to achieve the goal of the Company and suppliers working together to enhance corporate social responsibility. However, if a supplier breaches corporate social responsibilities where the circumstances are serious, the Company will terminate cooperation with the supplier and will not renew the contract.</p> <p>For detailed implementation status of suppliers, refer to the Sound Supply Chain chapter of Franbo Lines' 2024 Sustainability Report.</p>	No significant differences

<p>5. Does the Company prepare reports by referring to internationally applicable reporting standards or guidelines to disclose non-financial information about the Company, for example, <u>sustainable report</u>? Is the above report assured or guaranteed by the third-party verification unit?</p>		✓	<p>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 Sustainable Development Best Practice Principles for 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.</p> <p>We have compiled the Franbo Lines ESG Sustainability Report beginning in 2022 in accordance with regulations to disclose the Company's non-financial information based on the relevant requirements of GRI 2021 and by reference to SASB and TCFD. Currently, the report has not been assured by a third-party verification unit.</p>	<p>In the first quarter of 2022, the Company established a Committee for Promoting Sustainable Development, which was prepared the sustainable report in accordance with the Rules Governing the Preparation and Filing of Sustainability Reports.</p>
<p>6. If the Company prepares its own Code of Sustainable Development in accordance with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, state the difference between its operation and the Code prepared:</p> <p>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 Sustainable Development Best Practice Principles for 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.</p>				
<p>7. Other important information contributing to understanding implementation for sustainable development:</p> <p>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 2001's International Convention on Civil Liability for Bunker 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.</p>				

(6) The Company's performance of ethical corporate management and measures adopted:

Evaluation item	Operation Status		Differences from Ethical Corporate Management Best Practice Principles of TWSE/TPEx-Listed Companies and reasons
	Yes	No	
<p>1. Establishment of ethical corporate management policies and programs</p> <p>(1) Does the Company formulate the ethical corporate management policy approved by the Board of Directors, and clearly indicate the policies and practices of ethical corporate management in regulations and foreign documents, and do the Board of Directors and senior management actively implement commitments of the business policies?</p> <p>(2) 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 Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies?</p> <p>(3) 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?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>No significant differences</p> <p>No significant differences</p> <p>No significant differences</p>
<p>2. Implement ethical corporate management</p> <p>(1) Does the Company evaluate the integrity records of its trading partners and specify the terms of integrity behavior in the contracts signed with them?</p>	<p>✓</p>		<p>No significant differences</p>

Evaluation item	Operation Status			Differences from Ethical Corporate Management Best Practice Principles of TWSE/TPEx-Listed Companies and reasons
	Yes	No	Summary	
(2) Does the Company establish a dedicated unit under the Board of Directors to promote corporate ethical corporate management, and regularly (at least once a year) report to the Board of Directors on its ethical corporate management policies, prevention of dishonest behavior plans, and monitoring of operations?	✓		Prohibiting Unreasonable Gifts, Entertainment or Other Unfair Interests, and implement the integrity and self-discipline concept of operating employees through internal regulations. (2) The management department of the Company is responsible for the formulation and supervision of the prevention plan for corporate ethical corporate management policies. On December 25, 2024, the Board of Directors reported on its ethical corporate management policies and prevention plan for dishonest behavior, as well as the supervision and operation situation.	No significant differences
(3) Does the Company formulate policies to prevent conflicts of interest, provide appropriate channels of statement and implement them?	✓		(3) The Company's Work Rules and the Ethical Corporate Management Best Practice Principles of the Company clearly regulate the clause of interest avoidance. When employees encounter conflicts of interest in the operation of their business, they shall report to their Immediate Supervisor.	No significant differences
(4) Does the Company establish an effective accounting system and internal control system for the implementation of ethical corporate management, and does the internal audit unit formulate the relevant audit plans in accordance with 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?	✓		(4) 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
(5) Does the Company regularly hold internal and external education and training on ethical corporate management?	✓		(5) The Company has implemented the Work Rules and the Ethical Corporate Management Best Practice Principles of the Company, and held an education and training course on ethical corporate management issues on October 30, 2024 to promote the Company's ethical corporate management philosophy and establish a corporate culture for employees.	No significant differences

Evaluation item	Operation Status		Differences from Ethical Corporate Management Best Practice Principles of TWSE/TPEx-Listed Companies and reasons
	Yes	No	
3. The operation of the Company's whistleblowing system. (1) Does the Company establish specific whistleblowing and reward systems, set up a convenient denouncing channel, and assign appropriate handling personnel to the whistleblown object?	✓	(1) 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 in accordance with the whistleblowing system process, but there have been no whistleblowing proposals from 2024 to the date of publication of the annual report.	No significant differences
(2) Does the Company establish standard procedures and relevant confidentiality mechanisms for investigating and handling whistleblowing matters?	✓	(2) 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 Ethical Corporate Management Best Practice Principles of the Company and submitted to the Board of Directors for approval.	No significant differences
(3) Does the Company take measures to protect the whistleblower from improper disposal due to whistleblowing?	✓	(3) The whistleblowers in the Company's whistleblowing process are kept confidential and will not be subject to disciplinary action due to whistleblowing.	No significant differences
4. Enhancing Information Disclosure Does the Company disclose the content of its ethical corporate management code and promote its effectiveness on its website and Market Observation Post System?	✓	The Company's Ethical Corporate Management Best Practice Principles 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
5. If the Company has its own code of good faith operation in accordance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, state the differences of its operation from the Code prepared: No difference			
6. 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 ethical corporate 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			

Evaluation item	Operation Status		Differences from Ethical Corporate Management Best Practice Principles of TWSE/TPEx-Listed Companies and reasons
	Yes	No	
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 financial and business information at the Market Observation Post System to enhance operational transparency.			

(7) Other important information sufficient to enhance the understanding of the operation of corporate governance may be disclosed together:  
None.

(8) Implementation of the internal control system

1. Internal Control Statement: Please refer to the Public Information Observatory > Single Company > Corporate Governance > Company Regulations/Internal Control > Internal Control Statement Announcement<https://mops.twse.com.tw/mops/#/web/t06sg20>
2. If a certified public accountant is entrusted with reviewing the internal control, the certified public accountant's review report shall be disclosed: None.

(9) 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 2024 ordinary shareholders' meeting of the Company was held on May 30, 2024 in our conference room (3F, No. 31, Haibian Road, Lingya District, Kaohsiung City). The important resolutions and implementation status are as follows:

Item		Important resolutions	Implementation status
Acknowledgment matters	1	The Company's 2023 business report and final accounting books and statements	This motion was passed as proposed by vote.
	2	The Company's 2023 earnings distribution.	1. The Company's distributable surplus is NT\$1,561,819,889. A cash dividend of NT\$148,786,175 was distributed, with a distribution of NT\$0.5 per share. This motion was passed as proposed by vote. 2. The Board of Directors resolved on March 7, 2024, authorizing the chairman to set the ex-dividend base date and distribution date (July 18, 2024).
Discussion and election matters	1	Discussion on the revision of the Company's "Endorsement and Guarantee Operating Procedures"	This motion was passed as proposed by vote and was registered with the approval of the Ministry of Economic Affairs on June 13, 2024.

■ Important resolutions of the Board of Directors

Date	Important resolutions
2024/03/07	<ol style="list-style-type: none"><li>1. Report on the 2024 Board of Directors performance evaluation.</li><li>2. Report on the 2024 performance evaluation of directors and managers.</li><li>3. Distribution of employee remuneration and director remuneration for 2024.</li><li>4. Final accounting books and statements for 2024.</li><li>5. Earnings distribution for 2024.</li><li>6. Determination on the base date for the issuance of new shares converted from the Company's domestic unsecured convertible corporate bonds.</li><li>7. The Company's 2024 Effectiveness Assessment of the Internal Control System and the Internal Control System Statement.</li><li>8. Revision of the Company's Articles of Incorporation.</li><li>9. Partial revisions and newly added provisions of the Company's guidelines and procedures.</li><li>10. Earnings distribution and loss appropriation of the Group's wholly-owned subsidiaries and sub-subsidiaries in 2023.</li><li>11. Capital increase of the sub-subsidiary Franbo Bright Limited.</li><li>12. Revision of the Articles of Incorporation and capital increase of the subsidiary Franbo Asset Management Co., Ltd.</li><li>13. Revision of the Articles of Incorporation and cash capital increase of the sub-subsidiary FB Propriety Real Estate Development Co., Ltd.</li><li>14. The sub-subsidiary proposed an improvement plan due to its lending of funds exceeding the limit.</li><li>15. Cancellation of lending limits by the Company, the subsidiaries and sub-subsidiaries.</li></ol>



Date	Important resolutions
2024/03/07	<ul style="list-style-type: none"> <li>16. Newly added lending limits by the subsidiaries and sub-subsidiaries.</li> <li>17. The subsidiary re-invested in the establishment of a sub-subsidiary.</li> <li>18. Changes in the organization of the ESG Sustainability and Greenhouse Gas Inventory Committee and the establishment of the Risk Management Committee (including the TCFD task force).</li> <li>19. Distribution of talent retention bonuses for managers for the first half of 2024.</li> <li>20. Promotion and compensation for the director of the Company's president's office.</li> <li>21. The Company's convening the 2024 regular shareholders' meeting and related matters.</li> </ul>
2024/04/12	<ul style="list-style-type: none"> <li>1. The case of the company's subsidiary FB Navigation Limited disposing of its vessel Christina Ocean.</li> <li>2. The case of investment structure change, capital increase and construction of new ships of subsidiary Franbo Sino Limited.</li> <li>3. Subsidiary Franbo Charity S.A.'s investment structure change, capital increase and new ship construction case.</li> <li>4. The Company's subsidiary adjusted its list of directors, increased investment and built a new ship.</li> <li>5. BCTS Capital Inc., a subsidiary of our company, completed the capital reduction process.</li> <li>6. Proposal to amend the company's Articles of Association.</li> </ul>
2024/05/08	<ul style="list-style-type: none"> <li>1. Consolidated financial report for the first quarter of 2024.</li> <li>2. Undertaking the issuance of the seventh domestic unsecured convertible corporate bonds to raise funds.</li> <li>3. Determination on the base date for the issuance of new shares converted from the Company's domestic unsecured convertible corporate bonds.</li> <li>4. BCTS Capital Inc., a subsidiary of the Company, purchased 100% of the equity interests in FB Navigation Limited, a subsidiary of New Lucky Lines S.A.</li> <li>5. Cash capital increase case of sub-subsidiary Prevalent Creation Corp.</li> <li>6. Subsidiary FWF Shipping Limited completed interim capital reduction</li> <li>7. Cancellation of lending limits by the subsidiaries and sub-subsidiaries.</li> <li>8. Newly added lending limits by the subsidiaries and sub-subsidiaries.</li> <li>9. The Company's application for renewal of short-term loan limits to financial institutions.</li> <li>10. 2023 managers and directors' remuneration payment plan.</li> </ul>
2024/06/11	<ul style="list-style-type: none"> <li>1. Changes to the equity structure of the investment subsidiary Franbo Bravo Limited and the increase in investment amount.</li> <li>2. Cancellation of lending limits by the subsidiaries and sub-subsidiaries.</li> <li>3. Newly added lending limits by the subsidiaries and sub-subsidiaries.</li> </ul>
2024/08/07	<ul style="list-style-type: none"> <li>1. The company's 2023 ESG report.</li> <li>2. Consolidated financial report for the second quarter of 2024.</li> <li>3. Franbo Wealth Shipping Limited, a subsidiary of our company, applied for a ship financing loan from a financial institution, and our company provided an endorsement guarantee for it.</li> <li>4. Franbo Charity S.A., a subsidiary of our company, applied for a ship financing loan from a financial institution, and our company provided endorsement guarantee for it.</li> <li>5. Franbo Monica Shipping Limited, a subsidiary of our company, applied for a ship financing loan from a financial institution, and our company provided endorsement guarantee for it.</li> <li>6. Franbo Sino Limited, a subsidiary of our company, applied for a ship financing loan from a financial institution, and our company provided an endorsement guarantee for it.</li> <li>7. Our company applied for financing loans from financial institutions, and our subsidiary FB Propriety Real Estate Development Co., Ltd. provided endorsement and guarantee for it</li> <li>8. The Company's subsidiary handled interim profit distribution, cash capital reduction and account deposit settlement.</li> </ul>

Date	Important resolutions
2024/08/07	<ol style="list-style-type: none"> <li>9. Revision of the “Endorsement and Guarantee Operating Procedures”.</li> <li>10. Revision of the “Operating Procedures for Lending Funds to Others”.</li> <li>11. Revision of the “Procedures for Asset Acquisition &amp; Disposal”.</li> <li>12. Partial revisions of the Company’s internal control system.</li> <li>13. Determination on the base date for the issuance of new shares converted from the Company’s domestic unsecured convertible corporate bonds.</li> <li>14. Cancellation of lending limits by the subsidiaries and sub-subsidiaries.</li> <li>15. Newly added lending limits by the subsidiaries and sub-subsidiaries.</li> <li>16. Our subsidiary, Franbo Asset Management Co., Ltd., invested in the development of two plots of land in Jiuhe Section, Jiuru Township, Pingtung County.</li> <li>17. Franbo Bravo Limited, a subsidiary of our company, applied to Entie Commercial Bank for a ship financing adjustment.</li> <li>18. Franbo Century Limited, a subsidiary of our company, applied for a long-term working capital financing from Taichung Commercial Bank.</li> <li>19. Our company applied to the Taiwan Cooperative Bank for additional short-term loans and housing mortgage loans.</li> <li>20. The company’s application to financial institutions for the renewal of short-term loan limits and new loan limits.</li> <li>21. Distribution of talent retention bonuses for managers for the second half of 2024.</li> </ol>
2024/11/06	<ol style="list-style-type: none"> <li>1. Consolidated financial statements for the third quarter of 2024.</li> <li>2. Partial revisions and newly added provisions of the Company’s guidelines and procedures.</li> <li>3. Partial revisions of the Company’s internal control system.</li> <li>4. Determination on the base date for the issuance of new shares converted from the Company’s domestic unsecured convertible corporate bonds.</li> <li>5. The subsidiary of the Company handled the interim profit distribution case.</li> <li>6. New Lucky Lines S.A., a subsidiary of our company, completed the capital reduction process.</li> <li>7. Franbo Bravo Limited, a subsidiary of the Company, processed its interim capital reduction.</li> <li>8. The Company provides endorsement guarantee for the medium-term secured loan of its subsidiary Franbo Century Limited.</li> <li>9. Cancellation of lending limits by the subsidiaries and sub-subsidiaries.</li> <li>10. Newly added lending limits by the subsidiaries and sub-subsidiaries.</li> <li>11. New Lucky Lines S.A., a subsidiary of the Company, participated in the bidding for the purchase of three second-hand ships on the Guangzhou Shipping Trading Platform.</li> <li>12. The company's 2024 manager salary increase proposal (proposed by the Compensation Committee).</li> <li>13. Personnel changes of the general manager of the company.</li> <li>14. Ratify the Company’s application for a short-term loan amount of NT\$30 million from Shin Kong Bank Co., Ltd.</li> <li>15. The Company’s application for renewal of short-term loan limits to financial institutions.</li> <li>16. Subsidiary FB Justice Real Estate Development Co., Ltd. applied for loan renewal from The Kaohsiung Third Credit Cooperative.</li> </ol>
2024/11/27	<ol style="list-style-type: none"> <li>1. The subsidiary of the Company handled the interim profit distribution and cash capital reduction proposal.</li> <li>2. Case of cash capital increase of our subsidiary New Lucky Lines S.A.</li> <li>3. Our subsidiary TW Hornbill Line S.A. applied for a ship financing loan from Entie Commercial Bank, and our company provided endorsement guarantee for it.</li> <li>4. Franbo Way Limited, a subsidiary of our company, applied for a ship financing loan from Taichung Commercial Bank, and our company provided endorsement guarantee for it.</li> <li>5. Our subsidiary FB Navigation Limited applied for a ship financing loan from a financial institution, and our company provided an endorsement guarantee for it.</li> <li>6. Cancellation of lending limits by the subsidiaries and sub-subsidiaries.</li> <li>7. Newly added lending limits by the subsidiaries and sub-subsidiaries.</li> </ol>

Date	Important resolutions																																							
2024/12/25	<div>1. Risk management implementation in 2024 and risk management (including TCFD) investigation report in 2025.</div> <div>2. Discussion on the 2025 operating plan.</div> <div>3. Discussion on the 2025 audit plan.</div> <div>4. Ratification of the purchase of 100% equity interest in FB Navigation Limited, a subsidiary of our company, by New Lucky Lines S.A., a subsidiary of our company.</div> <div>5. The disposal of dangerous and old land in Ren'ai Section, Sanchong District, New Taipei City by our subsidiary Franbo Asset Management Co., Ltd.</div> <div>6. The company has obtained the land investment and development project of Zhongshan 1st Road in Xinxing District, Kaohsiung City.</div> <div>7. The Company has obtained the land investment and development project in Lingya Liao Section, Lingya District, Kaohsiung City.</div> <div>8. Cancellation of lending limits by the subsidiaries and sub-subsidiaries.</div> <div>9. Newly added lending limits by the subsidiaries and sub-subsidiaries.</div> <div>10. Implementation of ESG sustainability report in 2023 and major issues in 2024.</div> <div>11. Our subsidiary New Lucky Lines S.A. applied for a short-term working capital line from <b>Taishin International Bank</b>, and our company provided an endorsement guarantee for it.</div> <div>12. Adjust the financial institution through which the Company’s subsidiary FB Navigation Limited applies for ship financing loans.</div> <div>13. Estimated distribution of year-end bonuses for managers in 2024. (proposed by the Remuneration Committee)</div> <div>14. The Company’s application to financial institutions for the renewal of short-term loan limits and new loan limits.</div>																																							
2025/03/11	<div>1. Distribution of employee remuneration and director remuneration for 2024.</div> <div>2. Final accounting books and statements for 2024.</div> <div>3. Earnings distribution for 2024.</div> <div>4. The Company’s 2024 Effectiveness Assessment of the Internal Control System and the Internal Control System Statement.</div> <div>5. Independence assessment of the attesting accountants.</div> <table><tr><th>Independence</th><th>Yes</th><th>No</th><th>Remark</th></tr><tr><td>1. Is it true that the attesting certified public account has not served as a director of the Company or its affiliates?</td><td>✓</td><td></td><td></td></tr><tr><td>2. Is it true that the attesting certified public account has not been a shareholder of the Company or its affiliates?</td><td>✓</td><td></td><td></td></tr><tr><td>3. Is it true that the attesting certified public account has not been paid the salary by the Company or its affiliates?</td><td>✓</td><td></td><td></td></tr><tr><td>4. Is it true that the attesting certified public account has confirmed that the united accounting firm to which he/she belongs has complied with the independence standards.</td><td>✓</td><td></td><td></td></tr><tr><td>5. Is it true that the co-practicing certified public account of the united accounting firm to which the attesting certified public account belongs has not served as a director or manager of the Company or held a position that has a significant impact on the audit case within one year after his/her leaving from office?</td><td>✓</td><td></td><td></td></tr><tr><td>6. Is it true that the attesting certified public account has not provided audit services to the Company for seven consecutive years.</td><td>✓</td><td></td><td></td></tr><tr><td>7. Is it true that the attesting certified public account has complied with the independence standards of Accountant Professional Ethics Bulletin No. 10.</td><td>✓</td><td></td><td></td></tr><tr><td>8. Other reference materials: Audit Quality Indicators (AQIs)</td><td>✓</td><td></td><td></td></tr></table> <div>6. Cooperate with the internal rotation of the accounting firm and change the visa accountant</div> <div>7. Partial revisions and newly added provisions of the Company’s guidelines and</div>				Independence	Yes	No	Remark	1. Is it true that the attesting certified public account has not served as a director of the Company or its affiliates?	✓			2. Is it true that the attesting certified public account has not been a shareholder of the Company or its affiliates?	✓			3. Is it true that the attesting certified public account has not been paid the salary by the Company or its affiliates?	✓			4. Is it true that the attesting certified public account has confirmed that the united accounting firm to which he/she belongs has complied with the independence standards.	✓			5. Is it true that the co-practicing certified public account of the united accounting firm to which the attesting certified public account belongs has not served as a director or manager of the Company or held a position that has a significant impact on the audit case within one year after his/her leaving from office?	✓			6. Is it true that the attesting certified public account has not provided audit services to the Company for seven consecutive years.	✓			7. Is it true that the attesting certified public account has complied with the independence standards of Accountant Professional Ethics Bulletin No. 10.	✓			8. Other reference materials: Audit Quality Indicators (AQIs)	✓		
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4. Is it true that the attesting certified public account has confirmed that the united accounting firm to which he/she belongs has complied with the independence standards.	✓																																							
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8. Other reference materials: Audit Quality Indicators (AQIs)	✓																																							

Date	Important resolutions
	<p>procedures.</p> <p>8. Revision of the Company's Articles of Incorporation.</p> <p>9. To ratify the interim cash capital reduction proposal of the subsidiary of the Company.</p> <p>10. Determination on the base date for the issuance of new shares converted from the Company's domestic unsecured convertible corporate bonds.</p> <p>11. The Company newly invested NT\$130,000,000 in its 100% subsidiary, Franbo Asset Management Co., Ltd.</p> <p>12. Earnings distribution and loss appropriation of the Group's wholly-owned subsidiaries and sub-subsidiaries in 2024.</p> <p>13. Cancellation of lending limits by the subsidiaries and sub-subsidiaries.</p> <p>14. Newly added lending limits by the subsidiaries and sub-subsidiaries.</p> <p>15. Case of disposal of its vessels by a subsidiary of our company.</p> <p>16. Case concerning disposal of vessels by Franbo Monica Shipping Ltd., a subsidiary of our Company.</p> <p>17. The Company has redefined the timeline for greenhouse gas inventory and verification.</p> <p>18. Our subsidiary New Lucky Lines S.A. applied to Cathay Commercial Bank for a short-term working capital line, and our company provided an endorsement guarantee for it.</p> <p>19. Distribution of talent retention bonuses for managers for the first half of 2025. (proposed by the Remuneration Committee)</p> <p>20. Approval of the Company's application for renewal of short-term loan facility from Mega International Commercial Bank.</p> <p>21. Approval of the application by a subsidiary for renewal of construction loan from Hua Nan Commercial Bank Ltd.</p> <p>22. The Company's application to financial institutions for the renewal of short-term loan limits and new loan limits.</p> <p>23. The subsidiary of our company applied for financing loan from <b>Sunny Bank Ltd.</b></p> <p>24. The subsidiary of our company applied to Hua Nan Commercial Bank Ltd. for renewal of financing.</p> <p>25. The Company's convening the 2025 regular shareholders' meeting and related matters.</p>

(10) 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.

#### 4. Certified public accountant (CPA) fee information:

Amount: NT\$1,000

Name of accounting firm	Name of certified public accountant	Audit period of certified public accountant	Audit fee	Non-audit fee (Note)	Total	Remarks
PwC Taiwan	Wang, Kuo-Hua	January 1, 2024 - December 31, 2024	2,770	60	2,830	Note
	Liao, A-Shen					

Note : The amendment registration, issuance of the seventh domestic unsecured convertible corporate bonds in the amount of NT\$60,000.

- (1) 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.
- (2) Audit fees have decreased by more than 10% compared to the previous year: No such situation exists.

- 5. Change of certified public accountant information: None.**
- 6. 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.**
- 7. 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:**
- (1) Changes in equity of directors, supervisors, managers, and shareholders holding more than 10% of the shares
    - 1. Changes in equity transfer: Please refer to the Public Information Observatory > Single company > Equity change/Securities issuance > Equity transfer information inquiry > Post-event declaration form for insider shareholding changes  
[https://mops.twse.com.tw/mops/#/web/query6\\_1](https://mops.twse.com.tw/mops/#/web/query6_1)
    - 2. Changes in equity pledge: Please refer to the Public Information Observatory > Single company > Equity change/Securities issuance > Internal Personnel Quality Analysis>Internal Personnel Quality Analysis Announcement  
[https://mopsov.twse.com.tw/mops/web/STAMAK03\\_1](https://mopsov.twse.com.tw/mops/web/STAMAK03_1)
  - (2) Related parties that the Directors, Supervisors, Managers, and shareholders holding more than 10% of the shares transferred: none.
  - (3) Related parties that Directors, Supervisors, Managers, and shareholders with a shareholding ratio exceeding 10% of the pledged equity: none.

**8. 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 7, 2025; Unit: share

Name		Own shareholdings		Shares held by spouse & minor children		Total shareholding held through nominees		If there are related parties, spouses, kindred within the 2nd degree of kinship among the top 10 shareholders, give the names and affiliations of such shareholders		Remark
		Number of shares	Shareholding proportion	Number of shares	Shareholding proportion	Number of shares	Shareholding proportion	Name	Relationship	
1	Prosperity Investment and Consulting Co., Ltd.	48,038,398	15.09%	—	—	—	—	Tsai, Ching-Chuang Tsai, Ping-Jui	Chairman Responsible person and relatives in the second-degree relationship, etc.	—
	Representative: Tsai, Ching-Chuang	5,437,786	1.71%	150,587	0.05%	—	—	Prosperity Investment and Consulting Co., Ltd. Tsai, Ping-Jui	Chairman Brothers	—
2	Hua Ming Steel Company Limited	8,207,550	2.58%	—	—	—	—	—	—	—
	Representative: Huang, Su-Ying	-	-	—	—	—	—	—	—	—
3	Lo, Chun-Yu	7,064,590	2.22%	—	—	—	—	—	—	—
4	Tsai, Ching-Chuang	5,437,786	1.71%	150,587	0.05%	—	—	Prosperity Investment and Consulting Co., Ltd. Tsai, Ping-Jui	Chairman Relatives in the second-degree relationship	—
5	SG OPTION EUROPE	4,457,000	1.40%	—	—	—	—	—	—	—
6	UBS Europe SE	2,596,265	0.82%	—	—	—	—	—	—	—
7	J.P.Morgan Securities plc	2,188,161	0.69%	—	—	—	—	—	—	—
8	Yang,Ho-Cheng	1,850,000	0.58%	—	—	—	—	—	—	—
9	Tsai, Ping-Jui	1,685,862	0.53%	131,981	0.04%	—	—	Prosperity Investment and Consulting Co., Ltd. Tsai, Ching-Chuang	Responsible person and relatives in the second-degree relationship, etc.	—
10	Peng, Ho-Chen	1,391,000	0.44%	—	—	—	—	—	—	—

**9. 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, 2025; Unit: Share

Name of reinvestment business	Investment of the Company		Investment of directors, Supervisors, managers, and businesses directly or indirectly controlled		Comprehensive investment	
	Number of shares	Shareholding proportion	Number of shares	Shareholding proportion	Number of shares	Shareholding proportion
New Lucky Lines S.A.	124,830,000	100%	-	-	124,830,000	100%
BCTS Capital Inc.	1,000,000	100%	-	-	1,000,000	100%
FWF Shipping Limited	2,000,000	100%	-	-	2,000,000	100%
Uni-Morality Lines Limited	1,000,000	100%	-	-	1,000,000	100%
Franbo Asset Management Co., Ltd.	75,000,000	100%	-	-	75,000,000	100%

### III. Capital Overview

#### 1. Capital and share

##### (1) Source of share capital

##### A. Equity formation process :

March 31, 2025

Period	Price at issuance (NT\$)	Authorized shares capital		Paid-in shares capital		Remarks		
		Number of shares (1,000 shares)	Amount (NT\$1,000)	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
Sep. 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
Apr. 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
Apr. 2010	10	100,000	1,000,000	71,840	718,398	Share conversion and capital increase of 568,398	None	April 12, 2010 Ching-Shou-Shang-Tzu No. 09901079270
May 2010	10	100,000	1,000,000	80,000	800,000	Cash capital increase of 81,602	None	May 10, 2010 Ching-Shou-Shang-Tzu No. 09901093190
June 2010	10	100,000	1,000,000	88,000	880,000	Cash capital increase of 80,000	None	June 8, 2010 Ching-Shou-Shang-Tzu No. 09901116190
Nov. 2010	10	100,000	1,000,000	95,000	950,000	Cash capital increase of 70,000	None	November 26, 2010 Ching-Shou-Shang-Tzu No. 09901264250
Oct. 2014	10	150,000	1,500,000	107,000	1,070,000	Cash capital increase of 120,000	None	October 31, 2011 Ching-Shou-Shang-Tzu No. 10301220880
Feb. 2015	10	150,000	1,500,000	119,500	1,195,000	Cash capital increase of 125,000	None	February 5, 2015 Ching-Shou-Shang-Tzu No. 10401019200
Aug. 2015	10	150,000	1,500,000	119,544	1,195,438	Domestic Corporate Bond Conversion 438	None	August 4, 2015 Ching-Shou-Shang-Tzu 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 Ching-Shou-Shang-Tzu No. 10501115220
Nov. 2016	10	250,000	2,500,000	152,995	1,529,952	Domestic Corporate Bond Conversion 34,514	None	November 22, 2016 Ching-Shou-Shang-Tzu No. 10501271590
Apr. 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 Ching-Shou-Shang-Tzu 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 Ching-Shou-Shang-Tzu No. 10701088060
Aug. 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 Ching-Shou-Shang-Tzu No. 10901150490
Aug. 2021	10	350,000	3,500,000	188,635	1,886,358	Cash capital increase of 360,000	None	August 6, 2021 Ching-Shou-Shang-Tzu No. 11001139820
Sep. 2022	10	350,000	3,500,000	238,635	2,386,358	Cash capital increase of 500,000	None	November 16, 2021 Ching-Shou-Shang-Tzu No. 11101178330
Mar. 2023	10	350,000	3,500,000	239,156	2,391,567	Domestic Corporate Bond Conversion 5,209	None	March 20, 2022 Ching-Shou-Shang-Tzu No. 11230046650
May 2023	10	350,000	3,500,000	239,698	2,396,982	Domestic Corporate Bond Conversion 5,415	None	May 25, 2023 Ching-Shou-Shang-Tzu No. 11230086180
Aug. 2023	10	350,000	3,500,000	240,031	2,400,305	Domestic Corporate Bond Conversion 3,322	Non	Aug. 25, 2023 Ching-Shou-Shang-Tzu No. 11230159870
Oct. 2023	10	350,000	3,500,000	270,031	2,700,305	Cash capital increase of 300,000	None	Oct. 3, 2023 Ching-Shou-Shang-Tzu No. 1230189890
Mar. 2024	10	350,000	3,500,000	297,572	2,975,723	Domestic Corporate Bond Conversion 275,418	None	Mar. 29, 2024 Ching-Shou-Shang-Tzu No. 11330051720

Period	Price at issuance (NT\$)	Authorized shares capital		Paid-in shares capital		Remarks		
		Number of shares (1,000 shares)	Amount (NT1,000)	Number of shares (1,000 shares)	Amount (NT1,000)	Source of share capital (NT\$1,000)	Those who use property other than cash to offset share capital	Other
May 2024	10	350,000	3,500,000	298,881	2,988,806	Domestic Corporate Bond Conversion 13083	None	May. 20, 2024 Ching-Shou-Shang-Tzu No. 11330077920
Sep 2024	10	600,000	6,000,000	310,567	3,105,672	Domestic Corporate Bond Conversion 116,866	None	Sep. 23, 2024 Ching-Shou-Shang-Tzu No. 11330155450
Nov. 2024	10	600,000	6,000,000	310,580	3,105,797	Domestic Corporate Bond Conversion 125	None	Nov. 20, 2024 Ching-Shou-Shang-Tzu No. 11330202150
Mar. 2025	10	600,000	6,000,000	312,543	3,125,425	Domestic Corporate Bond Conversion 19,628	None	Mar. 27, 2025 Ching-Shou-Shang-Tzu No. 11430039430

## B.Types of shares:

April 7, 2025; Unit: share

Types of shares	Authorized share capital			Remarks
	Outstanding capital stock	Unissued capital stock	Total	
Registered common shares	318,271,229	281,728,771	600,000,000	None

Note: The Company passed a resolution at the shareholders' meeting on May 30, 2024 to amend the Articles of Incorporation, with a revised authorized share capital of 600,000,000 shares.

## (2) 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 7, 2025

Name of major shareholders	Share Number of shares held (Share)	Shareholding proportion (%)
Prosperity Investment and Consulting Co., Ltd.	48,038,398	15.09%
Hua Ming Steel Company Limited	8,207,550	2.58%
Lo, Chun-Yu	7,064,590	2.22%
Tsai, Ching-Chuang	5,437,786	1.71%
SG OPTION EUROPE	4,457,000	1.40%
UBS Europe SE	2,596,265	0.82%
J.P.Morgan Securities plc	2,188,161	0.69%
Yang, Ho-Cheng	1,850,000	0.58%
Tsai, Ping-Jui	1,685,862	0.53%
Peng, Ho-Chen	1,391,000	0.44%

## (3) The Company's dividend policy and implementation status

### A. The dividend policy stipulated in the Company's Articles of Incorporation:

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 in accordance with 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 in accordance with 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. Shareholder dividends shall be allocated from the accumulated distributable earnings, of which no less than 15% shall be the distributable earnings for the current year, and no less than 10% shall be cash dividends.

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.

B. Dividend distribution status at this shareholders' meeting:

The Company's 2024 earnings distribution proposal was submitted by the Board of Directors on March 11, 2025 which resolved to distribute a cash dividend of NT\$156,271,248, with a distribution of NT\$0.5 per share. If the dividend distribution subsequently affects the number of outstanding shares due to changes in the Company's share capital resulting in changes in the dividend payout ratio (or payout ratio), the chairman is authorized to handle such matters with full authority in accordance with the Company Act or its relevant laws and regulations.

C. Explanation of significant changes in expected dividend policy: None.

(4) The impact of the free-gratis dividends at this shareholders' meeting on the Company's operating performance and earnings per share: Not applicable.

(5) Remuneration of employees, Directors and Supervisors:

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

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.

B. 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 the estimation of the remuneration amount of employees, directors, and supervisors in the current period as well as the basis for calculating the number of shares for employee remuneration distributed in stocks: The estimation of the remuneration payable by the Company to employees and directors is calculated based on the Articles of Incorporation of the Company, the Employee Remuneration Management Guidelines and the Director Remuneration Payment Guidelines, as well as taking into account past

experience and the amount that may be paid in the future.

- (2) If the actual distribution amount determined by the shareholders' meeting is different from the estimated amount, it will be treated as a change in accounting estimates and will be adjusted in the account in the year of the resolution of the shareholders' meeting.

C. On **March 11, 2025**, the Board of Directors approved the distribution of remuneration for 2024:

- (1) Amount of employee remuneration and director remuneration distributed in cash or stocks:

The Board of Directors approved the proposed distribution of cash remuneration in the amount of **NT\$6,300,000** to employees and the proposed distribution of cash remuneration to directors in the amount of **NT\$6,300,000**.

- (2) The amount of employee remuneration distributed in stocks and its proportion to the sum of the net income after tax and the total employee remuneration in the parent company only or individual financial reports for the current period: None.

D. The actual distribution status of the remuneration for employees, directors, and supervisors in the previous year (2023) (including the number, amount, and stock price of the shares allotted); in case of any differences between the actual amount and the recognized remuneration for employees, directors, and supervisors, state clearly the differences, reasons therefore and the handling thereof:

Unit: NT\$

	Estimated amount	Actual allocation amount	Difference
Employee remuneration	5,310,000	5,310,000	None
Employee share remuneration	-	-	None
Director remuneration	5,310,000	5,310,000	None

Note: Based on the 2023 director cash remuneration and employee cash remuneration approved by the Board of Directors in 2024.

(6) Company buyback of shares: There is no such situation.

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

### (1) Handling of corporate bonds:

Type of corporate bond	The 5th domestic unsecured convertible corporate bond	The 6th domestic unsecured convertible corporate bond	The 7th domestic unsecured convertible corporate bond
Date of issue	July 28, 2022	August 23, 2023	July 26, 2024
Denomination	NT\$100,000 per bond	NT\$100,000 per bond	NT\$100,000 per bond
Place of issue and trading	ROC	ROC	ROC
Issue price	NT\$101	NT\$100	NT\$104.88
Total amount	NT\$600,000,000	NT\$400,000,000	NT\$590,000,000
Interest rate	0%	0%	0%
Period	3 years (2022/07/28-114/07/28)	3 years (2023/08/23-2026/08/23)	3 years (2024/07/26-2027/07/26)
Guarantee institution	None	None	None
Trustee	Bank Sinopac Company Limited	Bank Sinopac Company Limited	Taipei Fubon Commercial Bank Limited
Underwriter	Taichung Bank Securities Co., Ltd.	Taichung Bank Securities Co., Ltd.	Capital Securities Corporation.
Attesting lawyer	Derkai Law Firm Lawyer Chiu, Shi-Fang	Derkai Law Firm Lawyer Chiu, Shi-Fang	Derkai Law Firm Lawyer Chiu, Shi-Fang
Attesting accountant	PwC Taiwan Accountants Wang, Kuo-Hua and Liao, A-Shen	PwC Taiwan Accountants Wang, Kuo-Hua and Liao, A-Shen	PwC Taiwan Accountants Wang, Kuo-Hua and Liao, A-Shen
Repayment method	Repayable upon maturity in one lump sum in cash in accordance with the face value of the bond	Repayable upon maturity in one lump sum in cash at 103.0301% of the face value of the bond (the real yield of 1%)	Repayable upon maturity in one lump sum in cash in accordance with the face value of the bond
Outstanding amount	NT\$116,200,000	NT\$39,100,000	NT\$584,300,000
Redemption or early repayment clause	For details, refer to Article 19 of the Company's Fifth Domestic Unsecured Convertible Corporate Bond Issuance and Conversion Guidelines	For details, refer to Article 19 of the Company's Sixth Domestic Unsecured Convertible Corporate Bond Issuance and Conversion Guidelines	For details, refer to Article 19 of the Company's Seventh Domestic Unsecured Convertible Corporate Bond Issuance and Conversion Guidelines
Restrictive clause	None	None	None
Name of credit rating institution, rating date, corporate bond rating results, etc.	Not applicable	Not applicable	Not applicable
Other rights attached thereto	Amount of ordinary shares, overseas depositary receipts or other securities converted	Not applicable	Not applicable
	Issuance and conversion (exchange or subscription) guidelines	Please refer to page 57 of the fifth domestic unsecured convertible corporate bonds.	Please refer to page 72 of the seventh domestic unsecured convertible corporate bonds.
Possible dilution of equity and impact on existing shareholders' equity	Not applicable	Not applicable	Not applicable
Name of the entrusted custodian institution of the exchange subject matter	Not applicable	Not applicable	Not applicable

Note: Information as of March 31, 2025.

## (2) Convert corporate bond information

Unit: NT\$

Types of corporate bonds		The 5th unsecured conversion of corporate bonds in Taiwan		The 6th unsecured conversion of corporate bonds in Taiwan		The 7th unsecured conversion of corporate bonds in Taiwan	
Items	Year	2024	As of March 31, 2025	2024	As of March 31, 2025	2024	As of March 31, 2025
Conversion of corporate bonds	Highest	139.90	139.00	145.90	150.00	107.25	115.45
	Lowest	103.80	104.05	112.00	112.00	99.20	98.55
	Average	121.95	121.39	131.64	129.06	104.71	108.80
Conversion price		17.50	17.50	15.97	15.97	22.70	22.70
Issuing (handling) date and conversion price at the time of issuance		Issued on July 28, 2022, the conversion price is NT\$19.99.		Issued on Aug. 23, 2023, the conversion price is NT\$16.48.		Issued on July 27 2024, the conversion price is NT\$22.70.	
Fulfillment of conversion obligations		The target of conversion is ordinary shares of the company by issuing new shares		The target of conversion is ordinary shares of the company by issuing new shares		The target of conversion is ordinary shares of the company by issuing new shares	

**3. Handling of special shares: None.**

**4. Handling of overseas depositary receipts: None.**

**5. Handling of employee share option certificate: None.**

**6. Handling of new shares with restricted employee rights: None.**

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

**8. Implementation of capital utilization plan:**

Please refer to the Public Information Observatory > Single company > Equity change/Securities issuance > Fund raising > Execution of fund raising plan

[https://mopsov.twse.com.tw/mops/web/bfhtm\\_q2](https://mopsov.twse.com.tw/mops/web/bfhtm_q2)

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

1. Bond name:  
Franbo Lines Corp. (below, the "Company") has issued its fifth unsecured convertible corporate bonds in Taiwan (below, the "convertible corporate bond").
2. Issue date:  
(The same below) July 28, 2022 (below, the "issue date").
3. 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.
4. Issuance period:  
The issuance period is three years, starting from July 28, 2022 and expiring on July 28, 2025 (below, the "maturity date").
5. Bond coupon rate:  
The annual coupon rate is 0%.
6. Date and method of principal repayment:  
In addition, the holders of the convertible corporate bonds (below, 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 in accordance with 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.
7. 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.
8. 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.
9. 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 in accordance with law, Taiwan Depository Clearing Corporation (below, 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.

10. 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.

11. 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 in accordance with 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 different 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 depository receipts, etc.), 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 Taipei Exchange (below, 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).

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

- 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 in accordance with the previous formula. If the conversion price after adjustment is lower than the conversion price announced before the original ex-right base date, 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.

Where the par value of shares is changed:

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

- (3) After the issuance of the convertible corporate bonds, when the Company distributes cash dividends for common shares, the Company shall adjust the conversion price 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) on ex-dividend base date, and shall request that the TPEx 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:

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.

- (4) 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 make a written request that TPEX announce such. 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:

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

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 pricing base date for the re-issued (or privately placed) securities with 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.

- (5) 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 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 make a written request that TPEX announce such. 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:



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:

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

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.

12. 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.

13. 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.

14. 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.

15. 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.

16. 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.

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

(1) Cash dividend

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.

(2) Stock dividend

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.

18. 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.

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

- (1) 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 9) 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.
- (2) 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 9) 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.

- (3) 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.
- (4) 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.

- 20. 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.
- 21. 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 Regulations Governing the Administration of Shareholder Services of Public Companies 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.
- 22. 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.
- 23. 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.
- 24. No physical bonds shall be printed for the issuance of convertible corporate bonds in accordance with Article 8 of the Securities and Exchange Act.
- 25. 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.

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

1. Bond name:

Franbo Lines Corp. (below, the "Company") has issued its sixth unsecured convertible corporate bonds in Taiwan (below, the "convertible corporate bond").

2. Issue date:

(The same below) August 23, 2023 (below, the "issue date").

3. 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 4,000, and the total amount of issuance is NT\$400 million only

4. Issuance period:

The issuance period is three years, starting from August 23, 2023 and expiring on August 23, 2026 (below, the "maturity date").

5. Bond coupon rate:

The annual coupon rate is 0%.

6. Date and method of principal repayment:

Except for the holder of this convertible corporate bond (below, the "Bond Holder") that converts such bonds into ordinary shares of the Company in accordance with Article 10 of these Guidelines, or the Company redeems such bonds early in accordance with Article 19 of these Guidelines, or except for the exercise of the put right in accordance with Article 20 of these Guidelines, or the Company's repurchase and cancellation through the securities dealer's business office, the Company shall repay at 103.0301% (the real yield of 1%) of the face value of the bond within ten business days starting from the following day upon maturity of the converted corporate bonds in one lump sum in cash. If the aforementioned date falls on a day when the central securities exchange market in Taipei City is closed, it shall be postponed to the next business day.

7. 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.

8. 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.

9. Conversion period:

The bondholders shall have the right to hold the convertible corporate bonds from the next day (November 24, 2023) after the expiration of the three-month period following issuance of the convertible corporate bonds to the maturity date (August 23, 2026), 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 in accordance with law, Taiwan Depository Clearing Corporation (below, 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.

10. Request conversion procedure:

- (1) 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.
- (2) 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.

11. Conversion price and its adjustment:

- (1) The base date of the conversion price of this convertible corporate bond is August 15, 2023. 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 105.1%, 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 in accordance with 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\$**16.48** per share.
- (2) After the issuance of the convertible corporate bonds, in addition to issuing different 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 depository receipts, etc.), 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 Taipei Exchange (below, 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).

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

- 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 in accordance with the previous formula. If the conversion price after the adjustment is lower than the conversion price announced before the original ex-right base date, 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.

Where the par value of shares is changed:

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

- (3) After the issuance of the convertible corporate bonds, when the Company distributes cash dividends for common shares, the Company shall adjust the conversion price 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) on ex-dividend base date, and shall request that the TPEx 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:

$$\text{Conversion price after reduction} = \text{conversion price before reduction} \times (1 - \text{ratio of distributed cash dividends for common shares in current price per share (Note)})$$

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.

- (4) 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 make a written request that TPEx announce such. 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:

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

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 pricing base date for the re-issued (or privately placed) securities with 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.

- (5) 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 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 make a written request that TPEx announce such. 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:

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:

$$\text{Conversion price after adjustment} = \left[ \text{conversion price before adjustment-cash refunded per share} \times \left( 1 - \frac{\text{The ratio of cash refund amount per share to the closing price on the last trading day prior to the issuance of new shares and the replacement thereof}}{\text{Number of common shares issued before capital reduction (Note)}} \right) \right] \times \frac{\text{Number of common shares issued after capital reduction}}{\text{Number of common shares issued before capital reduction (Note)}}$$

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.

12. 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.

13. 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.

14. 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.

15. 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.

16. 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.

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

(1) Cash dividend

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.

(2) 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.

18. 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.

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

- (1) From the next day (November 24, 2023) after the expiration of the three-month period following issuance of the convertible corporate bonds to the 40th day (July 14, 2026) 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 9) 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.
- (2) From the next day (November 24, 2023) after the expiration of the three-month period following issuance of the convertible corporate bonds to the 40th day (July 14, 2026) 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 9) 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.

- (3) 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.
- (4) 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.

#### 20. Put option of Bond Holders:

The date (August 23, 2025) at the expiration of two years after issuance of this bond will be the base date for the Bond Holder to sell back the bond early. The Company shall send one copy of the Notice of Exercise of Put Right to the Bond Holders by registered mail forty days prior to the base date of the put right (in accordance with the names specified in the Roster of Bond Holders on the fifth business day prior to the date of posting the Notice of Exercise of Put Right; for the Bond Holders that only subsequently obtain the bonds due to trading or other reasons, such names shall be subject to the announcement), and request the Taipei Exchange by letter to announce the exercise of the put right by the Bond Holders. The Bond Holders may notify the Company's stock agency (effective immediately upon delivery; subject to the postmark as proof if mailed) in writing within 40 days prior to the base date of the put right requesting the Company to redeem in cash the bonds he/she is holding based on the face value of the bond plus interest compensation [at 101.0025% of the face value of the bond at the expiration of two years (yield to **put** of 0.5%)]. When the Company accepts a sell-back request, it shall redeem the bonds in cash prior to five business days on top of the base date for put right. If the aforementioned date falls on a day when the central securities exchange market in Taipei City is closed, it shall be postponed to the next business day.

21. 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.
22. 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 Regulations Governing the Administration of Shareholder Services of Public Companies 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.
23. 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.

24. 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.
25. No physical bonds shall be printed for the issuance of convertible corporate bonds in accordance with Article 8 of the Securities and Exchange Act.
26. 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.

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

1. Bond name:

Franbo Lines Corp. (below, the "Company") has issued its sixth unsecured convertible corporate bonds in Taiwan (below, the "convertible corporate bond").

2. Issue date:

(The same below) **July 26, 2024** (below, the "issue date").

3. 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 **5,900**, and the total amount of issuance is **NT\$590 million** only; In addition, the convertible corporate bonds are put on public underwriting by competitive auction. The actual issuing price was **104.88%** of the par value, and the actual raised amount was **NT\$618,812,000**.

4. Issuance period:

The issuance period is three years, starting from **July 26, 2024 and expiring on July 26, 2027** (below, the "maturity date").

5. Bond coupon rate:

The annual coupon rate is 0%.

6. Date and method of principal repayment:

Except for the holder of this convertible corporate bond (below, the "Bond Holder") that converts such bonds into ordinary shares of the Company in accordance with Article 10 of these Guidelines, or the Company redeems such bonds early in accordance with Article 19 of these Guidelines, or except for the exercise of the put right in accordance with Article 20 of these Guidelines, or the Company's repurchase and cancellation through the securities dealer's business office, the Company shall repay at 103.0301% (the real yield of 1%) of the face value of the bond within ten business days starting from the following day upon maturity of the converted corporate bonds in one lump sum in cash. If the aforementioned date falls on a day when the central securities exchange market in Taipei City is closed, it shall be postponed to the next business day.

7. 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.

8. 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.

9. Conversion period:

The bondholders shall have the right to hold the convertible corporate bonds from the next day (**October 27, 2024**) after the expiration of the three-month period following issuance of the convertible corporate bonds to the maturity date (**July 26, 2027**), 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 in accordance with law, Taiwan Depository Clearing Corporation (below, 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.

10. Request conversion procedure:

- (1) 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.
- (2) 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.

11. Conversion price and its adjustment:

- (1) The base date of the conversion price of this convertible corporate bond is **July 8, 2024**. 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 in accordance with 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\$22.70** per share.
- (2) After the issuance of the convertible corporate bonds, in addition to issuing different 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 depository receipts, etc.), 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 Taipei Exchange (below, 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).

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

- 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 in accordance with the previous formula. If the conversion price after the adjustment is lower than the conversion price announced before the original ex-right base date, 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.

Where the par value of shares is changed:

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

- (3) After the issuance of the convertible corporate bonds, when the Company distributes cash dividends for common shares, the Company shall adjust the conversion price 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) on ex-dividend base date, and shall request that the TPEx 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:

$$\text{Conversion price after reduction} = \text{conversion price before reduction} \times (1 - \text{ratio of distributed cash dividends for common shares in current price per share (Note)})$$

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.

- (4) 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 make a written request that TPEx announce such. 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:

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

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 pricing base date for the re-issued (or privately placed) securities with 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.

- (5) 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 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 make a written request that TPEx announce such. 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:

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:

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

per share x(1- The ratio of cash refund amount per share to the closing price on the last trading day prior to the issuance of new shares and the replacement thereof) ]

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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.

12. 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.

13. 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.

14. 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.

15. 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.

16. 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.

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

(1) Cash dividend

4. 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.
5. 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.

6. 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.

(2) Stock dividends

4. 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.
5. 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.
6. 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.

18. 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.

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

- (1) From the next day (**October 27, 2024**) after the expiration of the three-month period following issuance of the convertible corporate bonds to the 40th day (**June 16, 2027**) 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 9) 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.
- (2) From the next day (**October 27, 2024**) after the expiration of the three-month period following issuance of the convertible corporate bonds to the 40th day (**June 16, 2027**)

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 9) 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.

- (3) 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.
- (4) 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.

#### 20. Put option of Bond Holders:

The date (August 23, 2025) at the expiration of two years after issuance of this bond will be the base date for the Bond Holder to sell back the bond early. The Company shall send one copy of the Notice of Exercise of Put Right to the Bond Holders by registered mail forty days prior to the base date of the put right (in accordance with the names specified in the Roster of Bond Holders on the fifth business day prior to the date of posting the Notice of Exercise of Put Right; for the Bond Holders that only subsequently obtain the bonds due to trading or other reasons, such names shall be subject to the announcement), and request the Taipei Exchange by letter to announce the exercise of the put right by the Bond Holders. The Bond Holders may notify the Company's stock agency (effective immediately upon delivery; subject to the postmark as proof if mailed) in writing within 40 days prior to the base date of the put right requesting the Company to redeem in cash the bonds he/she is holding based on the face value of the bond plus interest compensation [at 101.0025% of the face value of the bond at the expiration of two years (yield to **put** of 0.5%)]. When the Company accepts a sell-back request, it shall redeem the bonds in cash prior to five business days on top of the base date for put right. If the aforementioned date falls on a day when the central securities exchange market in Taipei City is closed, it shall be postponed to the next business day.

21. 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.
22. 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 Regulations Governing the Administration of Shareholder Services of Public Companies 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.

23. 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.
24. 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.
25. No physical bonds shall be printed for the issuance of convertible corporate bonds in accordance with Article 8 of the Securities and Exchange Act.
26. 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.

## IV. Operating Profile

### 1. Business content

#### (1) 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

Product items \ Year	2023		2024	
	Sales amount	Operating proportion (%)	Sales amount	Operating proportion (%)
Operating charter income	1,127,204	84.27	1,494,355	90.33
Financing charter income	140,137	10.47	128,441	7.76
Customer contract income	70,319	5.26	31,604	1.91
Total	1,337,660	100.00	1,654,400	100.00

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

The Company is mainly engaged in operating and contracting bulk cargo transport 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 21 ships in total owned by the Company and its reinvestment companies. Among them, 14 ships are operated on long-term time-based chartering or short-term (less than one year) time-based chartering, and 7 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 transport, 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 expects 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.

## (2) Industry overview

### 1. Current status and development of the industry:

#### (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 transport 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 transport of finished and semi-finished industrial products, and its routes are mainly regular ocean line routes; while bulk shipping is mainly for the transport 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 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 Convertible Container 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 industrial raw materials, etc.	Bulk materials such as grains, coal, ore, and industrial raw materials, etc.	Grain, steel, fertilizer, cement, wood, wood chips and paper pulp, etc.
Shipping price index	BCI	BPI	BSI	BHSI

#### (2) Overview of the industry to which the Company belongs:

In 2024, the Baltic Dry Index (BDI) fell dramatically, plunging 52.5% for the whole year, setting a new record for the worst in nearly a decade. Although the index rose slightly by 3 points to 997 points at the end of the year, this weak rebound was completely unable to reverse the decline throughout the year. The Company's fleet mainly consists of bulk carriers with a deadweight tonnage of 10,000 to 60,000 tons, namely the market handymax and handymax. The handymax ships are known for their flexibility and can transport coal, steel and grain with a deadweight of approximately 50,000 tons. However, the performance of this type of ship this year is still not as good as expected. The index (BSIS) fell from 1,358 points at the beginning of the year to 923 points at the end of the year, a year-on-year decline of 32%. Average daily income shrank from \$14,231 to \$8,310, a drop of more than 40%. Even with a certain degree of flexibility, the shrinking market demand makes it impossible for this type of ship to fully exert its competitive advantages. The index even fell by 9 points at the end of the year, setting a new low since August 2023. It can be seen that the competitive pressure on small ships is no less than that on large ships when the market is weak. However, Zhengde Shipping's business strategy is mainly based on ship leasing, locking in profits during the lease period, and short-term market fluctuations have little impact on the company's profits.

The Dry Bulk Shipping Market Overview and Outlook Report for January 2025 released by the Baltic and International Maritime Council (BIMCO) pointed out that supply-side pressure continues to increase, and the capacity of dry bulk carriers is expected to increase by 2.4% in 2025 and 2.2% in 2026. In 2025, it is estimated that 541 new ships will be put into operation in the dry bulk shipping market, with a total capacity of 38.33 million deadweight tons. Compared with 2024, the number of deliveries will increase by 51 and the capacity will increase by 4.49 million deadweight tons. This will be the year with the most deliveries since 2016 and the year with the most capacity delivered since 2021. The demand side also faces challenges. If ships gradually return to the Red Sea in 2025, demand for dry bulk shipping is expected to fall by 1% that year, and cargo demand growth is expected to slow. Although a ceasefire in the Gaza Strip may prompt ships to return to the Red Sea, there is great uncertainty about the stability of the ceasefire agreement. Even if ships do not return to the Red Sea, the market may still come under downward pressure due to other factors.

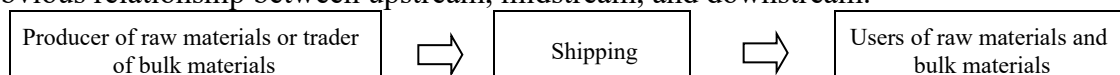
The bulk shipping market showed a trend of opening low and rising in 2025. Taking the Panamax daily rental rate as an example, the average daily rental rate in January was US\$8,049, and it has rebounded to an average of US\$9,375 in February, mainly due to the seasonal demand recovery after the Chinese New Year. The index rebound in February will also be reflected in March revenue. In addition, South American grains are about to enter the peak shipping season, which will help the bulk market to climb upward. However, the tariff policy proposed by US President Trump in early March may also increase shipping costs and reduce freight demand, affecting the price of long-term ocean shipping contracts this year. Looking ahead to the bulk

market in 2025, the Russian-Ukrainian war is expected to end, and the demand for post-war reconstruction has attracted attention. According to the World Bank's assessment, Ukraine's reconstruction and recovery needs in the next 10 years will require at least US\$486 billion, of which transportation demand accounts for 15%, which will increase the demand for raw materials such as steel, cement and wood, thereby driving the growth of dry bulk carrier transportation volume. Therefore, the future reconstruction demand of the Russian-Ukrainian war will contribute to bulk operations, but the actual demand still depends on the armistice schedule and conditions. The overall market conditions and medium- and long-term freight rates of bulk still depend on the global trade activity and the supply and demand of ship capacity; in addition, the FuelEU Maritime regulations will officially take effect in 2025, and ships that do not comply with the regulations will face fines, accelerating the market's replacement of old with new. The booming development of China's AI industry will boost electricity demand. It is expected that coal imports will continue to increase, further supporting the demand for dry bulk carrier capacity. Therefore, the shipping market is expected to start low and end high this year, and the medium- and long-term ship supply will be healthy.

Overall, geopolitical and trade pattern changes, the ceasefire in the Russia-Ukraine conflict may bring about post-war reconstruction needs, especially increased demand for small and medium-sized bulk ships, because Ukraine's port facilities are damaged and ships with their own booms are needed for transportation. In addition, changes in global trade routes have prompted shipowners to turn to medium-sized ships to adapt to new market demands and environmental regulations. In the face of future challenges and response strategies, and the challenge of imbalance between supply and demand in the ship market, industry players need to flexibly adjust their strategies, including controlling the number of new ship orders, accelerating the dismantling of old ships, and investing in environmental protection technologies to comply with new regulations. At the same time, we pay attention to geopolitical changes and shifts in trade patterns, and flexibly adjust the fleet structure to adapt to market demand.

## 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, 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 the edn of March 2025, the Group has 20 ships with a dead weight capacity of about 930,772 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.

#### (3) 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.

#### (4) 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 2020-2024, the Company increased its profits, 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.

## 2. Market as well as production and sales profile

### (1) 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 transport 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 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. The future supply and demand condition and growth of the market:

According to Will Fray, chief analyst at British consulting firm Maritime Strategies International (MSI) in January 2025, 36 million deadweight tons of new ships are expected to be delivered in 2025, a figure far exceeding the incremental trade volume required in the coming year. If trade patterns remain the same as in 2024, global demand will require around 240 million tonnes

of cargo to absorb the additional ship tonnage, while by 2025 the world will only need around 100 million tonnes of incremental cargo to be transported. This oversupply situation will undoubtedly put tremendous pressure on the earnings of the bulk carrier market. It is worth noting that the market is relatively stable in 2024, partly due to fleet inefficiencies, such as the closure of the Panama Canal and the Suez Canal, which caused ships to choose longer routes, which in turn had a "positive impact" on the market's tonnage demand in the short term. However, Fray noted that this "positive change" is unlikely to repeat itself by 2025, with the market set to return to normal. As more new ships come into service, the challenges of the future market are obvious.

Another factor in the market that cannot be ignored is the change in ship demolition volume. The ship demolition volume is estimated to double from 4 million deadweight tons this year in 2025. Although this has little direct impact on the market, it is still necessary to pay attention to the potential impact of this trend on ship supply. At the same time, new shipbuilding prices remain high, which means that although earnings in the bulk carrier market have declined, the asset value of ships will remain strong. In this market environment, the strong performance of the shipbuilding industry has also brought some uncertainty to the market. New shipbuilding contracts in 2023 fell from 44 million dwt to 41 million dwt, which is closely related to the production capacity of the shipbuilding industry. China, the world's largest shipbuilder, is resuming capacity construction and accelerating the construction of new shipyards to meet global demand for ships. This positive shipbuilding trend has undoubtedly brought new challenges and competition to the market.

As for the prospects of the bulk carrier market, 2024 is a transition period. After experiencing the "unexpected gains" brought by the closure of the Panama Canal and the Suez Canal, the bulk carrier market will gradually return to normal. However, with the substantial increase in the number of new ships in 2025, the market has entered a state of oversupply, and earnings will naturally be suppressed. The future prospects of the bulk carrier market will not only depend on changes in ship supply and trade volume, but will also be closely related to adjustments in the global political and economic situation and environmental protection policies. Increasingly stringent environmental regulations may force shipping companies to increase investment in green technologies and low-carbon shipping in the coming years to adapt to more stringent emission standards. This may also have a significant impact on global shipping companies' operating costs and market prices.

MNavigation believes that the earnings of the bulk carrier market are expected to drop significantly in 2025. This is a market signal that cannot be ignored. At this critical moment, shipping companies must accelerate transformation, improve operational efficiency, and strengthen asset management capabilities in order to stand out amid global economic uncertainty.

#### 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 transport contracts with some of them, to perform the shipping in accordance with 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 21 ships, 7 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 repair operations requested by 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 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. Risks of rising crew labor costs and reduced crew quality:

**Countermeasures:** Continuously expand cooperation relationships with crew agency companies in the Philippines, Indonesia, Vietnam and other regions to locate suitable crew members, conduct pre-employment training for crew members required under the agency contract, as well as on-the-job training and assessment by the Company, control costs and guarantee crew quality.

#### B. Risk of financing interest rates:

**Countermeasures:** The Company raised funds from the capital market to obtain ship purchase funds from 2021 to 2024, improve the financial structure, and reduce the debt ratio. In addition, we have signed with the bank for financing on the newly built ships at the most opportune time locking long-term interest rates, and thus long-term financing costs are relatively not affected by market interest rate fluctuations.

#### C. Risk of market uncertainty:

**Countermeasures:** There are still uncertainties in the economy. The Company will keep abreast of market information, maintain flexibility in adjusting the contract schedule percentage, look to the future, formulate goals and visions, keep pace with the times, be fully prepared, and focus on innovation and sustainability to face the new global changes.

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

### (3) 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 Ocean Trident International Co., Ltd., Gulf Marine Pte. 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.

### (4) 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 ; %

Item	2023				2024				Q1, 2025			
	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	Ocean Trident International Co., Ltd	19,376	39.57	None	CL Tianjing Ltd.	26,872	33.75	None	As of the date of publication, the consolidated financial statements for the first quarter of 2025 have not yet been issued.			
2	Gulf Marine Pte. Ltd.	15,222	31.09	None	Gulf Marine Pte. Ltd.	18,378	23.08	None				
3	Onomichi Dockyard	7,703	15.73	None	Ocean Trident International Co., Ltd	14,610	18.35	None				
4	LEPTA	5,676	11.59	None	Hope Young Shipping Ltd	10,712	13.45	None				
5	Total	47,977	97.99	None	Total	70,572	88.63	None				
6	Other	985	2.01	None	Other	9,057	11.37	None				
	Net purchases	48,962	100.00		Net purchases	79,629	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 ; %

Item	2023				2024				Q1, 2025			
	Name	Amount	Ratio of net sales in the whole year (%)	Relationship with the issuer	Name	Amount	Ratio of net sales in the whole year (%)	Relationship with the issuer	Name	Amount	Ratio of net sales in the whole year (%)	Relationship with the issuer
1	D.N. Company	413,818	30.94	None	D.N. Company	441,956	26.71	None	As of the date of publication, the consolidated financial statements for the first quarter of 2025 have not yet been issued.			
2	S Company	69,147	5.17	None	S Company	327,815	19.81	None				
3	Y Company	97,211	7.27	None	Y Company	222,365	13.44	None				
4	N Company	175,779	13.14	None	N Company	185,146	11.19	None				
5	C Company	126,520	9.46	None	C Company	180,809	10.93	None				
	Other	455,185	34.03	None	Other	296,309	17.91	None				
	Sale amount	1,337,660	100.00		Sale amount	1,654,400	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.

**3. 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		2023	2024	As of March 31, 2024
Number of employees	Manager	4	4	4
	Onshore staff	45	51	51
	Maritime staff	205	252	252
	Total	254	307	307
Average age		33.50	35.94	34.99
Average years of service		2	1.8	1.80
Educational distribution ratio	Doctoral degree	-	-	-
	Master	16.3%	20.0%	18.5%
	College degree	81.6%	78.2%	79.6%
	High-school degree	2.0%	1.8%	1.9%
	Below high-school degree	-	-	-

**4. Information of environmental protection expenditure**

- (1) 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.
- (2) 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.

- (3) 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

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

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

Franbo Lines invests in high-standard environmentally friendly and energy-saving ships. From 2023 to 2025, we have 6 new ships were built, each costing approximately US\$32 million. They are all ECO-DESIGN and equipped with EGR/SCR to reduce nitrogen emissions, installed ballast water management system, sanitary water treatment unit, oil-water separator and incinerator, low-resistance exterior panel paint and other energy-saving and environmental protection equipment, with the goal of reducing greenhouse gas emissions and improving energy efficiency, complying with international environmental protection regulations, and creating a green fleet.

## 5. Labor-capital relationship

- (1) List the Company's employee welfare measures, further education, training, and retirement systems and their implementation, as well as labor management agreements and 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 in accordance with 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. 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 2024 are as follows:

			Unit: NT\$
Items		Number of people	Total expenses
1	Training of new employees	8	-
2	Professional and functional training	418	216,700
3	Legal advocacy	107	-
Total		533	216,700

3. Retirement system and its implementation:

The Company has established a retirement policy based on the Labor Pension Act, which applies to employees of ROC 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 Act, Labor Pension Act, Employment Service Act, 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 rights and interests of employees.

5. Behavior or ethical code of employees:

The Company has established the Ethical Corporate Management Best Practice Principles, 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 Act 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.



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

## **6. Cyber security management:**

- (1) Describe clearly the cyber security risk management structure, cyber security policies, specific management plans, and resources invested in cyber security management, etc.:
  1. The Company's information security goals are as follows:
    - (1) Maintain uninterrupted operation of information systems and ensure their availability.
    - (2) Prohibit unauthorized access to information systems and ensure their confidentiality.
    - (3) Prohibit unauthorized editing and modification of data, and carry out multiple data backups to ensure its integrity.
    - (4) Prevent improper intentions and illegal use.
    - (5) Improve personnel's awareness of information security and protection, and avoid accidents caused by human negligence.
    - (6) Prevent intrusion and destruction by hackers and viruses.
    - (7) Enhance hardware protection and minimize environmental risk factors.

### **2. Information security policy**

The responsible unit for information security is the Information Section, which is in charge of planning, implementing, and promoting information security management matters. The manager of the management department is assigned to serve as the cyber security supervisor to be in charge of supervising the Company's cyber security matters. The Audit Office is the information security audit unit. If deficiencies are found, the information unit will be 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 formulated the management rules Electronic Operations Lifecycle.

### **3. Information security risk management**

In order to ensure the implementation of information security risk management, the Company handles and prevents risks in two aspects:

#### **(1) Protection against threats that have not occurred:**

Actively defend against attacks from internal and external sources, strengthen the prevention of data loss caused by environmental factors (power outage / equipment damage), regularly back up files to ensure the integrity of data for post-disaster reconstruction, and organize education, training, and advocacy sessions on information security from time to time to strengthen staff's daily awareness of information security.

(2) Addressing problems that have occurred:

Clarify and understand the causes of problems, solve, and formulate improvement plans, and solve and prevent future problems by replacing software and hardware or modifying internal information processes.

4. Specific information security management guidelines and resources invested in cyber security management

The Company's information security management measures are as follows:

(1) Education and training – advocacy on information security training:

Education and training for new colleagues, occasional advocacy sessions on information security awareness, issues relating to current affairs, etc., annual external professional course training for information security related personnel, and occasional social engineering drills, with the results analyzed and personnel reeducated.

(2) Permission management - management of personnel accounts, permissions, and system operations:

Personnel account permissions are divided in accordance with functional powers and responsibilities, account permissions are reviewed regularly, and account permissions are adjusted or deleted based on personnel duty changes and resignations.

(3) Access control - control of data access and transmission:

Access control mechanism and operation behavior trace records.

(4) External threats - hackers, virus attacks and protective measures:

Proactive threat monitoring and detection, regular updates of information system software and firmware, and virus and anti-spyware protection.

(5) Information system maintenance - system availability status and handling of service interruptions

System operations monitoring and abnormality handling, response to system service interruptions, regular multiple backups of data and system configuration files, regular inventory of information systems, and establishment of asset inventory to identify their value and life cycles.

(6) Physical environment operations - computer room and related management:

Control the entry and exit of the computer room, as well as power supply and temperature control, and build an uninterruptible power supply system to prevent abnormal power supply from affecting the hardware equipment.

(7) Ship information security - shipside information security control:

Build a marine firewall and anti-virus software, and continuously maintain online protection and updates. The ship's computer only allows email transmission, and we implement point-to-point encrypted communication to prevent malware, viruses, spam, and phishing.

(8) Information security policy and equipment updates:

Regularly review and inspect the information security policy, regularly evaluate and update the information security system equipment, and regularly commission external information security vendors to conduct risk assessments and vulnerability scans, and repair or revise the information security policy based on the results.

(2) 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 exists.

## 7. Important contract:

Contractual nature	Parties	Start and end dates of contract	Main content	Restrictions
Long-term borrowing contract	Subsidiary Franbo Asset Management Co., Ltd. and Kaohsiung Third Credit Co-operative	2024.01 - 2026.01	Credit granting agreement	
	Subsidiary Franbo Asset Management Co., Ltd. and Hua Nan Commercial Bank	2024.02 - 2026.02	Credit granting agreement	
	Sub-subsidiary FB Justice Real Estate Development Co., Ltd., Ltd. and Kaohsiung Third Credit Co-operative	2024.11 - 2025.11	Credit granting agreement	
	Sub-subsidiary FB Integrity Real Estate Development Co., Ltd. and Hua Nan Commercial Bank	2025.04 - 2025.10	Credit granting agreement	
	Sub-subsidiary Franbo ACE Limited. And Mega International Commercial Bank	2023.08 - 2030.08	Credit granting agreement	Financial ratio level required by the bank
	Sub-subsidiary Franbo ART Limited. And Mega International Commercial Bank	2023.11 - 2030.11	Credit granting agreement	Financial ratio level required by the bank
	Sub-subsidiary Franbo Cosmos Limited and E. Sun Bank	2023.12 - 2030.12	Credit granting agreement	Financial ratio level required by the bank
	Sub-subsidiary Franbo Century Limited and Taichung Commercial Bank	2024.04 - 2029.11	Credit granting agreement	Financial ratio level required by the bank
	Sub-subsidiary Franbo Brave Limited. And Taiwan Cooperative Bank, Ltd.	2024.06 ~ 2031.06	Credit granting agreement	Financial ratio level required by the bank
	Sub-subsidiary Franbo Bravo Limited. And EnTie Commercial Bank	2024.10 ~ 2031.10	Credit granting agreement	Financial ratio level required by the bank
	Sub-subsidiary Franbo Wealth Shipping Limited. And Mega International Commercial Bank	2025.01 ~ 2032.01	Credit granting agreement	Financial ratio level required by the bank
Bulk ship construction contract	Sub-subsidiary Franbo Charity S.A. and Jiangsu Haitong Offshore Engineering Co., Ltd.	2024.04 ~ 2025.07	Bulk ship construction contract	None
	Sub-subsidiary Franbo Monica Shipping Limited and Jiangsu Haitong Offshore Engineering Co., Ltd.	2024.04 ~ 2025.09	Bulk ship construction contract	None
	Sub-subsidiary Franbo Sino Limited and Jiangsu Haitong Offshore Engineering Co., Ltd.	2024.04 ~ 2025.11	Bulk ship construction contract	None
Chartering contract	Sub-subsidiary Franbo Shipping S.A. and WM Company	2022.07 ~ 2027.07	Ship chartering	None
	Sub-subsidiary Franbo Transportation S.A. and WM Company	2022.07 ~ 2027.07	Ship chartering	None
	Sub-subsidiary Franbo Wind S.A. and Y Company	2023.09 ~ 2029.09	Ship chartering	None
	Sub-subsidiary Franbo Ocean Limited and O Company	2022.08 ~ 2027.08	Ship chartering	None
	Sub-subsidiary FB Pioneer Limited and WM Company	2019.08 ~ 2026.04	Ship chartering	None
	Sub-subsidiary Franbo Way Limited and D.M. Company	2024.12 ~ 2029.12	Ship chartering	None

Contractual nature	Parties	Start and end dates of contract	Main content	Restrictions
	Sub-subsidiary TW Hornbill Line S.A. and D.M. Company	2025.02 ~ 2030.02	Ship chartering	None
	Subsidiary New Lucky Lines S.A. and D.N. Company	2024.03 ~ 2026.03	Ship chartering	None
	Subsidiary New Lucky Lines S.A. and D.N. Company	2024.02 ~ 2025.09	Ship chartering	None
	Subsidiary New Lucky Lines S.A. and D.N. Company	2023.10 ~ 2025.05	Ship chartering	None
	Subsidiary New Lucky Lines S.A. and D.N. Company	2024.02 ~ 2026.02	Ship chartering	None
	Subsidiary New Lucky Lines S.A. and NYK Company	2023.12 ~ 2026.12	Ship chartering	None
	Subsidiary New Lucky Lines S.A. and N.S. Company	2023.09 ~ 2031.09	Ship chartering	None
	Subsidiary New Lucky Lines S.A. and N.S. Company	2023.11 ~ 2031.11	Ship chartering	None
	Subsidiary New Lucky Lines S.A. and NYK Company	2024.06~2027.06	Ship chartering	None
	Subsidiary New Lucky Lines S.A. and NYK Company	2024.09~2027.09	Ship chartering	None
	Subsidiary New Lucky Lines S.A. and W.A. Company	2025.01~2035.01	Ship chartering	None
	Subsidiary New Lucky Lines S.A. and D.N. Company	2025.03~2027.03	Ship chartering	None
	Subsidiary FWF Shipping Limited and NSU Company	2023.03 - 2028.05	Ship chartering	None
	Subsidiary FWF Shipping Limited and C Company	2023.04 - 2030.04	Ship chartering	None
Ship management consultant contract	Sub-subsidiary Franbo Logos S.A. and Franbo Lines Corp.	2019.07 –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 –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 –The contract can be extended and terminated with the consent of both parties		
	Sub-subsidiary Franbo Legion Limited and Franbo Lines Corp.	2021.02 –The contract can be extended and terminated with the consent of both parties		
	Sub-subsidiary Franbo Bright Limited and Franbo Lines Corp.	2021.12 –The contract can be extended and terminated with the consent of both parties		
	Sub-subsidiary Franbo Legacy Limited and Franbo Lines Corp.	2022.11 –The contract can be extended and terminated with the consent of both parties		
	Sub-subsidiary Franbo ACE Limited and Franbo Lines Corp.	2023.03 –The contract can be extended and terminated with the consent of both parties		

Contractual nature	Parties	Start and end dates of contract	Main content	Restrictions
	Sub-subsidiary Franbo ART Limited and Franbo Lines Corp.	2023.04 –The contract can be extended and terminated with the consent of both parties		
	Sub-subsidiary Franbo Cosmos Limited and Franbo Lines Corp.	2023.09 –The contract can be extended and terminated with the consent of both parties		
	Sub-subsidiary Franbo Century Limited and Franbo Lines Corp.	2023.11 –The contract can be extended and terminated with the consent of both parties		
	Sub-subsidiary Franbo Brave Limited and Franbo Lines Corp.	2024.06 –The contract can be extended and terminated with the consent of both parties		
	Sub-subsidiary Franbo Bravo Limited and Franbo Lines Corp.	2024.09 –The contract can be extended and terminated with the consent of both parties		
	Sub-subsidiary Franbo Navigation Limited and Franbo Lines Corp.	2025.03 –The contract can be extended and terminated with the consent of both parties		
Ship consultant Contract	Sub-subsidiary Franbo Shipping S.A. and Franbo Lines Corp.	2018.11 –The contract can be extended and terminated with the consent of both parties	Services of ship management and consulting	None
	Sub-subsidiary Franbo Transportation S.A. and Franbo Lines Corp.	2018.11 –The contract can be extended and terminated with the consent of both parties		
	Sub-subsidiary Franbo Wind S.A. and Franbo Lines Corp.	2023.09 –The contract can be extended and terminated with the consent of both parties		
	Sub-subsidiary Franbo Ocean Limited and Franbo Lines Corp.	2019.12 –The contract can be extended and terminated with the consent of both parties		
	Sub-subsidiary FB Pioneer Limited and Franbo Lines Corp.	2019.09 –The contract can be extended and terminated with the consent of both parties		
	Sub-subsidiary Franbo Way Limited and Franbo Lines Corp.	2024.12 –The contract can be extended and terminated with the consent of both parties		
	Sub-subsidiary Franbo TW Hornbill Line S.A. and Franbo Lines Corp.	2025.02 –The contract can be extended and terminated with the consent of both parties		
	Sub-subsidiary Franbo Wealth Shipping Limited and Franbo Lines Corp.	2025.03 –The contract can be extended and terminated with the consent of both parties		

Contractual nature	Parties	Start and end dates of contract	Main content	Restrictions
Escrow contract of ship operation	Sub-subsidiary Franbo Logos S.A. and Franbo Lines Corp.	2015.09 –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 –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 –The contract can be extended and terminated with the consent of both parties		
	Sub-subsidiary Franbo Legion Limited and Franbo Lines Corp.	2021.02 –The contract can be extended and terminated with the consent of both parties		
	Sub-subsidiary Franbo Bright Limited and Franbo Lines Corp.	2021.12 –The contract can be extended and terminated with the consent of both parties		
	Sub-subsidiary Franbo ACE Limited and Franbo Lines Corp.	2023.03 –The contract can be extended and terminated with the consent of both parties		
	Sub-subsidiary Franbo ART Limited and Franbo Lines Corp.	2023.04 –The contract can be extended and terminated with the consent of both parties		
	Sub-subsidiary Franbo Cosmos Limited and Franbo Lines Corp.	2023.09 -The contract can be extended and terminated with the consent of both parties		
	Sub-subsidiary Franbo Century Limited and Franbo Lines Corp.	2023.11-The contract can be extended and terminated with the consent of both parties		
	Sub-subsidiary Franbo Brave Limited and Franbo Lines Corp.	2024.06-The contract can be extended and terminated with the consent of both parties		
	Sub-subsidiary Franbo Bravo Limited and Franbo Lines Corp.	2024.09-The contract can be extended and terminated with the consent of both parties		
	Sub-subsidiary FB Navigation Limited Century Limited and Franbo Lines Corp.	2025.03-The contract can be extended and terminated with the consent of both parties		

## V. A review and analysis of Company financial position and financial performance, and a listing of risks

### 1. Financial position

Financial Position Analysis and Comparison Table

Unit: NT\$1,000

Item \ Year	2024	2023	Difference	
			Amount	%
Current assets	1,636,953	1,532,866	104,087	6.79
Property, plant, and equipment	8,549,022	5,764,213	2,784,809	48.31
Intangible assets	2,855	513	2,342	456.53
Other assets	2,048,725	1,635,493	413,232	25.27
Total assets	12,237,555	8,933,085	3,304,470	36.99
Current liabilities	813,784	507,668	306,116	60.30
Non- current liabilities	3,382,398	2,222,637	1,159,761	52.18
Total liabilities	4,196,182	2,730,305	1,465,877	53.69
Share capital	3,110,235	2,924,827	185,408	6.34
Capital reserve	1,592,024	1,392,634	199,390	14.32
Retained earnings	2,232,634	1,796,519	436,115	24.28
Other equity	543,788	88,800	454,988	512.37
Non-controlling interests	562,692	-	562,692	100
Total equity	8,041,373	6,202,780	1,838,593	29.64
<p>1. The items of which changes in assets, liabilities, and shareholders' equity in 2024 and 2023 amount to NT\$10 million and reach 20% or more are explained as follows:</p> <p>(1) Increase in property, plant, and equipment: mainly due to the delivery of 3 ships in 2024.</p> <p>(2) Increase in other assets: mainly due to the delivery of 5 ships with prepaid equipment in 2024.</p> <p>(3) Increase in current liabilities: The main reason is that 3 new ships were mortgaged in 2024.</p> <p>(4) Increase in non-current liabilities: The main reason is that 3 new ships were mortgaged in 2024.</p> <p>(5) Increase in other equity: due to the depreciation of the New Taiwan dollar against the US dollar in 2024.</p> <p>(6) Increase in total equity: due to the addition of 6 non-controlling shareholders in 2024.</p> <p>2. Explanation of future response plans with significant impact: There are no major abnormalities in the Company's overall performance, and thus there is no need to formulate response plans.</p>				

## 2. Financial performance:

### (1) Financial performance analysis:

Unit: NT\$1,000

Item \ Year	2024	2023	Amount increased / decreased	Variation Ratio (%)
Operating revenue	1,654,400	1,337,660	316,740	23.68
Operating cost	892,410	727,426	164,984	22.68
Gross operating profit	761,990	610,234	151,756	24.87
Operating expense	85,921	97,838	(11,917)	(12.18)
Operating profit	676,069	512,396	163,673	31.94
Non-operating revenue and expense	(70,354)	6,635	(76,989)	(1160.35)
Net profit before tax	605,715	519,031	86,684	16.70
Net profit for the period	582,807	424,402	158,405	37.32
Other comprehensive income for the period	454,988	(17,607)	472,595	(2684.13)
Total comprehensive income for the period	1,037,795	406,795	631,000	155.11
<p>The items of which changes in operating income, operating net income and net profit before tax in 2024 and 2023 amount to NT\$10 million and reach 20% or more are explained as follows:</p> <p>(1) The increase in operating income was mainly due to the delivery of new vessels in 2023 which have been in operation for a full year and the delivery of three vessels in 2024.</p> <p>(2) Increase in operating costs: mainly due to the increase in the number of vessels in 2024 and the increase in vessel costs.</p> <p>(3) Increase in operating gross profit: This is mainly due to the increase in gross profit as new vessels with higher gross profit margins were put into operation in 2024.</p> <p>(4) Decrease in non-operating income and expenses: mainly due to the increase in financial costs caused by bank loans in 2024.</p> <p>(5) The increase in other comprehensive income for the current period was mainly due to the increase in exchange differences recognized in the translation of financial statements of foreign operating entities as a result of the depreciation of the New Taiwan Dollar against the U.S. Dollar in 2024.</p>				



### 3. Cash flow:

#### (1) Analysis and explanation for the cash flow changes during the most recent year (2024)

Unit: NT\$1,000

	2024	2023	Amount of change	Change percentage (%)
Operating activities	971,290	477,987	493,303	103.20
Investment activities	(3,189,317)	(2,151,134)	(1,038,183)	48.26
Financing activities	2,210,249	522,236	1,688,013	323.23
<p>Analysis of changes in increase and decrease ratios:</p> <p>(1) Operating activities: The net cash inflow from operating activities in 2024 increased compared with that in 2023, mainly due to the early recovery of financial leasing receivables in 2024.</p> <p>(2) Investing activities: The net cash outflow from investing activities in 2024 increased compared with that in 2023, mainly due to the cash outflow caused by the prepayment of equipment for 5 new ships in 2024..</p> <p>(3) Fundraising activities: The cash inflow from fundraising activities in 2024 increased compared with that in 2023, mainly due to the increase in ship mortgage loans, the issuance of the 7th domestic convertible corporate bonds and the increase in non-controlling interests.</p>				

#### (2) 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
475,521	612,189	(2,172,791)	(1,560,602)	—	3,132,757
<p>Analysis of cash flow changes in the next year:</p> <p>(1) Operating Activities: As new ships are built and existing ships are put into operation, operating activities will generate cash inflows of approximately NT\$612 million, an increase from NT\$548 million in 2024.</p> <p>(2) Investing activities: It is estimated that in the coming year, due to the Group's fleet replacement, it will need to pay for the construction of two existing vessels and four new vessels in 2025, resulting in net cash outflows from investment activities.</p> <p>(3) Financing activities: mainly due to the bank financing obtained for the final payment of two existing vessels and three new vessels, and the need to pay cash dividends of approximately NT\$156 million in 2025, and thus the net cash inflow from financing activities is estimated.</p>					

#### 4. The impact of major capital expenditures on financial business in the most recent year:

##### (1) Major capital expenditures and their application:

April 30, 2025; Unit: US\$1,000

Planned items	Completion Date	Total funds Total amount	Actual capital expenditures		Remarks
			2024	2025	
Franbo Brave Ltd.	113	31,295	31,295	-	Built a new energy-saving ship which was delivered in June 2024.
Franbo Bravo Ltd.	113	31,295	31,295	-	Built a new energy-saving ship which was delivered in September 2024.
Franbo Way Ltd.	113	23,000	23,000	-	Purchased an existing ship, which was chartered and operated from December 2024.
TW Hornbill Line S.A.	114	23,000	2,300	20,700	Purchased an existing ship, which was chartered and operated from February 2025.
Franbo Wealth Shipping Ltd.	114	31,980	12,792	19,188	Built a new energy-saving ship which was delivered in January 2025.
FB Navigation Ltd.	114	21,610	-	21,610	Purchased an existing ship, which was chartered and operated from February 2025.
Franbo Charity S.A.	114	31,980	7,995	23,985	Built a new energy-saving ship, which was chartered and operated from April 2025.
Franbo Monica Shipping Ltd.	114	31,980	4,797	7,995	Built a new energy-saving ship, expected to be delivered in June 2025
Franbo Sino Ltd.	114	31,980	4,797	3,198	Built a new energy-saving ship, expected to be delivered in August 2025

##### (2) 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 transport services.

#### 5. 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:

##### (1) 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.

(2) Main reasons for profit or loss from reinvestment in recent year, improvement plan and investment plan for the next year:

December 31, 2024; Unit: NT\$1,000

Description Items	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.	3,849,661	Investment holdings and notes 1	350,110	
Uni-Morality Lines Ltd.	37,700	Investment holdings	(61)	
Franbo Asset Management Co., Ltd.	620,000	Investment in real estate property trading and development	(5,240)	Some of the construction lands are under development
BCTS Capital Inc.	24,879	Investment holdings	53,438	
FWF Shipping Limited	62,452	Investment holdings and note 1	211,273	
Franbo Shipping S.A.	196,740	Note 1	12,707	
Franbo Logos S.A.	311,505	Note 1	17,128	
Franbo Logic S.A.	311,505	Note 1	17,084	
Franbo Lohas S.A.	104,928	Note 1	18,850	
Franbo Sagacity S.A.	65,580	Ship management consulting services and note 1	15,232	The ship has been disposed in January 2025.
Prevalent Creation Corp.	6,558	Ship management consulting services	2	
Franbo Ocean Limited	163,950	Note 1	58,814	
Franbo Legion Limited	278,715	Note 1	12,525	
FB Pioneer Limited	36,069	Note 1	10,291	
Franbo Legacy Limited	131,160	Note 1	12,162	The ship has been disposed in February 2025.
Franbo Ace Limited	393,480	Note 1	(24,337)	Note 2
Franbo Bright Limited	229,530	Note 1	9,266	
Franbo Cosmos Limited	541,035	Note 1	(28,356)	Note 2
Franbo Art Limited	393,480	Note 1	(26,958)	Note 2
Franbo Century Limited	459,060	Note 1	(8,257)	Note 2
Franbo Brave Limited	426,270	Note 1	(19,314)	Operation and leasing starts in June 2024
Franbo Bravo Limited	734,496	Note 1	(7,874)	Operation and leasing starts in September 2024
Franbo Wealth Shipping Ltd.	303,668	Note 1	(335)	Operation and leasing starts in January 2025
Franbo Charity S.A.	190,854	Note 1	(32)	Not yet constructed
Franbo Monica Shipping Ltd.	110,565	Note 1	(30)	Not yet constructed
Franbo Sino Limited	117,451	Note 1	9	Not yet constructed
TW Hornbill Line S.A.	53,710	Note 1	4,473	Operation and leasing starts in February 2025
Franbo Way Limited	541,691	Note 1	(3,158)	Operation and leasing starts in January 2024
FB Navigation Limited	-	Note 1	49,796	Operation and leasing starts in March 2025
Franbo Wind S.A.	196,740	Note 1	24,180	
Franbo Transportation S.A.	208,923	Note 1	11,294	
FB Propriety Real Estate Development Co., Ltd.	230,000	Investment in real estate property trading and development	326	Not yet developed.
FB Justice Real Estate Development Co., Ltd.	130,000	Investment in real estate property trading and development	(1,597)	Not yet developed.
FB Integrity Real Estate Development Co., Ltd.	70,000	Investment in real estate property trading and development	(1,020)	Not yet developed.
Franbo Courage S.A.	-	Note 1	2,078	The ship has been disposed in 2024.
BCI Loyalty INC.	11,568	Note 1	1,472	

Note 1: The shipping industry and ocean freight forwarding industry of domestic and foreign ships.

Note 2: Re-negotiate the charter contract with the charterer and strive for a rent increase.

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 **2024 was NT\$609,520,000**. 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.

**6. 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:**

(1) 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. Due to the characteristics of the industry, the Company needs to invest huge amounts of money to expand its operating fleet. Therefore, the existing debt is mainly to cover the ship price. The Company began investing in the construction industry in 2022. The construction industry is also a highly capital-intensive industry. Most of the land acquired is mortgaged to banks for financing to build houses. The Company's interest expenses in 2024 and 2023 was NT\$161,809,000 and NT\$96,026,000 respectively, accounting for 9.77% and 7.18% 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 in accordance with 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 Company's consolidated exchange loss in 2024 is NT\$21,536,000, and the exchange loss in 2023 is NT\$5,565,000, accounting for 1.30% and 0.42% of net operating income respectively, and thus exchange rate changes will not have a significant impact on the Group's profits and losses.

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.

(2) 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 the 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.

(3) Future R&D plan and estimated investment cost:

The Company's business mainly focuses on managing ships and providing freight transport services, and has not been involved in ship construction, so it is not applicable.

(4) 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 incorporated in Marshall Islands, HK Uni-Morality incorporated in Hong Kong, etc., and financial services are the main economic activities. Panama and Marshall Islands are 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 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.

- (5) 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 transport 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 in accordance with needs.

- (6) 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 **2024 showed that the assessment results fell to 21% - 35%**, 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.

(7) 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.

(8) 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.

(9) 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 in accordance with 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: **D.N. Company (26.71%), S Company (19.81%), Y Company(13.44%), N Company (11.19%) and C Company (10.93%)**, 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.

(10) 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.

(11) 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.

(12) 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.

(13) 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 different 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.

**7. Other Important Matters: None.**



## VI. Special items to be included

### 1. Information related to Company's affiliates

#### (1) Overview of affiliates:

Please refer to the Public Information Observatory > Single company > Electronic file download > Three documents and forms for related enterprises

[https://mopsov.twse.com.tw/mops/web/t57sb01\\_q10](https://mopsov.twse.com.tw/mops/web/t57sb01_q10)

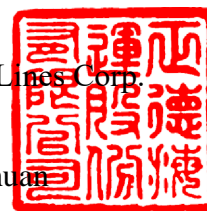
#### (2) Declaration of the consolidated financial report of affiliated enterprises:

The companies that shall be brought by the Company in the year 2024 (from January 1, 2024 to December 31, 2024) to draw up consolidated financial statements of affiliated enterprises in accordance with the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises 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 affiliated enterprises has already been disclosed in the previous consolidated financial reports of the parent and subsidiary companies, so no separate consolidated financial statements of affiliated enterprises will be drawn up.

It is hereby certified

Company name: Franbo Linos Corp.

Chairman: Tsai, Pang-Chuan



March 11, 2025

#### (3) Relationship report: not applicable.

### 2. Handling of Privately Placed Negotiable Securities in the most recent year and as of the date of publication of the annual report: None.

### 3. Other necessary supplementary explanations: None.

## VII. 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**

