



T.S. Lines Limited

德翔海運有限公司

(Incorporated in Hong Kong with limited liability)

Stock Code : 2510

GLOBAL OFFERING

Joint Sponsors, Overall Coordinators, Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

J.P.Morgan

CMS  **招商證券國際**



IMPORTANT

If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice.



T.S. Lines Limited 德翔海運有限公司

(Incorporated in Hong Kong with limited liability)

GLOBAL OFFERING

- Number of Offer Shares under the Global Offering** : 250,940,000 Shares (subject to the Offer Size Adjustment Option and the Over-allotment Option)
- Number of Hong Kong Offer Shares** : 25,094,000 Shares (subject to reallocation and the Offer Size Adjustment Option)
- Number of International Offer Shares** : 225,846,000 Shares (subject to reallocation, the Offer Size Adjustment Option and the Over-allotment Option)
- Maximum Offer Price** : HK\$4.50 per Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015% (payable in full on application in Hong Kong dollars and subject to refund)
- Stock Code** : 2510

*Joint Sponsors, Overall Coordinators, Joint Global Coordinators,
Joint Bookrunners and Joint Lead Managers*

J.P.Morgan

CMS 招商證券國際

Other Joint Bookrunners and Joint Lead Managers

富途證券

元大證券(香港)
Yuanta Securities (Hong Kong)

利弗莫尔证券
LIVERMORE HOLDINGS LIMITED

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in "Documents Delivered to the Registrar of Companies and Documents on Display — A. Documents delivered to the Registrar of Companies" in Appendix V to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by section 38D of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any other document referred to above.

The Offer Price is expected to be fixed by agreement between the Overall Coordinators (for themselves and on behalf of the Underwriters) and our Company on the Price Determination Date, which is expected to be on or before Wednesday, October 30, 2024 (Hong Kong time) and, in any event, not later than 12:00 noon on Wednesday, October 30, 2024 (Hong Kong time). The Offer Price will be not more than HK\$4.50 per Offer Share and is currently expected to be not less than HK\$3.50 per Offer Share. If, for any reason, the final Offer Price is not agreed by 12:00 noon on Wednesday, October 30, 2024 (Hong Kong time) between our Company and the Overall Coordinators (for themselves and on behalf of the Underwriters), the Global Offering will not proceed and will lapse.

Applicants for Hong Kong Offer Shares are required to pay, on application, the maximum Offer Price of HK\$4.50 for each Hong Kong Offer Share together with brokerage of 1.0%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015%, subject to refund if the Offer Price as finally determined is less than HK\$4.50 per Offer Share.

The Overall Coordinators (for themselves and on behalf of the Underwriters), and with our consent, may reduce the number of Offer Shares and/or the indicative Offer Price range that is stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, a notice of the reduction in the number of Offer Shares and/or the indicative Offer Price range will be published on the Stock Exchange's website at www.hkexnews.hk and our Company's website at www.tslines.com not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. Further details are set forth in "Structure of the Global Offering — Conditions of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this prospectus.

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement to subscribe for, and to procure applicants for the subscription for, the Hong Kong Offer Shares are subject to termination by the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) if certain grounds arise prior to 8:00 a.m. on the day that trading in the Shares commences on the Stock Exchange. Such grounds are set out in the section headed "Underwriting — Underwriting Arrangements and expenses — Hong Kong Public Offering — Grounds for termination" in this prospectus.

Prior to making an investment decision, prospective investors should consider all the information set forth in this prospectus, including but not limited to the risk factors set forth in "Risk Factors" in this prospectus.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States and may not be offered, sold, pledged or transferred within the United States, except pursuant to an available exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any applicable state securities laws of the United States. The Offer Shares are being offered and sold (1) solely to QIBs pursuant to Rule 144A or another available exemption from registration under the U.S. Securities Act and (2) outside the United States in offshore transactions in reliance on Regulation S.

ATTENTION

We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide printed copies of this prospectus to the public in relation to the Hong Kong Public Offering.

This prospectus is available at the websites of the Stock Exchange (www.hkexnews.hk) and our Company (www.tslines.com). If you require a printed copy of this prospectus, you may download and print from the website addresses above.

October 24, 2024

IMPORTANT

IMPORTANT NOTICE TO INVESTORS FULLY ELECTRONIC APPLICATION PROCESS

We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide printed copies of this prospectus to the public in relation to the Hong Kong Public Offering.

This prospectus is available at the website of the Stock Exchange at www.hkexnews.hk under the “*HKEXnews > New Listings > New Listing Information*” section, and our website at <http://www.tslines.com>. If you require a printed copy of this prospectus, you may download and print from the website addresses above.

To apply for the Hong Kong Offer Shares, you may use one of the following application channels:

Application Channel	Platform	Target Investors	Application Time
White Form eIPO service	at www.eipo.com.hk	Applicants who would like to receive a physical Share certificate. Hong Kong Offer Shares successfully applied for will be allotted and issued in your own name.	From 9:00 am on Thursday, October 24, 2024 to 11:30 am on Tuesday, October 29, 2024, Hong Kong time. The latest time for completing full payment of application monies will be 12:00 noon on Tuesday, October 29, 2024, Hong Kong time.
HKSCC EIPO channel	Your broker or custodian who is a HKSCC Participant will submit electronic application instruction(s) on your behalf through HKSCC’s FINI system in accordance with your instruction	Applicants who would <u>not</u> like to receive a physical Share certificate. Hong Kong Offer Shares successfully applied for will be allotted and issued in the name of HKSCC Nominees, deposited directly into CCASS and credited to your designated HKSCC Participant’s stock account.	Contact your broker or custodian for the earliest and latest time for giving such instructions, as this may vary by broker or custodian.

IMPORTANT

We will not provide any physical channels to accept any application for the Hong Kong Offer Shares by the public. The contents of the electronic version of this document are identical to the printed prospectus as registered with the Registrar of Companies in Hong Kong pursuant to Section 38D of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

If you are an **intermediary, broker or agent**, please remind your customers, clients or principals, as applicable, that this document is available online at the website addresses above.

Please refer to the section headed “How to Apply for Hong Kong Offer Shares” in this document for further details of the procedures through which you can apply for the Hong Kong Offer Shares electronically.

IMPORTANT

Your application through the **White Form eIPO** service or the **HKSCC EIPO** channel must be for a minimum of 1,000 Hong Kong Offer Shares and in one of the numbers set out in the table.

If you are applying through the **White Form eIPO** service, you may refer to the table below for the amount payable for the number of Shares you have selected. You must pay the respective amount payable on application in full upon application for Hong Kong Offer Shares.

If you are applying through the **HKSCC EIPO** channel, you are required to pre-fund your application based on the amount specified by your broker or custodian, as determined based on the applicable laws and regulations in Hong Kong.

T.S. Lines Limited (HK\$4.50 per Hong Kong Offer Share)

NUMBER OF HONG KONG OFFER SHARES THAT MAY BE APPLIED FOR AND PAYMENTS

No. of Hong Kong Offer Shares applied for	Amount payable on application HK\$	No. of Hong Kong Offer Shares applied for	Amount payable on application HK\$	No. of Hong Kong Offer Shares applied for	Amount payable on application HK\$	No. of Hong Kong Offer Shares applied for	Amount payable on application HK\$
1,000	4,545.38	25,000	113,634.57	200,000	909,076.50	2,000,000	9,090,765.00
2,000	9,090.76	30,000	136,361.48	250,000	1,136,345.63	3,000,000	13,636,147.50
3,000	13,636.14	35,000	159,088.39	300,000	1,363,614.76	4,000,000	18,181,530.00
4,000	18,181.54	40,000	181,815.30	350,000	1,590,883.88	5,000,000	22,726,912.50
5,000	22,726.91	45,000	204,542.21	400,000	1,818,153.00	6,000,000	27,272,295.00
6,000	27,272.30	50,000	227,269.13	450,000	2,045,422.13	7,000,000	31,817,677.50
7,000	31,817.68	60,000	272,722.96	500,000	2,272,691.26	8,000,000	36,363,060.00
8,000	36,363.05	70,000	318,176.78	600,000	2,727,229.50	9,000,000	40,908,442.50
9,000	40,908.44	80,000	363,630.60	700,000	3,181,767.76	10,000,000	45,453,825.00
10,000	45,453.83	90,000	409,084.43	800,000	3,636,306.00	11,000,000	49,999,207.50
15,000	68,180.73	100,000	454,538.26	900,000	4,090,844.26	12,547,000 ⁽¹⁾	57,030,914.22
20,000	90,907.66	150,000	681,807.38	1,000,000	4,545,382.50		

- (1) Maximum number of Hong Kong Offer Shares you may apply for.
- (2) The amount payable is inclusive of brokerage, SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy. If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules) and the SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC; and in the case of the AFRC transaction levy, collected by the Stock Exchange on behalf of the AFRC).

No application for any other number of the Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

EXPECTED TIMETABLE⁽¹⁾

If there is any change in the following expected timetable of the Hong Kong Public Offering, we will issue an announcement in Hong Kong to be published on our Company's website at www.tslines.com and the website of the Stock Exchange at www.hkexnews.hk.

Hong Kong Public Offering commences9:00 a.m. on
Thursday, October 24, 2024

Latest time to complete electronic applications under
White Form eIPO service through the designated
website at www.eipo.com.hk⁽²⁾11:30 a.m. on
Tuesday, October 29, 2024

Application lists open⁽³⁾11:45 a.m. on
Tuesday, October 29, 2024

Latest time to (a) lodge completing payment of
White Form eIPO applications by effecting internet
banking transfers(s) or PPS payment transfer(s) and
(b) giving **electronic application instructions** to HKSCC⁽⁴⁾12:00 noon on
Tuesday, October 29, 2024

If you are instructing your **broker** or **custodian** who is a HKSCC Participant to submit **electronic application instructions** via HKSCC's FINI system to apply for the Hong Kong Offer Shares on your behalf, you are advised to contact your **broker** or **custodian** for the latest time for giving such instructions which may be different from the latest time as stated above.

Application lists close⁽⁴⁾12:00 noon on
Tuesday, October 29, 2024

Expected Price Determination Date⁽⁵⁾Wednesday, October 30, 2024

Announcement of the Offer Price, the level of indications
of interest in the International Offering, the level of
applications in the Hong Kong Public Offering and the
basis of allocation of the Hong Kong Public Offering to
be published and on the website of the Stock Exchange
at www.hkexnews.hk and our Company's website at
www.tslines.com⁽⁶⁾ on or beforeThursday, October 31, 2024

EXPECTED TIMETABLE⁽¹⁾

The results of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers, where appropriate) to be available through a variety of channels, including:

- in the announcement to be posted on our website and the website of the Stock Exchange at www.tslines.com and www.hkexnews.hk respectivelyno later than 11:00 p.m. on Thursday, October 31, 2024

- from the designated results of allocations website at www.iporeresults.com.hk (alternatively: www.eipo.com.hk/eIPOAllotment) with a "search by ID" function from11:00 p.m. on Thursday, October 31, 2024 to 12:00 midnight on Wednesday, November 6, 2024

- from the allocation results telephone enquiry by calling +852 2862 8555 between 9:00 a.m. and 6:00 p.m. on Friday, November 1, 2024, Monday, November 4, 2024, Tuesday, November 5, 2024 and Wednesday, November 6, 2024

Share certificates in respect of wholly or partially successful applications to be dispatched or deposited into CCASS on or before⁽⁷⁾⁽⁹⁾Thursday, October 31, 2024

White Form e-Refund payment instructions/refund cheques in respect of wholly or partially successful applications if the final Offer Price is less than the maximum Offer Price per Offer Share initially paid on application (if applicable) or wholly or partially unsuccessful applications to be dispatched/collected on or before⁽⁸⁾⁽⁹⁾Friday, November 1, 2024

Dealings in the Shares on the Stock Exchange expected to commence at⁽¹⁰⁾9:00 a.m. on Friday, November 1, 2024

EXPECTED TIMETABLE⁽¹⁾

The application for the Hong Kong Offer Shares will commence on Thursday, October 24, 2024 through Tuesday, October 29, 2024. Investors should be aware that the dealings in Shares on the Stock Exchange are expected to commence on Friday, November 1, 2024.

Notes:

- (1) Unless otherwise stated, all times and dates refer to Hong Kong local times and dates.
- (2) You will not be permitted to submit your application under the **White Form eIPO** service through the designated website at www.eipo.com.hk after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.
- (3) If there is/are a “black” rainstorm warning or a tropical cyclone warning signal number 8 or above and/or an announcement of Extreme Conditions in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Tuesday, October 29, 2024, the application lists will not open and will close on that day. See “How to Apply for Hong Kong Offer Shares — E. Severe weather arrangements” for further details.
- (4) Applicants who apply for Hong Kong Offer Shares by instructing your broker or custodian to apply on your behalf via **HKSCC EIPO** channel should refer to the section headed “How to Apply for Hong Kong Offer Shares — A. Application for Hong Kong Offer Shares — 2. Application Channels” in this prospectus.
- (5) The Price Determination Date is expected to be on or before Wednesday, October 30, 2024, and in any event, not later than 12:00 noon on Wednesday, October 30, 2024. If, for any reason, the Offer Price is not agreed between the Overall Coordinators (for themselves and on behalf of the Underwriters) and us by 12:00 noon on Wednesday, October 30, 2024, the Global Offering will not proceed and will lapse.
- (6) None of the websites or any of the information contained on the websites forms part of this prospectus.
- (7) Share certificates will only become valid evidence of title at 8:00 a.m. on the Listing Date provided that the Global Offering has become unconditional and the right of termination described in “Underwriting — Underwriting arrangements and expenses — Hong Kong Public Offering — Grounds for termination” has not been exercised. Investors who trade Shares on the basis of publicly available allocation details prior to the receipt of Share certificates or prior to the Share certificates becoming valid evidence of title do so entirely at their own risk.
- (8) **White Form** e-Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful applications pursuant to the Hong Kong Offering and in respect of wholly or partially successful applicants in the event that the final Offer Price is less than the price payable per Offer Share on application.
- (9) Applicants being individuals who are eligible for personal collection may not authorize any other person to collect on their behalf. Individuals must produce evidence of identity acceptable to our Hong Kong Share Registrar at the time of collection.

Applicants who have applied through the **White Form eIPO** service and paid their applications monies through single bank accounts may have refund monies (if any) dispatched to the bank account in the form of **White Form** e-Refund payment instructions. Applicants who have applied through the **White Form eIPO** service and paid their application monies through multiple bank accounts may have refund monies (if any) dispatched to the address as specified in their application instructions in the form of refund cheques by ordinary post at their own risk.

Any uncollected Share certificates and/or refund cheques will be dispatched by ordinary post, at the applicants’ risk, to the addresses specified in the relevant applications.

EXPECTED TIMETABLE⁽¹⁾

- (10) If there is a “black” rainstorm warning signal, a tropical cyclone warning signal number 8 or above and/or Extreme Conditions in force in Hong Kong from Thursday, October 24, 2024 to Friday, November 1, 2024, then the day of (i) announcement of the results of allocations under the Hong Kong Public Offering; (ii) dispatch of Share certificates/**White Form** e-Refund payment instructions/refund checks; and (iii) dealings in the Shares on the Stock Exchange may be postponed and an announcement may be made in such event.

The above expected timetable is a summary only. See “Structure of the Global Offering” and “How to Apply for Hong Kong Offer Shares” in this prospectus, respectively, for further details of the structure of the Global Offering, including its conditions, and the procedures for applications for Hong Kong Offer Shares.

If the Global Offering does not become unconditional or is terminated in accordance with its terms, the Global Offering will not proceed. In such case, our Company will make an announcement as soon as practicable thereafter.

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IMPORTANT NOTICE TO INVESTORS

This prospectus is issued by us solely in connection with the Hong Kong Public Offering and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Hong Kong Offer Shares offered by this prospectus pursuant to the Hong Kong Public Offering. This prospectus may not be used for the purpose of, and does not constitute, an offer or a solicitation of an offer to subscribe for or buy, any security in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong. The distribution of this prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

You should rely only on the information contained in this prospectus to make your investment decision. We have not authorized anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorized by us, the Joint Sponsors, the Joint Global Coordinators, the Overall Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Capital Market Intermediaries, the Underwriters, any of our or their respective directors, officers or representatives, or any other person or party involved in the Global Offering.

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SUMMARY

This summary aims to give you an overview of the information contained in this prospectus. As this is a summary, it does not contain all the information that may be important to you. You should read the entire prospectus before you decide to invest in the Offer Shares. There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed “Risk Factors” in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

We are an Asia Pacific Region focused container shipping company. We ranked the 21st in terms of fleet size among the container shipping companies globally with a market share of 0.3% as of January 1, 2024 and ranked the sixth in terms of fleet size among the Asia Pacific Region focused container shipping companies with a market share of 2.3% in December 2023.

As of April 30, 2024, our container shipping network covered a total of 21 countries and regions and 56 major ports globally. In the Asia Pacific Region, we operated services covering 16 countries and regions as of April 30, 2024. Within the Asia Pacific Region, we have a strong focus on and provide frequent services originating from the Greater Bay Area in China, where we have had a presence for two decades.

We operate our shipping network independently by ourselves and also through arrangements with other carriers including joint services, slot exchange and slot chartering. “Joint service” is an arrangement pursuant to which a group of shipping companies each designates a specific number of vessels to jointly provide shipping services for specific trade lanes for a period of time. “Slot exchange” is an arrangement under which one container shipping company may exchange slots from another container shipping company. “Slot chartering” is an arrangement under which one container shipping company contracts to use and pay for a certain amount of space on a vessel of another carrier for a particular period of time. Through joint services, we and other carriers each designate a specific number of vessels to jointly provide shipping services for specific trade lanes; while through slot chartering and slot exchange, we may use and pay for a certain amount of space or exchange slots on a vessel of another carrier.

Moreover, we have a flexible operating model that enables us to adapt to changing market demands. As of April 30, 2024, we operated nine independent services, 22 joint services, 15 services through slot exchange arrangements and two services through slot chartering arrangements.

For the years ended December 31, 2021, 2022 and 2023 and the four months ended April 30, 2023 and 2024, we generated revenue of US\$1,837.4 million, US\$2,443.5 million, US\$874.6 million, US\$318.2 million and US\$318.0 million with gross profit margin of 50.7%, 44.7%, negative 3.9%, negative 0.7% and 2.2%, respectively.

SUMMARY

Our strong financial performance for 2021 and 2022 mainly benefited from the market freight rate which increased from mid-2020 and peaked in September 2021 but has begun and continued to fall. The World Container Index reached its lowest point at US\$1,341.60 per FEU at the end of October 2023 before its recovery. The fluctuation of the market freight rate since 2020 was mainly due to port congestions and container equipment shortage. Our revenue decreased by 64.2% from US\$2,443.5 million for the year ended December 31, 2022 to US\$874.6 million for the year ended December 31, 2023 primarily due to the decrease in our freight rates and partially due to the slightly decreased shipping volume. Our revenue was US\$318.2 million and US\$318.0 million for the four months ended April 30, 2023 and 2024, respectively. Historically, the freight rate fluctuation was due to the volatile and cyclical nature of the container shipping industry. For more details on the risks we face in relation to market volatility and economic downturn, see “Risk Factors – Risks relating to our business and industry – The volatile and cyclical nature of the global container shipping industry could have a material and adverse effect on our business and results of operations.”

Gross loss for 2023 and gross profit for the four months ended April 30, 2024

We recorded a gross loss of US\$33.8 million for the year ended December 31, 2023, with a negative gross profit margin of 3.9%, primarily attributable to the decreases in (i) our average freight rates that declined at a pace faster than the decreases in our cost of sales and (ii) our shipping volume mainly as a result of our shipping capacity management.

Despite the shipping capacity management including returning 12 chartered-in vessels when their charters expired and disposing of 10 owned vessels, our cost of sales decreased at a slower rate than that of our revenue in 2023. It was mainly because the average cost of key components of cost of sales such as container handling expenses, bunker costs, and container rental and yard expenses, which by their natures were not charged based on or referring to market freight rate, did not fluctuate in line with the movement of our freight rate, and the resulting decrease in revenue did not lead to the same level of decrease in our cost of sales in 2023. In addition, the long-term chartered-in vessels which we could not return before their leases expired as well as the deliveries of new vessels continued to generate depreciation expenses in 2023 even when our average freight rate has decreased significantly from US\$1,476 in 2022 to US\$547 in 2023.

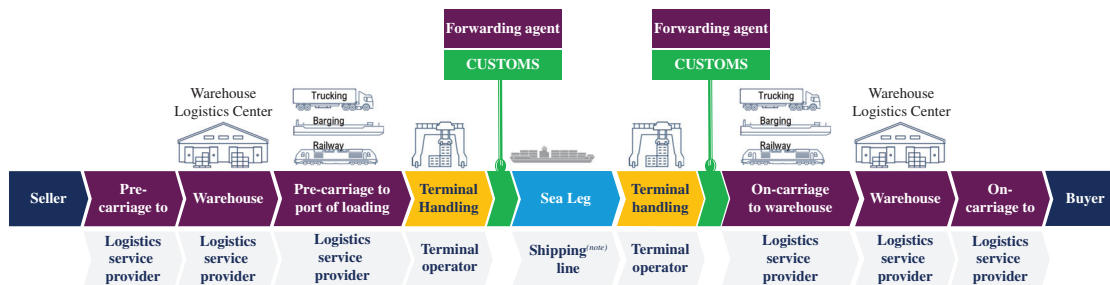
Partly due to our shipping capacity management since 2023, we turned into gross profit of US\$7.0 million for the four months ended April 30, 2024. See “Financial Information — Results of operations — Year ended December 31, 2023 compared to year ended December 31, 2022 — Gross loss and negative gross profit margin” for further details.

SUMMARY

OUR BUSINESS MODEL

The transportation of containerized cargos starts with the need to ship cargos from consignors. The containerized cargos are sent from origins to ports by various modes, including rail, truck or barge. The containerized cargos are then conveyed to their destination ports under different shipping networks by container vessels that load them at the origin ports. Upon discharge at the destination ports, the containerized cargos are transported to their final inland destinations by various modes. Container shipping is a vital element of global trade, according to Drewry, as it provides one of the most cost-effective means of moving large volumes of goods.

Typical container supply chain logistics, as illustrated below, consists of participants including container shipping lines, port and terminal operators as well as logistics service providers such as trucking companies, railways, barge operators, and warehousing companies.



Note: We are a container shipping line engaged in the provision of container shipping services.

We are engaged in the provision of container shipping services with our fleet of vessels consisting of both owned vessels and chartered-in vessels. We operate our shipping network independently by ourselves and also through arrangements with other carriers including joint services, slot exchange and slot chartering.

We mainly contract with freight forwarders acting on behalf of BCO customers, namely, consignors, and to a lesser extent, we directly contract with BCO customers, to transport containerized cargos pursuant to their instructions. Our container shipping services primarily include transporting containers from origin ports to destination ports within our shipping network.

Our operating model

We operate scheduled shipping services through designated ports in rotation, which we refer to as a liner service model. We have developed a flexible shipping capacity allocation mechanism that allows us to quickly adjust our regular liner services in response to changes in market demand, freight rates and operating conditions. We achieve this by adjusting the ports we call at in our services or by reallocating shipping capacity among our service network. This mechanism has enabled us to enhance utilization and maximize profitability, by quickly reallocating shipping capacity.

SUMMARY

Our fleet

Our owned vessels had an average age per vessel of approximately 3.5 years as of April 30, 2024. The deployment of newer vessels plays a vital role in reducing our unit operating costs, thereby enhancing our competitive edge in the market.

We manage our shipping capacity in accordance with prevailing market conditions. We can manage our additional shipping capacity through several ways such as selling owned vessels, returning chartered-in vessels when the charters expire or chartering out owned vessels or chartered-in vessels. As of April 30, 2024, we had a total of 46 vessels (with the exclusion of any vessels which were chartered out by us), consisting of 36 owned vessels and 10 chartered-in vessels, with a total capacity of 111,011 TEU. The majority of our fleet consists of small sized vessels each with capacity of less than 2,000 TEU, which are able to access most ports in the Asia Pacific Region and are therefore more versatile in deployment than larger vessels.

As of the Latest Practicable Date, we had ordered three 7,000 TEU vessels, one of which is expected to be delivered by the end of 2024 and the remaining two of which are expected to be delivered in 2026 and 2027, respectively. In addition, as of the same date, we had ordered two 4,300 TEU and three 14,000 TEU vessels, which are expected to be delivered in 2027. The vessels we have ordered are expected to be flexible in deployment across multiple trade lanes.

The following table sets forth the number and capacity of our owned and chartered-in vessels (including long-term (more than one year) and short-term (equal to or less than one year) charters), with the exclusion of any vessels which were chartered out by us, as of the dates indicated:

	As of December 31,									As of April 30,		
	2021			2022			2023			2024		
	<i>Number of vessels</i>	<i>Capacity TEU</i>	<i>% of total capacity</i>	<i>Number of vessels</i>	<i>Capacity TEU</i>	<i>% of total capacity</i>	<i>Number of vessels</i>	<i>Capacity TEU</i>	<i>% of total capacity</i>	<i>Number of vessels</i>	<i>Capacity TEU</i>	<i>% of total capacity</i>
Owned vessels	25	63,503	64.8	31	75,720	68.9	32	68,897	76.7	36	87,217	78.6
Chartered-in vessels	25	34,442	35.2	19	34,227	31.1	11	20,921	23.3	10	23,794	21.4
- long-term	11	17,622	18.0	14	29,016	26.4	3	8,879	9.9	2	7,171	6.5
- short-term	14	16,820	17.2	5	5,211	4.7	8	12,042	13.4	8	16,623	14.9
Total	50	97,945	100.0	50	109,947	100.0	43	89,818	100.0	46	111,011	100.0

SUMMARY

Our markets

During the Track Record Period, our container shipping network mainly consisted of the Asia Pacific Region, the Transpacific market and the Asia – Europe market. The Asia Pacific Region can be further divided into six sub-markets: the Greater China – North Asia, the Greater China – Southeast Asia, the Greater China, the North Asia and Southeast Asia, the Asia – Oceania and the Asia – Indian Subcontinent markets. The following table sets forth our revenue generated from container shipping services and the corresponding percentages by market for the periods indicated:

	For the year ended December 31,						For the four months ended April 30,			
	2021		2022		2023		2023		2024	
	US\$'000	%	US\$'000	%	US\$'000	%	US\$'000	%	US\$'000	%
<i>Asia Pacific Region</i>	1,667,925	97.2	1,893,256	82.3	772,716	96.4	268,780	96.0	267,728	90.5
Greater China – North Asia	362,716	21.1	363,562	15.8	194,139	24.2	75,580	27.0	54,123	18.3
Greater China – Southeast Asia	592,486	34.5	476,007	20.7	247,909	30.9	78,295	28.0	88,556	29.9
Greater China	98,065	5.7	91,466	4.0	61,368	7.7	20,025	7.2	19,848	6.7
North Asia and Southeast Asia	93,164	5.4	73,022	3.2	54,422	6.8	19,427	6.9	17,213	5.8
Asia – Oceania	478,141	27.9	628,639	27.3	99,364	12.4	42,923	15.3	45,461	15.4
Asia – Indian Subcontinent	43,353	2.6	260,560	11.3	115,514	14.4	32,530	11.6	42,527	14.4
<i>Transpacific⁽¹⁾</i>	48,464	2.8	354,411	15.4	–	–	–	–	–	–
<i>Asia – Europe⁽¹⁾</i>	–	–	43,336	1.9	16	0.0	16	0.0	–	–
<i>Others⁽²⁾</i>	–	–	10,575	0.4	28,995	3.6	11,069	4.0	28,266	9.5
Total	1,716,389	100.0	2,301,578	100.0	801,727	100.0	279,865	100.0	295,994	100.0

Notes:

- (1) To address the market condition that has affected long-haul services in the Transpacific and the Asia – Europe markets where deployment of smaller vessels became less profitable or even loss-making in light of the continued decline of freight rates, we decided to suspend our services in the Transpacific and Asia – Europe markets in December 2022, and all services in the Transpacific and Asia – Europe markets had been suspended in February and in March 2023, respectively. See “Business – Our container shipping business – Our markets – Transpacific” and “Business – Our container shipping business – Our markets – Asia – Europe” in this prospectus for more details.
- (2) Others mainly included the trade lane connecting North Asia, Greater China, Malaysia and the Middle East (Jebel Ali, Dammam and Sohar), the trade lane connecting Greater China and East Africa (Mombasa and Dar es Salaam), and the trade lane connecting India (Nhava Sheva and Mundra), Middle East (Jebel Ali and Khalifa) and East Africa (Mombasa and Dar es Salaam).

SUMMARY

We set forth below further details of significant fluctuation of revenue in certain markets during the Track Record Period:

- 2022: Revenue from our container shipping services increased by 34.1% from US\$1,716.4 million in 2021 to US\$2,301.6 million in 2022, primarily due to increases in our freight rates. However, there were certain decreases in the revenue generated from the Greater China – Southeast Asia market and the North Asia and Southeast Asia market in 2022. The revenue generated from the Greater China – Southeast Asia market decreased by 19.7% from US\$592.5 million in 2021 to US\$476.0 million in 2022, which was mainly because we allocated certain shipping capacity from the Greater China – Southeast Asia market to markets with stronger revenue and profitability performance such as the Asia – Oceania, Asia – Indian Subcontinent and Transpacific markets. The revenue generated from the North Asia and Southeast Asia market decreased by 21.7% from US\$93.2 million in 2021 to US\$73.0 million in 2022, which was mainly because we allocated certain shipping capacity from this market to markets with stronger revenue and profitability performance such as the Asia – Oceania, Asia – Indian Subcontinent and Transpacific markets.
- 2023: Revenue from our container shipping services decreased by 65.2% from US\$2,301.6 million in 2022 to US\$801.7 million in 2023, primarily due to the decreases in our freight rates and partially due to the slightly decreased shipping volume. Especially, several markets experienced more significant declines compared to the others. Our revenue generated from the Asia – Indian Subcontinent market decreased by 55.7% from US\$260.6 million in 2022 to US\$115.5 million in 2023 due to the decrease in our average freight rate in the Asia – Indian Subcontinent market from US\$1,896 per TEU in 2022 to US\$751 per TEU in 2023, which was generally in line with the market rate. According to the Drewry Report, the freight rate in the Asia – Indian Subcontinent market has begun a correction, since reaching its peak in October 2021, until it reached a point of relative stability at the beginning of 2023.

Our revenue generated from the Asia – Oceania market decreased by 84.2% from US\$628.6 million in 2022 to US\$99.4 million in 2023 mainly because we suspended one independent service to Australia in April 2023 and the only one independent service to New Zealand in August 2023 due to the continued decline in the freight rate which made our independent services not economically justifiable.

In addition, our revenue generated from the Transpacific market and the Asia – Europe market decreased from US\$354.4 million in 2022 to nil in 2023 and from US\$43.3 million in 2022 to US\$16,000 in 2023, respectively, as all services in the Transpacific and Asia – Europe markets had been suspended in February and in March 2023, respectively.

SUMMARY

- Four months ended April 30, 2024:** Revenue from our container shipping services increased by 5.8% from US\$279.9 million for the four months ended April 30, 2023 to US\$296.0 million for the same period in 2024, primarily due to the increase in our shipping volume. However, there were certain decreases in the revenue generated from the Greater China – North Asia market and the North Asia and Southeast Asia market for the four months ended April 30, 2024 compared to the same period in 2023. The revenue generated from the Greater China – North Asia market decreased by 28.4% from US\$75.6 million for the four months ended April 30, 2023 to US\$54.1 million for the same period in 2024, which was partly because of the decrease in market freight rate and partly because of the significant depreciation of the Japanese yen against US dollars that has resulted in lower Japanese yen denominated container handling charges, which are a key component of our freight rates. The revenue generated from the North Asia and Southeast Asia market decreased by 11.3% from US\$19.4 million for the four months ended April 30, 2023 to US\$17.2 million for the same period in 2024, which was due to the decrease in the freight rate primarily because the significant depreciation of the Japanese yen against US dollars which has resulted in lower Japanese yen denominated container handling charges, which are a component of the freight rates.

The following table sets forth our revenue generated from container shipping services and the corresponding percentages by types of arrangements for the periods indicated:

	For the year ended December 31,						For the four months ended April 30,			
	2021		2022		2023		2023		2024	
	US\$'000	%	US\$'000	%	US\$'000	%	US\$'000	%	US\$'000	%
Independent services	978,139	57.0	1,148,012	49.9	378,919	47.3	134,951	48.2	142,890	48.2
Joint services	617,327	36.0	1,035,789	45.0	357,043	44.5	118,776	42.4	128,196	43.3
Slot exchange arrangements	113,116	6.6	104,376	4.5	65,272	8.1	25,994	9.3	23,558	8.0
Slot chartering arrangements	7,807	0.5	13,401	0.6	492	0.1	144	0.1	1,350	0.5
Total	1,716,389	100.0	2,301,578	100.0	801,727	100.0	279,865	100.0	295,994	100.0

Our revenue from independent services and joint services as a percentage of total revenue from container shipping services increased in 2022 primarily because we launched new long-haul services in the Asia – Indian Subcontinent, Transpacific, and Asia – Europe markets and the freight rates of these services were higher than short-haul services. As a result, although our revenue from independent services still increased but at a slower rate than the increase in revenue from joint services, leading to a decrease in its percentage of total revenue from container shipping services in 2022.

SUMMARY

Our revenue from joint services as a percentage of total revenue from container shipping services remained stable in 2023. Our revenue from slot exchange arrangements as a percentage of total revenue from container shipping services increased in 2023 primarily because we launched new joint services in 2023 in which we used slots to exchange with other carriers. Our revenue from slot chartering arrangements as a percentage of total revenue from container shipping services decreased in 2023 primarily because we changed our service by slot chartering arrangements from East Asia to the Middle East to one joint service. Our revenue from independent services, joint services, slot exchange arrangements and slot chartering arrangements as percentage of total revenue from container shipping services remained stable for the four months ended April 30, 2024, compared to the same period in 2023.

Our shipping volume

Our shipping volume during the Track Record Period was 1,583,574 TEU, 1,559,142 TEU, 1,466,431 TEU, 465,652 TEU and 536,606 TEU, respectively, for the years ended December 31, 2021, 2022 and 2023, and the four months ended April 30, 2023 and 2024.

The following table sets forth our shipping volume by market for the periods indicated:

	For the year ended December 31,						For the four months ended April 30,			
	2021		2022		2023		2023		2024	
	Shipping volume	%	Shipping volume	%	Shipping volume	%	Shipping volume	%	Shipping volume	%
	(TEU, except percentage)									
<i>Asia Pacific Region</i>	1,571,974	99.3	1,470,045	94.3	1,433,097	97.7	452,393	97.2	512,289	95.4
Greater China –										
North Asia	447,856	28.3	421,127	27.0	398,900	27.2	127,399	27.4	134,872	25.1
Greater China – Southeast Asia	710,582	44.9	489,069	31.4	528,193	36.0	161,580	34.7	191,908	35.7
Greater China	148,224	9.4	137,010	8.8	134,696	9.2	40,449	8.7	45,385	8.5
North Asia and Southeast Asia	110,238	7.0	74,563	4.8	113,992	7.8	32,823	7.0	44,303	8.3
Asia – Oceania	142,971	9.0	210,851	13.5	103,512	7.1	41,596	8.9	39,617	7.4
Asia – Indian Subcontinent	12,103	0.8	137,425	8.8	153,804	10.5	48,546	10.4	56,204	10.5
<i>Transpacific⁽¹⁾</i>	11,600	0.7	72,392	4.6	–	–	–	–	–	–
<i>Asia – Europe⁽¹⁾</i>	–	–	11,364	0.7	11	0.0	11	0.0	–	–
<i>Others⁽²⁾</i>	–	–	5,341	0.4	33,323	2.3	13,248	2.8	24,317	4.6
Total	1,583,574	100.0	1,559,142	100.0	1,466,431	100.0	465,652	100.0	536,606	100.0

SUMMARY

Notes:

- (1) To address the market condition that has affected long-haul services in the Transpacific and the Asia – Europe markets where deployment of smaller vessels became less profitable or even loss-making in light of the continued decline of freight rates, we decided to suspend our services in the Transpacific and Asia – Europe markets in December 2022, and all services in the Transpacific and Asia – Europe markets had been suspended in February and in March 2023, respectively. See “Business – Our container shipping business – Our markets – Transpacific” and “Business – Our container shipping business – Our markets – Asia – Europe” in this prospectus for more details.
- (2) Others mainly included the trade lane connecting North Asia, Greater China, Malaysia and the Middle East (Jebel Ali, Damman and Sohar), the trade lane connecting Greater China and East Africa (Mombasa and Dar es Salaam), and the trade lane connecting India (Nhava Sheva and Mundra), Middle East (Jebel Ali and Khalifa) and East Africa (Mombasa and Dar es Salaam).

We set forth below further details of significant fluctuation of shipping volume in certain markets during the Track Record Period:

- 2022: Our shipping volume remained stable in 2022. However, there were certain decreases in the shipping volume in the Greater China – Southeast Asia market and the North Asia and Southeast Asia market in 2022. Our shipping volume in the Greater China – Southeast Asia market decreased by 31.2% from 710,582 TEU in 2021 to 489,069 TEU in 2022, which was mainly because we allocated certain shipping capacity from the Greater China – Southeast Asia market to markets with stronger revenue and profitability performance such as the Asia – Oceania, Asia – Indian Subcontinent and Transpacific markets. Our shipping volume in the North Asia and Southeast Asia market decreased by 32.4% from 110,238 TEU in 2021 to 74,563 TEU in 2022, which was mainly because we allocated certain shipping capacity from this market to markets with stronger revenue and profitability performance such as the Asia – Oceania, Asia – Indian Subcontinent and Transpacific markets.
- 2023: Our shipping volume decreased by 5.9% from 1,559,142 TEU in 2022 to 1,466,431 TEU in 2023. Especially, several markets experienced more significant declines compared to others. Our shipping volume in the Asia – Oceania market decreased by 50.9% from 210,851 TEU in 2022 to 103,512 TEU in 2023, which was mainly because we suspended one independent service to Australia in April 2023 and the only one independent service to New Zealand in August 2023 due to the continued decline in the freight rate which made our independent services not economically justifiable. In addition, the shipping volume in the Transpacific market and the Asia – Europe market decreased from 72,392 TEU in 2022 to nil in 2023 and from 11,364 TEU in 2022 to 11 TEU in 2023, respectively, as all services in the Transpacific and Asia – Europe markets had been suspended in February and in March 2023, respectively.

SUMMARY

- Four months ended April 30, 2024: Our shipping volume increased by 15.2% from 465,652 TEU for the four months ended April 30, 2023 to 536,606 TEU for the same period in 2024. However, our shipping volume in the Asia – Oceania market decreased by 4.8% from 41,596 TEU for the four months ended April 30, 2023 to 39,617 TEU for the same period in 2024, which was mainly because we suspended the only one independent service to New Zealand in August 2023 and the independent service to Australia in March 2024 due to the decline in the freight rate which made our independent services not economically justifiable.

Our freight rates

Freight rates are prices we charge shippers for each TEU shipped by us, and include fuel and other surcharges.

The following table sets forth the average freight rates by market for the periods indicated:

	For the year ended December 31,			For the four months ended April 30,		For the eight months ended August 31, ⁽³⁾
	2021	2022	2023	2023	2024	2024
	<i>(US\$ per TEU)</i>					
<i>Asia Pacific</i>						
<i>Region</i>	1,061	1,288	539	594	523	640
Greater China –						
North Asia	810	863	487	593	401	421
Greater China –						
Southeast						
Asia	834	973	469	485	461	569
Greater China	662	668	456	495	437	436
North Asia and						
Southeast						
Asia	845	979	477	592	389	411
Asia – Oceania	3,344	2,981	960	1,032	1,148	1,207
Asia – Indian						
Subcontinent	3,582	1,896	751	670	757	1,246
<i>Transpacific⁽¹⁾</i>	4,178	4,896	–	–	–	2,367
<i>Asia – Europe⁽¹⁾</i>	–	3,813	1,455	1,455	–	–
<i>Others⁽²⁾</i>	–	1,980	870	836	1,162	1,433
Group average	1,084	1,476	547	601	552	702

SUMMARY

Notes:

- (1) To address the market condition that has affected long-haul services in the Transpacific and the Asia – Europe markets where deployment of smaller vessels became less profitable or even loss-making in light of the continued decline of freight rates, we decided to suspend our services in the Transpacific and Asia – Europe markets in December 2022, and all services in the Transpacific and Asia – Europe markets had been suspended in February and in March 2023, respectively. See “Business – Our container shipping business – Our markets – Transpacific” and “Business – Our container shipping business – Our markets – Asia – Europe” in this prospectus for more details.
- (2) Others mainly included the trade lane connecting North Asia, Greater China, Malaysia and the Middle East (Jebel Ali, Dammam and Sohar), the trade lane connecting Greater China and East Africa (Mombasa and Dar es Salaam), and the trade lane connecting India (Nhava Sheva and Mundra), Middle East (Jebel Ali and Khalifa) and East Africa (Mombasa and Dar es Salaam).
- (3) The revenue used to calculate the average freight rates for the eight months ended August 31, 2024 is based on our internal management accounts derived from the operating system.

Our average freight rates increased by 36.2% from US\$1,084 per TEU in 2021 to US\$1,476 per TEU in 2022, decreased by 62.9% to US\$547 per TEU in 2023. Our average freight rates decreased by 8.2% from US\$601 per TEU for the four months ended April 30, 2023 to US\$552 per TEU for the same period in 2024. The fluctuation of our freight rates during the Track Record Period mainly driven by the changes of the market rates. According to the Drewry Report, the freight rate performance is fundamentally driven by the shipping supply and demand. Due to the increased demand combined with the relatively stagnant supply capacity partially attributable to the COVID-19, the global freight rates started to increase in the second half of 2020. Drewry’s World Container Index peaked in September 2021, at US\$10,377.2 per FEU. Since the peak, freight rates have begun and continued to fall as a result of slowing demand growth and the easing of supply chain disruption and port congestion, which increased effective capacity. The World Container Index reached its lowest point at US\$1,341.6 per FEU at the end of October 2023 before its recovery. The Houthi militants have initiated attacks on vessels traversing the Red Sea since the fourth quarter of 2023 which also affected the supply. As a result, most of major container shipping companies opted to sail their vessels via the Cape of Good Hope (commonly referred to Red Sea diversion) starting from mid-December 2023. This increases both the sailing time and distance for vessels bound for European destinations, leading to incurring additional bunker costs. The Red Sea diversions occurred simultaneously with the pre-Lunar New Year cargo rush in January 2024, which drove up the spot market rates. Our average freight rates increased by 27.2% from US\$552 per TEU for the four months ended April 30, 2024 to US\$702 per TEU for the eight months ended August 31, 2024 (with the revenue used for this calculation based on our internal management accounts derived from the operating system), mainly driven by the continued impacts on the supply from the Red Sea diversions, which caused port congestion and logistical disruptions, as well as an earlier-than-expected peak season for container trade. As of October 3, 2024, Drewry’s World Container Index reached US\$3,489.3 per FEU.

SUMMARY

We set forth below further details of significant fluctuation of freight rate in certain markets during the Track Record Period:

- 2022: Our average freight rate increased by 36.2% from US\$1,084 per TEU in 2021 to US\$1,476 per TEU in 2022. However, our average freight rate in the Asia – Indian Subcontinent market decreased by 47.1% from US\$3,582 per TEU in 2021 to US\$1,896 per TEU in 2022, which was generally in line with the market rate, which, according to the Drewry Report, since reaching its peak in October 2021, has begun a correction until it reached a point of relative stability at the beginning of 2023.
- 2023: Our group average freight rate decreased by 62.9% from US\$1,476 per TEU in 2022 to US\$547 per TEU in 2023 mainly because (i) we suspended all services in the Transpacific and the Asia – Europe markets in February and March 2023, respectively, and the only one independent service to New Zealand in August 2023 while these long haul services enjoyed higher freight rates and accounted for a significant portion of our revenue in 2022. For example, the freight rate of the Transpacific and the Asia – Europe markets in 2022 was US\$4,896 and US\$3,813, respectively, and declined to nil and US\$1,455, respectively, in 2023. Similarly, the revenue from the Transpacific and the Asia – Europe markets accounted for 15.4% and 1.9%, respectively, of our total revenue in 2022, while they only accounted for a much smaller proportion of our revenue in 2023, amounting to nil and less than 0.1%, respectively; (ii) our average freight rate in the Asia – Oceania market decreased by 67.8% from US\$2,981 per TEU to US\$960 per TEU while the revenue from the market accounted for 27.3% of our total revenue in 2022, and only accounted for a much smaller proportion of our revenue in 2023, amounting to 12.4% only; and (iii) our average freight rate in the Asia – Indian Subcontinent market decreased by 60.4% from US\$1,896 per TEU to US\$751 per TEU.

The decrease in our average freight rate in the Asia – Oceania market in 2023 was generally in line with the market rate, which, according to the Drewry Report, experienced a sustained correction following its peak in January 2022, partially offset by congestions and delays in shipment at certain Australian ports caused by the terminal union strikes in late 2023, which, in turn, drove up the freight rate.

The decrease in our average freight rate in the Asia – Indian Subcontinent market in 2023 was generally in line with the market rate, which, according to the Drewry Report, since reaching its peak in October 2021, has begun a correction until it reached a point of relative stability at the beginning of 2023.

- Four months ended April 30, 2024: Our average freight rate decreased by 8.2% from US\$601 per TEU for the four months ended April 30, 2023 to US\$552 per TEU for the same period in 2024. Especially, several markets experienced more significant declines compared to the others. Our average freight rate in the Greater China – North Asia market decreased by 32.4% from US\$593 per TEU for the four months ended April 30, 2023 to US\$401 per TEU for the same period in 2024, which was partly because of the decrease in market freight rate and partly because of the significant depreciation of the Japanese yen against US dollars which has resulted

SUMMARY

in lower Japanese yen denominated container handling charges, which are a key component of our freight rates. Our average freight rate in the North Asia and Southeast Asia market decreased by 34.3% from US\$592 per TEU for the four months ended April 30, 2023 to US\$389 per TEU for the same period in 2024, which was primarily due to the significant depreciation of the Japanese yen against US dollars which has resulted in lower Japanese yen denominated container handling charges, which are a component of the freight rates. In addition, our average freight rate in the Asia – Europe market decreased from US\$1,455 per TEU for the four months ended April 30, 2023 to nil for the same period in 2024 as we suspended all services in this market in 2023.

Our customer base

We believe that our diversified customer base and distinct focus on shipping high value-added and time-sensitive cargos enable us to achieve higher freight rates. Our diversified customer base includes primarily small and medium-sized customers, including freight forwarders and BCO customers, who usually have moderate shipping demand and therefore command less volume discounts compared with larger customers, and who are more receptive to market freight rates or higher freight rates in case of shortage of supply or urgent shipping requests. While the majority of our customers enter into shipping contracts with us through freight forwarders, we have established long-term relationships with some of our BCO customers. In general, we believe BCO customers are more inclined to engage in long-term contracts with us after appreciating our service quality. Moreover, we focus on shipping high value-added and time-sensitive cargos, including consumer electronics, high-end machinery, auto products and cargos requiring reefer containers such as perishable goods. These cargos often require a combination of on-time delivery, specific container conditions and careful handling, and thus generally command higher freight rates than other cargos, according to the Drewry Report.

Besides, we provide service to large blue-chip customers from time to time with their tailored needs. We have undertaken large projects with specifically tailored needs for these customers, with whom we have enjoyed long-term business relationships.

ENVIRONMENTAL PROTECTION, SOCIAL, WORKPLACE SAFETY AND GOVERNANCE

Environmental, social and governance (“ESG”) considerations are increasingly important in the shipping industry. We believe that the integration of ESG matters into our corporate strategies and operations is vital to the continuous growth of our businesses. Recognizing the importance of the proper management on ESG-related issues that may have significant impact on the business, our Board is ultimately responsible for overseeing our ESG matters. Our Board also holds principal responsibilities for the formulation, implementation and review of our ESG vision and direction, policies and targets, the identification, evaluation and management of material ESG-related risks, as well as the monitoring of our ESG performance.

See “Business — Environmental protection, social, workplace safety and governance” for further details.

SUMMARY

COMPETITION

According to the Drewry Report, the container shipping industry generally has a high entry barriers mainly due to the requirement of high capital expenditure, a global and regional network with partners, customers and suppliers, ship management and operation capabilities, as well as long-established brand and market awareness. The top 10 carriers provided around 60.4% of the total shipping capacity in the Asia Pacific Region in December 2023 and the Asia Pacific Region is more competitive than others because there are many regional carriers operating in the market. There are three major types of container shipping companies in the Asia Pacific Region: (i) global operators with long-haul focus, serving the Asia Pacific Region to support long-haul services or as service extension; (ii) global operators focusing on regional services but having significant presence in multiple continents; and (iii) Asia Pacific Region focused container shipping companies whose business focus is in the Asia Pacific Region, such as us.

We are an Asia Pacific Region focused container shipping company. We compete primarily based on our extensive container shipping network, comprehensive port coverage, our regular liner services and our quality services delivered to customers.

OUR STRENGTHS

We believe the following strengths have contributed towards our success and differentiate us from other container shipping companies.

- Strong shareholder value creating capability
- Extensive Asia Pacific Region focused network with deep roots across various markets
- Our flexible operating model supporting sustainable development
- Our planned vessel purchases driving cost advantage
- Distinct customer focus and strong sales coverage
- A management team with extensive industry experience and proven track record

OUR STRATEGIES

Our mission is to become a leading premium container shipping company promoting agile and seamless logistics solutions for international trades. In order to achieve our mission, we plan to pursue the following strategies.

- Strengthen our advantageous position in the Asia Pacific Region and explore opportunities in other markets

SUMMARY

- Continue to optimize and upgrade our vessels and containers portfolio
- Continue to promote digitalization of our business
- Strengthen our strategic collaboration with other carriers and selectively pursue strategic investments in port operation

KEY RISK FACTORS

Our business operations and the Global Offering are subject to various risks, many of which are beyond our control. Such risks can be divided into: (i) risks relating to our business and industry; (ii) risks relating to conducting business in mainland China and Taiwan; and (iii) risks relating to the Global Offering.

We believe that the main risk factors we are exposed to include, without limitation:

- The volatile and cyclical nature of the global container shipping industry could have a material and adverse effect on our business and results of operations.
- We operate in a highly competitive industry. If we fail to compete effectively, our market position, growth prospects and results of operations may be adversely affected, and the price of the Shares may decline significantly.
- We incurred a gross loss for the year ended December 31, 2023, and we may not be able to achieve profitability in the future.
- Change in relations between Taiwan and mainland China could adversely affect our business and the market value of our Shares.
- We charter in a sizable portion of our fleet and lease in a sizable portion of our containers, which makes us sensitive to fluctuations in the rental market, and as a result, the costs associated with chartering of vessels and leasing of containers are unpredictable and may have a material adverse effect on our business, financial condition, results of operations and liquidity.
- Fluctuations in the main components of our cost structure could adversely affect our profitability and financial condition.
- We may face difficulties in chartering or owning sufficient or reliable vessels to support our strategy.
- If the demand for our services, especially in the Asia Pacific Region, continues to decrease in the future, we may have idle capacity in our fleet.

SUMMARY

- There are numerous risks related to the operation of any sailing vessel and our inability to successfully respond to such risks could have a material adverse effect on us.
- We may be involved in litigation, legal disputes, claims or administrative proceedings which could be costly and time-consuming to resolve.
- Compliance with environmental requirements including climate change and greenhouse gas restrictions could require significant expenditures and consequently affect our business and results of operations.

See “Risk Factors” for further details.

During the Track Record Period, we entered into certain transactions with customers involving the Relevant Regions. We were engaged in the provision of container shipping services to certain customers in the Relevant Regions. As advised by our International Sanctions Legal Advisors who have performed the procedures they consider necessary and have reviewed and relied upon our Company’s methodology for screening of all our customers, consignors and vessels (chartered-in and owned) in the Relevant Regions in strict compliance with our Group’s sanction risk monitoring policy, during the Track Record Period, our business operations in the Relevant Regions did not constitute a violation of the applicable International Sanctions. For more details, please refer to the section headed “Risk Factors – We could be adversely affected as a result of any service we provide to certain countries that are, or become subject to, sanctions administered by the United States, the European Union, the United Kingdom, the United Nations, Australia and other relevant sanctions authorities” and “Business – Business activities with Regions subject to International Sanctions” in this prospectus.

CONTROLLING SHAREHOLDERS AND CONTINUING CONNECTED TRANSACTIONS

Immediately following completion of the Global Offering (without taking into account any Shares which may be issued upon exercise of the Offer Size Adjustment Option and the Over-allotment Option), our Group will have two groups of Controlling Shareholders, being: (i) the Chen Family Group comprising Mr. Chen together with Mrs. Chen (the spouse of Mr. Chen), Mr. James Chen (the son of Mr. Chen and Mrs. Chen) and Ms. Christy Chen (the daughter of Mr. Chen and Mrs. Chen) and their respective wholly-owned investment holding companies, namely TS Chen Holding, Search & Search, JC Righteous and Avermay, and Maritime Legacy (a company owned by the four aforesaid investment holding companies) which in aggregate will hold approximately 37.49% of the total issued shares of our Company through TS Investment, Prevalence, Providence and AM Holding (each being a company wholly-owned by Maritime Legacy); and (ii) the Sharafuddin Entities comprising Mr. Sharafuddin, Nova Foundation (an estate planning foundation founded by Mr. Sharafuddin) and Vision Investments (a company wholly-owned by Nova Foundation for Mr. Sharafuddin and which will hold approximately 37.49% of the total issued shares of our Company). Other

SUMMARY

than their respective interests in our Group, (i) members of the Chen Family Group hold interests in TEH Entities and companies engaged in other businesses such as shipping agency services, port agency services and the education industry; and (ii) Mr. Sharafuddin, through foundations founded by him, held interests in other companies engaged in a wide range of businesses such as in the retail, travel and tourism, logistics and warehousing, air cargo, information technology, manufacturing, hospitality and real estate and financial services industries primarily in the Middle East and Africa. See “Relationship with our Controlling Shareholders” for further details of our Controlling Shareholders and the business delineation between our businesses and the respective businesses controlled by the Chen Family Group and the Sharafuddin Entities. Our Group has engaged respective companies controlled by the Chen Family Group and the Sharafuddin Entities for their shipping agency and various other services. See “Connected Transactions” for further details of continuing connected transactions between our Group and companies controlled by our Controlling Shareholders.

Our Taiwan investors’ compliance with the approval of investment regulation

Pursuant to the Mainland China Investment Regulations, except for limited exceptions (e.g., purchase of listed shares in mainland China), investments in mainland China by a Taiwan Investor are subject to the approval of or consent to recordation from the Taiwan Department of Investment Review. Our Taiwan Investors are also restricted by the maximum aggregate investment quota, as determined pursuant to the type of such investors, for investments in mainland China. In principle, each of our Taiwan Investors is subject to the following maximum aggregate investment quota as stipulated under the Mainland China Investment Regulations: (i) for Taiwanese individual, US\$5 million per year, (ii) for a small and medium-sized enterprise, either (A) 60% of its net value or consolidated net value or (B) NT\$80 million, whichever is higher; or (iii) for other enterprises, 60% of its net value or consolidated net value, whichever is higher.

As advised by our Taiwan Legal Advisors, any equity capital increase by our Company into our subsidiary(ies) in mainland China will be considered as additional investment by our Taiwan Investors, and except for limited exceptions, each of our Taiwan Investors will be required to obtain an approval or consent to recordation from the Taiwan Department of Investment Review for such equity capital increase in our subsidiary(ies) in mainland China. In addition, as advised by our Taiwan Legal Advisors, if our Company makes any equity capital increase into our subsidiary(ies) in mainland China after the completion of the Global Offering, our Taiwan Investors who are Directors, supervisors, managers or in any equivalent positions of our Company or who hold 10% or more of shares in our Company will also need to obtain the approval or consent to recordation from the Taiwan Department of Investment Review for such equity capital increase while our Taiwan Investors who neither hold 10% or more shares in our Company nor serve any position of Directors, supervisors, managers, or any equivalent position in our Company are exempted from such approval or recordation requirements under the Mainland China Investment Regulations for such equity capital increase in our subsidiary(ies) in mainland China after the completion of the Global Offering.

SUMMARY

For Taiwan Investors who hold shares in the Company before the Reorganization, Mr. Chen, Mrs. Chen, Mr. James Chen and Ms. Christy Chen (who are our Controlling Shareholders and, except for Ms. Christy Chen, our executive Directors), Mr. Wu (an indirect Shareholder who was a then Director at the relevant time), and Mr. Hung Ying-Cheng (an Independent Third Party) had filed their respective indirect investment in our operating subsidiary in Mainland China with, and obtained the approval thereof from the Taiwan Department of Investment Review. For completing the Reorganization, Mr. Chen, Mrs. Chen, Mr. James Chen and Ms. Christy Chen (who are our Controlling Shareholders and, except for Ms. Christy Chen, our executive Directors), Mr. Wu (an indirect Shareholder who was a then Director at the relevant time), Mr. Hung Ying-Cheng and Mr. Chow I-Chang, each being a Taiwan Investor, had obtained the approvals required for completing the Reorganization from the Taiwan Department of Investment Review.

As advised by our Taiwan Legal Advisors, subject to the recordation to be filed with the Taiwan Department of Investment Review after the completion of the relevant steps of the transactions under the Reorganization, all Taiwan Investors who hold or are expected to hold shares in the Company before and after the Reorganization but immediately prior to the Global Offering had fulfilled all relevant legal requirements in respect of their investment in our Group as required under the Mainland China Investment Regulations. For details, see “Risk Factors — Risks relating to Taiwan — Our future investment in the PRC or other countries may be restricted by the Taiwan laws and regulations relating to investment of our Controlling Shareholders who are holders of Taiwan passports in the PRC or foreign countries and failure to obtain, maintain or renew approvals for inbound and outbound investments may adversely affect our financial condition and results of operation,” “Regulatory Overview — Laws and regulations relating to our Group’s business and operation in Taiwan — Investment in mainland China” and “History, Reorganization and Corporate Structure — Reorganization — 2. Transfer of Shares in our Company to investment vehicles of Shareholders”.

SUMMARY KEY FINANCIAL INFORMATION

This summary historical financial information set forth below have been derived from, and should be read in conjunction with, our consolidated audited financial statements, including the accompanying notes, set forth in the Accountants’ Report set out in Appendix I to this prospectus, as well as the information set forth in “Financial Information” of this prospectus. Our financial information was prepared in accordance with HKFRSs.

SUMMARY

Consolidated statements of profit or loss

The following table sets forth our consolidated statements of profit or loss for the periods indicated:

	For the year ended December 31,			For the four months ended April 30,	
	2021	2022	2023	2023	2024
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
				<i>(Unaudited)</i>	
Revenue	1,837,436	2,443,470	874,602	318,188	318,027
Cost of sales	(905,970)	(1,352,130)	(908,391)	(320,570)	(311,058)
Gross profit/(loss)	931,466	1,091,340	(33,789)	(2,382)	6,969
Other revenue	163,212	11,630	12,288	3,627	6,165
Other net income/(loss)	1,302	(972)	34,217	13,518	(1,304)
Administrative and other operating expenses	(25,197)	(39,719)	(44,242)	(17,632)	(11,409)
Profit/(loss) from operations	1,070,783	1,062,279	(31,526)	(2,869)	421
Finance costs, net	(3,817)	14,618	44,369	18,033	8,978
Share of profits less losses of associates	19,320	8,888	995	74	421
Profit before taxation	1,086,286	1,085,785	13,838	15,238	9,820
Income tax (expense)/credit	(8,605)	(11,278)	6,544	2,645	(8)
Profit for the year/period	<u>1,077,681</u>	<u>1,074,507</u>	<u>20,382</u>	<u>17,883</u>	<u>9,812</u>
Attributable to:					
Equity Shareholders of our Company	1,077,730	1,074,541	20,709	17,887	9,443
Non-controlling interests	(49)	(34)	(327)	(4)	369
Profit for the year/period	<u>1,077,681</u>	<u>1,074,507</u>	<u>20,382</u>	<u>17,883</u>	<u>9,812</u>

During the Track Record Period, we generated revenue from our container shipping services and other container shipping related services mainly including demurrage charges, detention charges, slottage revenue and other shipping surcharges. Our revenue was US\$1,837.4 million, US\$2,443.5 million, US\$874.6 million, US\$318.2 million and US\$318.0 million, respectively, for the years ended December 31, 2021, 2022 and 2023 and the four

SUMMARY

months ended April 30, 2023 and 2024. The fluctuation of our revenue during the Track Record Period was mainly attributable to the volatile freight rates in line with the market. Our average freight rates were US\$1,084 per TEU, US\$1,476 per TEU, US\$547 per TEU, US\$601 per TEU and US\$552 per TEU, respectively, for the years ended December 31, 2021, 2022 and 2023 and the four months ended April 30, 2023 and 2024.

During the Track Record Period, our cost of sales primarily represents (i) container handling expenses such as fees for stevedorage, storage and power supply, (ii) depreciation expenses of our owned and long-term leased vessels and containers, (iii) bunker costs, (iv) container rental and yard expenses, (v) vessel running cost such as crew benefit expenses, repair expenses, spare part costs and insurance costs, (vi) port charges such as tug service fees, pilotage fees and berthing and mooring fees, (vii) charter hire fees for vessels under short-term leases of one year or less and (viii) others mainly including commission expenses. Our cost of sales was US\$906.0 million, US\$1,352.1 million, US\$908.4 million, US\$320.6 million and US\$311.1 million, respectively, for the years ended December 31, 2021, 2022 and 2023 and the four months ended April 30, 2023 and 2024, accounting for 49.3%, 55.3%, 103.9%, 100.8% and 97.8%, respectively, of our total revenue for the respective periods. Our cost of sales decreased at a slower pace than the decrease in our revenue in 2023. After our disposal of 10 owned vessels and returning of 12 chartered-in vessels, we still had the slower pace of decrease in our depreciation expenses in 2023 primarily because (i) 12 new vessels were delivered to us in 2023 and we started to record their depreciation expenses after delivery and (ii) we could not return certain long-term leased vessels and containers before their leases expired. Vessel building and purchase costs, chartering expenses of vessels and containers as well as bunker costs are key components of our cost structure that are most sensitive to cyclical fluctuations.

As a result of the foregoing, we recorded gross profits of US\$931.5 million, US\$1,091.3 million and US\$7.0 million, respectively, for the years ended December 31, 2021 and 2022 and the four months ended April 30, 2024, and a gross loss of US\$33.8 million and US\$2.4 million for the year ended December 31, 2023 and the four months ended April 30, 2023. Our net profit was US\$1,077.7 million and US\$1,074.5 million for the year ended December 31, 2021 and 2022, respectively, and remained relatively stable. Our net profit then decreased by 98.1% from US\$1,074.5 million for the year ended December 31, 2022 to US\$20.4 million for the year ended December 31, 2023, primarily because we recorded a gross loss of US\$33.8 million for the year ended December 31, 2023. Our net profit decreased by 45.3% from US\$17.9 million for the four months ended April 30, 2023 to US\$9.8 million for the same period in 2024 primarily due to the decrease in bank interest income mainly due to a decrease in our time deposits as a result of the purchase payment made for newbuildings.

In addition, during the Track Record Period, we primarily derived our other revenue from container rentals and vessel chartering to TEH Shipping and other third parties, and derived our other income from disposals of vessels and used containers.

SUMMARY

Summary consolidated statements of financial position

The following table sets forth selected information from our consolidated statements of financial position as of the dates indicated, which has been extracted from the Accountants' Report set out in Appendix I to this prospectus:

	As of December 31,			As of
	2021	2022	2023	April 30,
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>2024</i> <i>US\$'000</i>
Current assets				
Bunkers	25,229	25,215	21,717	27,564
Contract assets	39,746	11,327	1,559	6,870
Trade and other receivables	193,513	104,925	77,465	99,186
Cash and cash equivalents	868,087	1,320,129	716,337	484,304
Non-current assets classified as held for sale	–	132,137	–	–
Total current assets	<u>1,126,575</u>	<u>1,593,733</u>	<u>817,078</u>	<u>617,924</u>
Current liabilities				
Contract liabilities	5,012	4,784	3,099	3,538
Trade and other payables	243,721	217,844	164,136	158,867
Bank borrowings	33,234	–	–	–
Lease liabilities	106,011	160,681	84,670	64,791
Tax payable	8,455	3,754	3,740	3,651
Total current liabilities	<u>396,433</u>	<u>387,063</u>	<u>255,645</u>	<u>230,847</u>
Non-current assets	<u>1,120,240</u>	<u>1,179,629</u>	<u>1,342,664</u>	<u>1,518,125</u>
Non-current liabilities	<u>402,708</u>	<u>235,332</u>	<u>132,539</u>	<u>123,861</u>
Net current assets	<u>730,142</u>	<u>1,206,670</u>	<u>561,433</u>	<u>387,077</u>
Net assets	<u>1,447,674</u>	<u>2,150,967</u>	<u>1,771,558</u>	<u>1,781,341</u>
Non-controlling interests	590	462	164	708

SUMMARY

We had net current assets of US\$387.1 million as of April 30, 2024, primarily consisting of (i) cash and cash equivalents of US\$484.3 million and (ii) trade and other receivables of US\$99.2 million, partially offset by (i) trade and other payables of US\$158.9 million and (ii) lease liabilities of US\$64.8 million.

We had net current assets of US\$561.4 million as of December 31, 2023, primarily consisting of (i) cash and cash equivalents of US\$716.3 million and (ii) trade and other receivables of US\$77.5 million, partially offset by (i) trade and other payables of US\$164.1 million and (ii) lease liabilities of US\$84.7 million.

We had net current assets of US\$1,206.7 million as of December 31, 2022, primarily consisting of (i) cash and cash equivalents of US\$1,320.1 million and (ii) trade and other receivables of US\$104.9 million, partially offset by (i) trade and other payables of US\$217.8 million and (ii) lease liabilities of US\$160.7 million.

We had net current assets of US\$730.1 million as of December 31, 2021, primarily consisting of (i) cash and cash equivalents of US\$868.1 million and (ii) trade and other receivables of US\$193.5 million, partially offset by (i) trade and other payables of US\$243.7 million and (ii) lease liabilities of US\$106.0 million.

The net current assets increased by 65.3% from US\$730.1 million as of December 31, 2021 to US\$1,206.7 million as of December 31, 2022, primarily due to the increase in cash and cash equivalents from US\$868.1 million as of December 31, 2021 to US\$1,320.1 million as of December 31, 2022, mainly attributable to the net cash generated from operating activities. The net current assets then decreased by 53.5% to US\$561.4 million as of December 31, 2023, primarily due to the decrease in cash and cash equivalents from US\$1,320.1 million as of December 31, 2022 to US\$716.3 million as of December 31, 2023, mainly attributable to our declaration and payment of the interim dividend of US\$400.0 million in 2023, purchases of vessels and containers and lease rentals, while our net cash generated from operating activities in 2023 decreased significantly mainly as a result of our decreased revenue. The net current assets then decreased by 31.1% to US\$387.1 million as of April 30, 2024, primarily due to the decrease in cash and cash equivalents from US\$716.3 million as of December 31, 2023 to US\$484.3 million as of April 30, 2024, mainly attributable to purchases of vessels and containers.

The net assets increased by 48.6% from US\$1,447.7 million as of December 31, 2021 to US\$2,151.0 million as of December 31, 2022, primarily due to the increased net profit, partially offset by the interim dividend of US\$370.0 million we paid in 2022. The net assets then decreased by 17.6% from US\$2,151.0 million as of December 31, 2022 to US\$1,771.6 million as of December 31, 2023, primarily due to the declaration and payment of the interim dividend of US\$400.0 million in 2023. The net assets then remained stable at US\$1,781.3 million as of April 30, 2024.

See “Financial Information — Description of major line items in our consolidated statements of financial position” for further details.

SUMMARY

Summary of consolidated cash flow statements

The following table sets forth our cash flows for the periods indicated:

	For the year ended December 31,			For the four months ended April 30,	
	2021	2022	2023	2023	2024
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
				<i>(Unaudited)</i>	
Operating profit before					
changes in working capital	1,188,369	1,289,595	144,494	55,794	60,472
Changes in working capital					
and income tax paid	<u>(17,882)</u>	<u>84,341</u>	<u>(15,492)</u>	<u>18,134</u>	<u>(36,478)</u>
Net cash generated from operating activities	<u>1,170,487</u>	<u>1,373,936</u>	<u>129,002</u>	<u>73,928</u>	<u>23,994</u>
Net cash generated from operating activities	1,170,487	1,373,936	129,002	73,928	23,994
Net cash (used in)/generated from investing activities	(471,279)	(175,883)	(169,994)	38,083	(219,375)
Net cash used in financing activities	<u>(1,201)</u>	<u>(744,768)</u>	<u>(562,868)</u>	<u>(61,999)</u>	<u>(35,688)</u>
Net increase/(decrease) in cash and cash equivalents	<u>698,007</u>	<u>453,285</u>	<u>(603,860)</u>	<u>50,012</u>	<u>(231,069)</u>
Cash and cash equivalents at the beginning of the year/period	175,026	868,087	1,320,129	1,320,129	716,337
Effect of foreign exchange rate changes	<u>(4,946)</u>	<u>(1,243)</u>	<u>68</u>	<u>(134)</u>	<u>(964)</u>
Cash and cash equivalents at the end of the year/period	<u>868,087</u>	<u>1,320,129</u>	<u>716,337</u>	<u>1,370,007</u>	<u>484,304</u>

SUMMARY

Key Financial Ratios

The following table set forth our key financial ratios as of the date or for the period indicated:

	As of/For the year ended			As of/
	December 31,			For the
	2021	2022	2023	four
	December 31,			months
	2021	2022	2023	ended
	December 31,			April 30,
	2021	2022	2023	2024
Return on equity ⁽¹⁾ (%)	118.0	59.7	1.1	N/A ⁽⁶⁾
Return on total assets ⁽²⁾ (%)	73.5	42.8	0.8	N/A ⁽⁶⁾
Current ratio ⁽³⁾ (Times)	2.8	4.1	3.2	2.7
Quick ratio ⁽⁴⁾ (Times)	2.8	4.1	3.1	2.6
Gearing ratio ⁽⁵⁾ (%)	13.2	nil	nil	nil

Note:

- (1) Return on equity is calculated based on profit attributable to Shareholders of our Company for the period divided by the arithmetic mean of the opening and closing balances of total equity attributable to equity Shareholders of our Company and multiplied by 100%.
- (2) Return on total assets is calculated based on profit attributable to Shareholders of our Company for the period divided by the arithmetic mean of the opening and closing balances of total assets and multiplied by 100%.
- (3) Current ratio is calculated based on total current assets divided by total current liabilities.
- (4) Quick ratio is calculated based on total current assets less inventories divided by total current liabilities.
- (5) Gearing ratio is calculated based on total bank borrowings divided by total equity and multiplied by 100%. Our gearing ratio was nil as of December 31, 2022 and 2023 and April 30, 2024, respectively, because we did not incur bank borrowings as of the same date.
- (6) This interim period number is not meaningful as it is not comparable to the annual numbers.

APPLICATION FOR LISTING OF OUR SHARES ON THE STOCK EXCHANGE

We have applied to the Stock Exchange for the granting of the listing of, and permission to deal in, our Shares to be issued pursuant to the Global Offering (including any Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option and the Over-allotment Option) on the basis that, among other things, we satisfy the market capitalization/revenue test under Rule 8.05(3) of the Listing Rules with reference to: (a) our revenue of US\$874.6 million for the year ended December 31, 2023 which exceeds HK\$500 million, and (b) our expected market capitalization at the time of Listing, which, based on the Offer Price of HK\$3.5 per Share (being the low-end of the indicative Offer Price range), exceeds HK\$4 billion.

SUMMARY

OFFERING STATISTICS

	Based on the Offer Price of HK\$3.5 per Share	Based on the Offer Price of HK\$4.5 per Share
Market capitalization of our Shares (approximately) ⁽¹⁾	HK\$5,778 million	HK\$7,429 million
Unaudited pro forma adjusted consolidated net tangible asset value per Share ⁽²⁾	HK\$8.86	HK\$9.01

Notes:

- (1) The calculation is based on the assumption that 1,650,940,000 Shares in issue immediately following the completion of the Global Offering, assuming that the Offer Size Adjustment Option and the Over-allotment Option are not exercised.
- (2) The unaudited pro forma adjusted net tangible asset value per Share is calculated after the adjustment referred to in “Unaudited Pro Forma Financial Information” in Appendix II to this prospectus and on the basis of 1,650,940,000 Shares in issue immediately following the completion of the Global Offering, assuming that the Offer Size Adjustment Option and the Over-allotment Option are not exercised.
- (3) In October 2024, our Company declared a special interim dividend of US\$300.0 million (the “**Special Interim Dividend**”) to our existing Shareholders, which will be settled before the Listing. No adjustment has been made to the unaudited pro forma adjusted net tangible assets to reflect any trading results or other transactions of the Group entered into subsequent to April 30, 2024. In particular, the above unaudited pro forma adjusted net tangible assets have not been taken into account the Special Interim Dividend. Had the Special Interim Dividend been declared on April 30, 2024, the unaudited pro forma adjusted net tangible assets of the Group attributable to equity holders of the Company as of April 30, 2024 would have been decreased by US\$300.0 million while the unaudited pro forma adjusted net tangible assets of the Group attributable to equity holders of the Company per Share as of April 30, 2024 would have been decreased by US\$0.18 or HK\$1.40.

FUTURE PLANS AND USE OF PROCEEDS

See “Business — Our strategies” for a detailed description of our future plans and strategies.

We estimate that we will receive net proceeds from the Global Offering of approximately HK\$896.0 million, after deducting underwriting commissions, fees and estimated expenses payable by us in connection with the Global Offering, assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised and assuming an Offer Price of HK\$4.0 per Share, being the mid-point of the indicative Offer Price range stated in this prospectus. In the event that the Offer Size Adjustment Option and the Over-allotment Option are exercised in full, we intend to apply the additional net proceeds to the below purposes in the proportions stated below.

We intend to use the net proceeds we will receive from the Global Offering for the following purposes and in the amounts set out below, subject to changes in light of our evolving business needs and changing market condition:

- Approximately 75.0%, or HK\$672.0 million, will be used for two new 7,000 TEU vessels we ordered in April 2024 and the vessel chartering contracts we entered into.

SUMMARY

- approximately 50.0%, or HK\$448.0 million, will be used for two new 7,000 TEU vessels we ordered in April 2024.
- approximately 25.0%, or HK\$224.0 million, will be used for the vessel chartering contracts we entered into.
- Approximately 15.0%, or HK\$134.4 million, will be used for container leasing.
- Approximately 10.0%, or HK\$89.6 million, will be used for working capital and other general corporate purposes.

For further details, see “Future Plans and Use of Proceeds”.

DIVIDENDS

We may distribute dividends by way of cash or by other means that we consider appropriate. For the years ended December 31, 2021, 2022 and 2023 and the four months ended April 30, 2024, our Company declared and paid cash dividends of US\$10.5 million, US\$370.0 million, US\$400.0 million and nil, respectively, to its Shareholders. In addition, our Company made a bonus issue which capitalized retained profits of US\$70.0 million for the year ended December 31, 2021. In October 2024, our Company declared a special interim dividend of US\$300.0 million to our existing Shareholders, which will be settled before the Listing.

We currently intend to recommend at the relevant shareholder meetings an annual dividend of no less than US\$70.0 million for each of the year ending December 31, 2024 and the year ending December 31, 2025. The above recommendation remains subject to the absolute discretion of our Board of Directors, and subject to the approval of our Shareholders. Any future determination to declare and pay any dividends will be at the discretion of our Board and will depend on, among other things, our earnings, financial condition, capital requirements, level of indebtedness, statutory and contractual restrictions applying to the payment of dividends and other considerations that our Board deems relevant. In addition, any final dividends for a financial year will be subject to our Shareholders’ approval.

Dividends may be paid only out of our distributable profits as permitted under the relevant laws. To the extent profits are distributed as dividends, such portion of profits may not be reinvested in our operations. There can be no assurance that we will be able to declare or distribute any dividend in the amount set forth in any plan to our Board or at all. Furthermore, if we or any of our subsidiaries incur debt on our or its own behalf in the future, the instruments governing the debt may restrict our ability to pay dividends. The past dividend distribution record may not be used as a reference or basis in determining the level of dividends that may be declared or paid by us in the future. See “Risk Factors — Risks relating to the Global Offering — We may not declare dividends on our Shares in the future” for further details.

SUMMARY

LISTING EXPENSES

Listing expenses represent professional fees, underwriting commissions and other fees incurred in connection with the Global Offering. We expect to incur total listing expenses of approximately HK\$107.7 million (assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised and based on the Offer Price of HK\$4.0 per Offer Share, being the mid-point of the Offer Price range), of which approximately HK\$59.0 million has been charged to profit or loss during the Track Record Period. The total listing expenses consist of approximately HK\$19.2 million underwriting fees (including underwriting commission, SFC transaction levy, Stock Exchange trading fee and AFRC transaction levy) and approximately HK\$88.5 million non-underwriting fees mainly including (i) fees of legal advisor(s) and reporting accountant(s) of approximately HK\$60.5 million; and (ii) other fees and expenses of approximately HK\$28.0 million. Among the total listing expenses, approximately HK\$76.4 million is expected to be or has been charged to profit or loss, and approximately HK\$31.3 million directly attributable to the issue of the Shares is expected to be deducted from equity upon the completion of the Global Offering. Our total listing expenses are estimated to account for 10.7% of the gross proceeds of the Global Offering. The listing expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

RECENT DEVELOPMENTS

Our business

After the Track Record Period, we have seen improvements in our financial performance. We have observed a positive trend in our revenue for the nine months ended September 30, 2024, compared to the same period in 2023, mainly due to (i) higher freight rates mainly driven by the continued impacts on the supply from the Red Sea diversions, (ii) increased shipping volume, partially attributable to our increased shipping capacity, and (iii) resumption of long-haul services such as those in the Transpacific market in 2024 which entailed relatively higher freight rates.

For the six months ended June 30, 2024, we recorded shipping volume over 830,000 TEU. We saw a growth in our shipping volume in the Asia Pacific Region and Others markets since 2024 compared to the same period in 2023.

In June 2024, a newbuilding of 7,000 TEU, TS DUBAI, was delivered and we chartered it out to another carrier. The contract charter term of TS DUBAI ranges from 100 days to 120 days with daily contract charter rate of US\$80,000.

SUMMARY

In June 2024, we ordered three 14,000 TEU newbuildings, each at a purchase price of US\$145.0 million, which were expected to be delivered in 2027. We plan to deploy the three newbuildings in long-haul services in markets such as the East Asia – Indian Subcontinent, the East Asia – the Middle East market, the Transpacific market and/or the Asia – Latin America market where larger-size vessels are more economically justifiable.

We resumed our operation in the Transpacific market from Asia to the U.S. West Coast through joint service in July 2024 and independent service in August 2024, respectively, in light of the strong market freight rate. Drewry’s Transpacific eastbound freight rate index increased from US\$2,465 per FEU in December 2023 to US\$7,142 per FEU in June 2024, which was mainly due to a number of factors, including the ongoing Red Sea diversions resulting in shortage in empty container equipment and the stronger-than-expected demand for exports into the United States.

In July 2024, Sharaf Investment, LLC (a company ultimately controlled by Mr. Sharafuddin, one of the Controlling Shareholders) transferred a 2% equity interest in TS UAE to our Company at a consideration of AED6,000 (equivalent to approximately USD1,634). The transaction was conducted on an arm’s length basis and on normal commercial terms. We consider that such increase in equity stake in TS UAE demonstrates our intention to gradually increase our growth and development in the Middle East market. As of the date of this prospectus, TS UAE was owned as to 51% by our Company and indirectly owned as to 49% by Mr. Sharafuddin. See “Waivers from Strict Compliance with the Listing Rules — Acquisition after the Track Record Period — TS UAE” for further details.

On August 20, 2024, our owned vessel, TS Kobe, experienced an oil spill incident at a terminal in Hong Kong with an overflow of oil during refueling and subsequent release into the sea. Upon detection of the spill, the onboard emergency response procedures were immediately taken, in compliance with the Shipboard Oil Pollution Emergency Plan (SOPEP) and the ISM Code. The Hong Kong Marine Department confirmed that the cleanup process has been completed before allowing TS Kobe to leave the port. See “Business — Environmental protection, social, workplace safety and governance — Environmental protection — Water and oil pollution” for more details.

In September 2024, we ordered two 4,300 TEU newbuildings each at a purchase price of US\$61.0 million, which are expected to be delivered in 2027. We plan to deploy the two newbuildings in long-haul services in markets such as the Asia — Indian Subcontinent and others markets and at the same time to upgrade the older vessels.

Our industry

The container shipping industry is cyclical as demand and supply fluctuate. Drewry’s World Container Index peaked in September 2021, at US\$10,377.2 per FEU. Since the peak, freight rates have begun and continued to fall. The World Container Index reached its lowest point at US\$1,341.6 per FEU at the end of October 2023 before its recovery. As of October 3, 2024, Drewry’s World Container Index reached US\$3,489.3 per FEU. See “Industry Overview — Global container shipping industry — Operating models — Cyclicity of the container shipping industry.”

SUMMARY

The container shipping industry is cyclical and carriers' profitability is mainly affected by the market demand and carriers' shipping capacity according to the Drewry Report. When carriers are profitable, they tend to invest in new vessels. When most carriers respond to the same market trend and build new vessels, this typically results in overcapacity. As a result, the balance of shipping capacity and demand will change, which will in turn lead to a fall in carriers' profitability, and carriers typically respond by reducing vessel investments. Shipping demand growth generally leads to higher capacity utilization and improved profitability, prompting a further round of investments.

Besides, historically, the freight rates of Intra-Asia, a significant area of the Asia Pacific Region in terms of shipping volume, are more stable compared to long-haul freight rates such as the Transpacific Eastbound and Asia — Europe Westbound trade lanes according to the Drewry Report.

EFFECT OF THE COVID-19 OUTBREAK

The outbreak of a novel strain of coronavirus named COVID-19 has materially and adversely affected the global economy. During the Track Record Period, we had both benefited from but also suffered from the impact from the COVID-19 pandemic. On the one hand, mainly due to the increase in freight rate and partially due to the increasing demand of container shipping services during the COVID-19 pandemic, we generally had a strong financial performance in 2021 and 2022. For example, our average freight rate was US\$485 per TEU, US\$1,084 per TEU and US\$1,476 per TEU, respectively, in 2020, 2021 and 2022. The upward trend in our average freight rate contributed to our revenue and profitability for the same period. In 2020, 2021 and 2022, we recorded revenue of US\$810.4 million, US\$1,837.4 million and US\$2,443.5 million, respectively, and a gross profit margin of 23.7%, 50.7% and 44.7%, respectively. Nonetheless, with the impact from the COVID-19 pandemic continuing to diminish, our average freight rate decreased to US\$547 per TEU in 2023, which adversely affected our financial performance. On the other hand, due to the disruption of container shipping services resulting from the COVID-19 outbreak, our performance in the Greater China – Southeast Asia market in the fourth quarter of 2021 was adversely affected. Moreover, due to port congestion during the COVID-19 pandemic, our shipping volume in the Greater China market decreased from 148,224 TEU in 2021 to 137,010 TEU in 2022. Subsequent to the 2022, the impact from the COVID-19 pandemic, though lingering, has been gradually easing. Measures to contain its spread, including lockdowns, travel bans, quarantine measures, social distancing, and restrictions on business operations and other related restrictions have also been adjusted to take a less strict format globally.

Our Directors confirmed that the COVID-19 outbreak did not have any material adverse impact on our business operations and financial performance as of the Latest Practicable Date, primarily because: (i) there had been no material disruption of our operations; (ii) there had been no material disruption of our sales and marketing activities; and (iii) we had not encountered any material supply chain disruption.

SUMMARY

Reorganization

As part of our Reorganization, on September 14, 2022, our Company transferred our 44.2% shareholding in TEH Shipping to TSSA (a company wholly-owned by the Chen Family Group) at an aggregate consideration of NT\$672,192,668. The transfer was legally completed and settled by cash on September 14, 2022. Upon completion of such equity transfer, our Group has ceased to hold any interest in TEH Shipping. Prior to such equity transfer, TEH Shipping was an associate of the Company, which our Company's share of net assets was accounted for under equity method in accordance with HKAS 28. Upon completion, the equity transfer is accounted for as a disposal of our Company's entire equity interest in TEH Shipping, with a resulting loss of US\$1,473,000 being recognized in profit or loss as disclosed in Note 14 to the Accountants' Report in Appendix I to this prospectus. Our Company has established its Taiwan branch, TS TW Branch, which aims to support our business and operational needs in relation to our trade lanes between Taiwan and other locations (which do not constitute Cross-strait Trade Lanes). TS TW Branch, entered into employment agreements with employees resigning from TEH Shipping from November 2022 to January 2023.

Our Directors confirm that there has been no material adverse change in our financial or trading position or prospects since April 30, 2024 and up to the date of this prospectus.

DEFINITIONS

In this prospectus, unless the context otherwise requires, the following terms shall have the meanings set out below. Certain other terms are explained in the section headed “Glossary of Technical Terms” in this prospectus.

“Abundance Shipping”	Abundance Shipping Maritime Limited, a company incorporated in the Marshall Islands with limited liability on June 18, 2021 and one of our Vessel Owners
“Accountants’ Report”	the accountants’ report from our reporting accountants, the text of which is set out in Appendix I to this prospectus
“affiliate(s)”	any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
“AFRC”	Accounting and Financial Reporting Council
“AM Holding”	AM Holding Limited, a company incorporated in the Marshall Islands with limited liability on November 11, 2020, which is wholly-owned by Maritime Legacy and is one of our Controlling Shareholders
“Articles of Association” or “Articles”	the articles of association of our Company adopted on October 15, 2024, as amended, supplemented or otherwise modified from time to time, a summary of which is set out in Appendix III to this prospectus
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Audit Committee”	the audit committee of our Board
“Authority Shipping”	Authority Shipping Company Limited, a company incorporated in the Marshall Islands with limited liability on December 2, 2020 and one of our Vessel Owners
“Avermay”	Avermay Holding Limited, a company incorporated in the BVI with limited liability on June 13, 2022, which is wholly owned by Ms. Christy Chen and is one of our Controlling Shareholders
“BIS”	the U.S. Department of Commerce, Bureau of Industry and Security

DEFINITIONS

“Board” or “Board of Directors”	the board of Directors of our Company
“Bonus Issue”	a total of 1,260,000,000 Shares allotted and issued without payment and as fully-paid Shares by our Company to our Shareholders whose names appear on the register of members of our Company on October 15, 2024 (being the date of passing such resolution) prior to completion of the Global Offering, details of which are set out in “History, Reorganization and Corporate Structure — Bonus Issue” in this prospectus
“Bravery Shipping”	Bravery Shipping Maritime Limited, a company incorporated in the Marshall Islands with limited liability on June 18, 2021 and one of our Vessel Owners
“Bravo International”	Bravo International Logistics Co., Limited (達榮國際物流股份有限公司), a company limited by shares and incorporated in Taiwan on January 3, 1997 and is a majority-controlled company of Mr. Chen Chin-Hsing and Mr. Chen Wei-Hsiang, both of whom are associates of the Chen Family Group. It is a connected person of our Company
“business day”	any day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for business
“BVI”	British Virgin Islands
“CAGR”	Compounded annual growth rate
“Capital Market Intermediaries”	the capital market intermediaries participating in the Global Offering and has the meaning ascribed thereto under the Listing Rules
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Chen Deed of Indemnity”	the deed of indemnity dated October 21, 2024 and executed by Mr. Chen in favor of our Company in respect of the potential non-compliance with the Cross-strait Shipping Measures

DEFINITIONS

“Chen Family Group”	Mr. Chen, Mrs. Chen, Mr. James Chen and Ms. Christy Chen
“CICHK”	CICHK Investment Limited, a company incorporated in the BVI with limited liability on June 7, 2022, which is wholly owned by Mr. Chow I-Chang (周宜強), an Independent Third Party
“close associate(s)”	has the meaning ascribed to it under the Listing Rules
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company” or “our Company”	T.S. Lines Limited (德翔海運有限公司) (formerly known as 德翔航運有限公司), a company incorporated in Hong Kong with limited liability on March 2, 2001
“Comprehensively Sanctioned Countries”	any country or territory subject to a general and comprehensive export, import, financial or investment embargo under sanctions related law or regulation of the Relevant Jurisdiction, currently Cuba, Iran, North Korea, Syria, the Crimea Region of Russia/Ukraine, the self-proclaimed Luhansk People’s Republic (“LPR”) and Donetsk People’s Republic (“DPR”) regions, Zaporizhzhia and Kherson regions
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“connected subsidiary”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules, and unless the context otherwise requires, refers to TS Investment, Prevalence, Providence, AM Holding, Maritime Legacy, TS Chen Holding, Search & Search, JC Righteous, Avermay, Vision Investments, Nova Foundation, Mr. Chen, Mrs. Chen, Mr. James Chen, Ms. Christy Chen and Mr. Sharafuddin

DEFINITIONS

“core connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Count Shipping”	Count Shipping Company Limited, a company incorporated in the Marshall Islands with limited liability on August 15, 2022 and one of our Vessel Owners
“COVID-19”	a viral respiratory disease caused by the severe acute respiratory syndrome coronavirus 2
“Crane Movement”	Crane Movement Investment Limited, a company incorporated in the BVI with limited liability on June 13, 2022, which is wholly owned by Mr. Hung Ying-Cheng (洪英正), an Independent Third Party
“Cross Strait Holding”	Cross Strait Holding Limited, a company incorporated in the Marshall Islands with limited liability on March 29, 2023 and a wholly-owned subsidiary of TEH Shipping. It is a connected person of our Company
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“Deeds of Indemnity”	Chen Deed of Indemnity and TEH Deed of Indemnity
“Deed of Non-Competition”	the deed of non-competition dated October 22, 2024 and executed by the Chen Family Group and TEH Shipping in favor of our Company, details of which are set out in the section headed “Relationship with our Controlling Shareholders — Deed of Non-Competition” in this prospectus
“Designated Bank”	HKSCC Participant’s EIPO Designated Bank
“Diamond Shipping”	Diamond Shipping Services (Pvt) Ltd., a company incorporated with limited liability in Sri Lanka on August 1, 2008 and is owned as to 60% by Sri Lanka Shipping Co. Ltd., an Independent Third Party and controlled as to 40% by Mr. Sharafuddin. It is a connected person of our Company
“Dignity Shipping”	Dignity Shipping Company Limited, a company incorporated in the Marshall Islands with limited liability on September 8, 2020 and one of our Vessel Owners

DEFINITIONS

“Director(s)”	the directors of our Company, including all executive and independent non-executive directors
“Drewry”	Drewry Shipping Consultants Ltd, our industry consultant and an Independent Third Party
“Drewry Report”	the market research report provided by Drewry, which was commissioned by our Group in relation to, among other things, the overview of the industries in which our Group operates or intends to operate
“Duk Sang”	Duk Sang T.S Lines Co., Ltd., a company incorporated in South Korea with limited liability on August 20, 2007 and an indirect non-wholly owned subsidiary of our Company
“Dux Shipping”	Dux Shipping Company Limited, a company incorporated in the Marshall Islands with limited liability on August 15, 2022 and one of our Vessel Owners
“EAR”	United States Export Administration Regulations, 15 C.F.R Parts 730-774
“Extreme Conditions”	extreme conditions caused by a super typhoon as announced by the government of Hong Kong
“FINI”	Fast Interface for New Issuance, an online platform operated by HKSCC that is mandatory for admission to trading and, where applicable, the collection and processing of specified information on subscription in and settlement for all new issues
“General Rules of HKSCC”	the terms and conditions regulating the use of HKSCC’s services, as may be amended or modified from time to time and where the context so permits, shall include the HKSCC Operational Procedures
“Global Offering”	the Hong Kong Public Offering and the International Offering
“Glory Shipping”	Glory Shipping Company Limited, a company incorporated in the Marshall Islands with limited liability on March 26, 2018 and one of our Vessel Owners

DEFINITIONS

“Group”, “our Group”, “we” or “us”	our Company and our subsidiaries or, where the context so requires, in respect of the period before our Company became the holding company of our present subsidiaries, the business operated by such subsidiaries or the predecessors (as the case may be)
“Guide”	Guide for New Listing Applicants issued by the Stock Exchange (as amended, supplemented or otherwise modified from time to time)
“HK\$” or “HK dollar(s)”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKFRSs”	the Hong Kong Financial Reporting Standards (including HKASs and their interpretations) issued by the Hong Kong Institute of Certified Public Accountants
“HKSCC”	Hong Kong Securities Clearing Company Limited, a wholly owned subsidiary of Hong Kong Exchanges and Clearing Limited
“ HKSCC EIPO ”	the application for the Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your designated HKSCC Participant’s stock account through causing HKSCC Nominees to apply on your behalf, including by instructing your broker or custodian who is a HKSCC Participant to give electronic application instructions via HKSCC’s FINI system to apply for the Hong Kong Offer Shares on your behalf
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly owned subsidiary of HKSCC
“HKSCC Operational Procedures”	the operational procedures of HKSCC, containing the practices, procedures and administrative or other requirements relating to HKSCC’s services and the operations and functions of CCASS, FINI or any other platform, facility or system established, operated and/or otherwise provided by or through HKSCC, as from time to time in force
“HKSCC Participant”	a participant admitted to participate in CCASS as a direct clearing participant, a general clearing participant or a custodian participant

DEFINITIONS

“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Offer Shares”	the 25,094,000 Shares being initially offered by our Company for subscription at the Offer Price pursuant to the Hong Kong Public Offering, subject to reallocation and the Offer Size Adjustment Option as described in the section headed “Structure of the Global Offering” in this prospectus
“Hong Kong Public Offering”	the offer for subscription of the Hong Kong Offer Shares to the public in Hong Kong at the Offer Price, subject to and in accordance with the terms and conditions set out in this prospectus
“Hong Kong Share Registrar”	Computershare Hong Kong Investor Services Limited
“Hong Kong Underwriter(s)”	the underwriters of the Hong Kong Public Offering whose names are set out in the section headed “Underwriting — Joint Global Coordinators and Overall Coordinators” and “Underwriting — Joint Bookrunners and Joint Lead Managers” in this prospectus
“Hong Kong Underwriting Agreement”	the underwriting agreement dated October 23, 2024 relating to the Hong Kong Public Offering entered into by our Company, the Warranting Shareholders, the Joint Sponsors, the Overall Coordinators, the Hong Kong Underwriters and the Capital Market Intermediaries
“Independent Third Party(ies)”	person(s) or company(ies) who/which, to the best of our Directors’ knowledge, information and belief, having made all reasonable enquiries, is/are not connected with our Company or our connected persons
“Information Dynamics”	Information Dynamics LLC, a company established in the UAE with limited liability on September 10, 1994 and is ultimately controlled by Mr. Sharafuddin. It is a connected person of our Company

DEFINITIONS

“International Offer Shares”	the 225,846,000 Shares being initially offered by our Company for subscription under the International Offering together with, where relevant, any additional Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option and the Over-allotment Option, subject to reallocation, as described in the section headed “Structure of the Global Offering” in this prospectus
“International Offering”	the conditional placing of the International Offer Shares at the Offer Price, in the United States to QIBs only in reliance on Rule 144A or another available exemption from the registration requirements under the U.S. Securities Act, and outside the United States in offshore transactions reliance on Regulation S, as further described in “Structure of the Global Offering” of this prospectus
“International Sanctions”	all applicable laws and regulation to economic sanctions, export controls, trade embargoes and wider prohibitions and restrictions on international trade and investment related activities, including those adopted administered and enforced by the U.S. Government, the European Union and its member states, the United Nations or Government of Australia
“International Sanctions Legal Advisors”	Hogan Lovells, our legal advisors as to International Sanctions laws in connection with the Listing
“International Underwriter(s)”	the group of international underwriters expected to enter into the International Underwriting Agreement relating to the International Offering
“International Underwriting Agreement”	the international underwriting agreement relating to the International Offering to be entered into by, among other parties, our Company, our Warranting Shareholders, the Overall Coordinators and the International Underwriters on or about the Price Determination Date
“JC Righteous”	JC Righteous Holding Limited, a company incorporated in the BVI with limited liability on June 13, 2022, which is wholly owned by Mr. James Chen and is one of our Controlling Shareholders

DEFINITIONS

“Joint Bookrunners”	J.P. Morgan Securities (Asia Pacific) Limited, China Merchants Securities (HK) Co., Limited, Futu Securities International (Hong Kong) Limited, Yuanta Securities (Hong Kong) Company Limited, Livermore Holdings Limited
“Joint Global Coordinators”	J.P. Morgan Securities (Asia Pacific) Limited and China Merchants Securities (HK) Co., Limited
“Joint Lead Managers”	J.P. Morgan Securities (Asia Pacific) Limited, China Merchants Securities (HK) Co., Limited, Futu Securities International (Hong Kong) Limited, Yuanta Securities (Hong Kong) Company Limited, Livermore Holdings Limited
“Joint Sponsors”	J.P. Morgan Securities (Far East) Limited and China Merchants Securities (HK) Co., Limited
“Kentship”	Kentship Holding Limited, a company incorporated in the British Virgin Islands on November 1, 2023, which is wholly owned by Mr. Wu
“Latest Practicable Date”	October 17, 2024, being the latest practicable date for the purpose of ascertaining certain information contained in this prospectus prior to its publication
“LIBOR”	London Inter-Bank Offered Rate
“Listing”	the listing of our Shares on the Main Board
“Listing Date”	the date, expected to be on or about Friday, November 1, 2024, on which dealings in our Shares first commence on the Main Board
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
“Magnificence Shipping”	Magnificence Shipping Maritime Limited, a company incorporated in the Marshall Islands with limited liability on June 18, 2021 and one of our Vessel Owners

DEFINITIONS

“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange
“majority-controlled company”	has the meaning ascribed to it under the Listing Rules
“Maritime Legacy”	Maritime Legacy Limited, a company incorporated in the BVI with limited liability on June 14, 2022, which is wholly owned by TS Chen Holding, Search & Search, Avermay and JC Righteous and is one of our Controlling Shareholders
“Ministry of Transport”	the Ministry of Transport of the People’s Republic of China is an agency responsible for railway, road, air and water transportation regulations in China
“MPB”	Maritime Port Bureau of MOTC
“MOF”	the Ministry of Oceans and Fisheries, a cabinet-level division of the government of South Korea
“MOTC”	the Ministry of Transportation and Communications (Taiwan)
“Mr. Chen”	Mr. Chen Teh-Sheng (陳德勝), chairman of our Board and one of our executive Director and Controlling Shareholders
“Mr. James Chen”	Mr. Chen Shao-Hsiang (陳劭翔), one of our executive Directors and Controlling Shareholders
“Mr. Sharafuddin”	General Sharafuddin Alsayed Mohd H S M Yousif Sharaf, one of our Controlling Shareholders
“Mr. Wu”	Mr. Wu Shang-Ying (吳尚鷹), a former director of our Company who has resigned from such role on February 9, 2023
“Mrs. Chen”	Mrs. Chen Chuang Chuang-Li (莊壯麗), one of our executive Directors and Controlling Shareholders
“Ms. Christy Chen”	Ms. Chen I-Chi (陳依琦), one of our Controlling Shareholders

DEFINITIONS

“Nobility Shipping”	Nobility Shipping Company Ltd, a company incorporated in the Marshall Islands with limited liability on August 22, 2019 and one of our Vessel Owners
“Nova Foundation”	The Nova Foundation, a foundation incorporated in Guernsey on February 28, 2024 and founded by Mr. Sharafuddin; and one of our Controlling Shareholders
“NPC”	the National People’s Congress of the People’s Republic of China (全國人民代表大會)
“NT\$”	New Taiwan dollar(s), the lawful currency of Taiwan
“OFAC”	the U.S. Department of Treasury’s Office of Foreign Assets Control
“Offer Price”	the final offer price per Offer Share (exclusive of brokerage of 1.0%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015%) of not more than HK\$4.50 and expected to be not less than HK\$3.50, such price to be agreed upon by our Company and the Overall Coordinators (for themselves and on behalf of the Underwriters) on or before the Price Determination Date
“Offer Shares”	the Hong Kong Offer Shares and the International Offer Shares together with, where relevant, any additional Shares which may be issued by our Company pursuant to the exercise of the Offer Size Adjustment Option and the Over-allotment Option
“Offer Size Adjustment Option”	the option under the Hong Kong Underwriting Agreement, exercisable by the Company on or before the Price Determination Date, pursuant to which the Company may issue and allot up to an aggregate of 37,641,000 additional Shares (representing 15.0% of our Shares initially being offered under the Global Offering assuming the Over-allotment Option is not exercised), to cover the additional demand, if any, as described in the section headed “Structure of the Global Offering” in this prospectus
“Oman”	the Sultanate of Oman

DEFINITIONS

“Over-allotment Option”	the option to be granted by us to and exercisable by the Overall Coordinators, pursuant to which we may be required to allot and issue up to an aggregate of 37,641,000 additional Shares (representing 15.0% of our Shares initially being offered under the Global Offering assuming the Offer Size Adjustment Option is not exercised) or up to 43,287,000 additional Shares (representing not more than 15.0% of our Shares initially being offered under the Global Offering assuming the Offer Size Adjustment Option is exercised in full) at the Offer Price to cover over-allocations in the International Offering, details of which are described in the section headed “Structure of the Global Offering — Over-allotment Option” in this prospectus
“Overall Coordinators” or “Sponsor-OCs”	J.P. Morgan Securities (Asia Pacific) Limited and China Merchants Securities (HK) Co., Limited
“Philippines Legal Advisors”	Quisumbing Torres, our legal advisors as to competition law in the Republic of the Philippines
“PRC Company Law”	the Company Law of the People’s Republic of China (中華人民共和國公司法), as amended, supplemented or otherwise modified from time to time
“PRC Legal Advisors”	Haiwen & Partners, our legal advisors as to PRC law
“Prevalence”	Prevalence Holding Limited, a company incorporated in Samoa with limited liability on August 13, 2015, which is wholly-owned by Maritime Legacy and is one of our Controlling Shareholders
“Price Determination Agreement”	the agreement to be entered into between our Company and the Overall Coordinators (for themselves and on behalf of the Underwriters) on the Price Determination Date to determine and record the final Offer Price
“Price Determination Date”	the date, expected to be on or before Wednesday, October 30, 2024 but in any event no later than 12:00 noon on Wednesday, October 30, 2024, on which the final Offer Price is determined by our Company and the Overall Coordinators (for themselves and on behalf of the Underwriters) for the purpose of the Global Offering

DEFINITIONS

“Primacy Shipping”	Primacy Shipping Company Limited, a company incorporated in the Marshall Islands with limited liability on December 15, 2020 and one of our Vessel Owners
“Primary Sanctioned Activity”	any activities in a Comprehensively Sanctioned Country or (i) with; or (ii) directly or indirectly benefiting or involving the property or interests in property of, a Sanctioned Target by our Company incorporated or located in a Relevant Jurisdiction or which otherwise has a nexus with such jurisdiction with respect to the relevant activity, such that it is subject to the relevant sanctions law and regulation
“Providence”	Providence Holding Limited, a company incorporated in the Marshall Islands with limited liability on October 14, 2020, which is wholly-owned by Maritime Legacy and is one of our Controlling Shareholders
“Qualified Institutional Buyer” or “QIB”	a qualified institutional buyer within the meaning of Rule 144A
“Regions subject to International Sanctions”	any country or territory subject either to a general and comprehensive embargo or a more limited set of export, import, financial or investment restrictions under sanctions related laws or regulation of the Relevant Jurisdiction
“Relevant Jurisdiction”	any jurisdiction that is relevant to our Company and has sanctions related law or regulation restricting, among other things, its nationals and/or entities which are incorporated or located in that jurisdiction from directly or indirectly making assets or services available to or otherwise dealing in assess or certain countries, governments, person or entities targeted by such law or regulation. For the purpose of this prospectus, Relevant Jurisdictions include the U.S., the European Union, the United Nations, the United Kingdom and Australia
“Relevant Persons”	means our Company, together with our investors and Shareholders and persons who might directly or indirectly, be involved in permitting the Listing, trading clearing and settlement of our Shares including the Stock Exchange and related group companies

DEFINITIONS

“Relevant Regions”	Hong Kong and Myanmar
“Regulation S”	Regulation S under the U.S. Securities Act
“Remuneration Committee”	the remuneration committee of our Board
“Reorganization”	the reorganization of our Group in preparation of the Listing, details of which are described in the section headed “History, Reorganization and Corporate Structure” in this prospectus
“RMB”	Renminbi, the lawful currency of the PRC
“Royalty Shipping”	Royalty Shipping Limited, a company incorporated in the Marshall Islands with limited liability on November 28, 2019 and one of our Vessel Owners
“Rule 144A”	Rule 144A under the U.S. Securities Act
“Sanctioned Person”	certain person(s) and identity(ies) listed on OFAC’s Specially Designated Nationals and Blocked Persons List or other restricted parties lists maintained by the U.S., the European Union, the United Nations or Australia
“Sanctioned Target”	any person or entity (i) designated on any list of targeted persons or entities issued under the sanctions-related law or regulation of a Relevant Jurisdiction; (ii) that is, or is owned or controlled by, a government of a country subject to International Sanctions; or (iii) that is the target of sanctions under the law or regulation of a Relevant Jurisdiction because of a relationship of ownership, control, or agency with a person or entity described in (i) or (ii)
“Saudi Arabia”	the Kingdom of Saudi Arabia
“SDN”	individuals and entities that are listed on the SDN List
“SDN List”	the list of Specially Designated Nationals, and Blocked Persons maintained by OFAC, which sets forth individuals and entities that are subject to its sanctions and restricted from dealings with U.S. persons

DEFINITIONS

“Search & Search”	Search & Search Company Limited, a company incorporated in the BVI with limited liability on June 13, 2022, which is wholly owned by Mrs. Chen and is one of our Controlling Shareholders
“Secondary Sanctionable Activity”	certain activity by our Company that may result in the imposition of sanctions against the Relevant Person(s) by a Relevant Jurisdiction (including designation as a Sanctioned Target or the imposition of penalties), even though our Company is not incorporated or located in that Relevant Jurisdiction and does not otherwise have any nexus sutra that Relevant Jurisdiction
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Sharaf Kenya Agency”	Sharaf Shipping Agency (K) Ltd., a private company established in Kenya on October 24, 2003 and owned as to 70% by Oasis International Holdings Limited (a company ultimately controlled by Mr. Sharafuddin), 20% by Panafrican Trade and Investments Ltd. (an Independent Third Party) and 10% by Maha Holdings Ltd. (an Independent Third Party). It is a connected person of our Company
“Sharaf Oman Agency”	Merchant Shipping Services LLC, a company established in Oman on October 14, 2002 and owned as to 70% by Sharaf Investment, LLC (a company ultimately controlled by Mr. Sharafuddin) 30% by Almasa Services Navigation (an Independent Third Party). It is a connected person of our Company
“Sharaf Pakistan Agency”	Sharaf Shipping Agency (Pvt) Ltd., a company established in Pakistan with limited liability on November 24, 2006 and ultimately controlled by Mr. Sharafuddin. It is a connected person of our Company

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“Sharaf SA Agency”	Pride Shipping Co. Ltd., a company established in Saudi Arabia on October 15, 1998 and owned as to 50% by Sharaf Investment, LLC (a company ultimately controlled by Mr. Sharafuddin), 30% by Globe Marine Services Co. Ltd. (an Independent Third Party) and 20% by Mr. Ehsan Fareed Abdul Jawad (an Independent Third Party). It is a connected person of our Company
“Sharaf Tanzania Agency”	Sharaf Shipping Agency (T) Ltd., a private limited company established in Tanzania on October 20, 2003 and owned as to approximately 40.00% by Oasis International Holdings Limited (a company ultimately controlled by Mr. Sharafuddin), approximately 49.59% by Abdulrahman Omar Kinana (an Independent Third Party) and approximately 10.41% by Rahma Hussein Gulled (an Independent Third Party). It is a connected person of our Company
“Sharafuddin Entities”	Mr. Sharafuddin, Nova Foundation and Vision Investments
“Share(s)”	ordinary share(s) of our Company
“Shareholder(s)”	holder(s) of our Share(s)
“Sovereignty Shipping”	Sovereignty Shipping Company Limited, a company incorporated in the Marshall Islands with limited liability on March 11, 2021 and one of our Vessel Owners
“Splendor Shipping”	Splendor Shipping Maritime Limited, a company incorporated in the Marshall Islands with limited liability on June 18, 2021 and one of our Vessel Owners
“Stabilizing Manager”	J.P. Morgan Securities (Asia Pacific) Limited
“Stock Borrowing Agreement”	the stock borrowing agreement expected to be entered into between the Stabilizing Manager and Providence on or about the Price Determination Date, pursuant to which the Stabilizing Manager may borrow up to 37,641,000 Shares (assuming the Offer Size Adjustment Option is not exercised) or up to 43,287,000 Shares (assuming the Offer Size Adjustment Option is fully exercised) to cover over-allocations in the International Offering, if any
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Taiwan Legal Advisors”	Baker & McKenzie, our legal advisors as to Taiwan law
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time
“TEH Deed of Indemnity”	the deed of indemnity dated October 21, 2024 and executed by TEH Shipping in favor of our Company in respect of the potential non-compliance with the Cross-strait Shipping Measures
“TEH Entities”	TEH Shipping and Cross Strait Holding
“TEH Shipping”	TEH Shipping Lines Co., Ltd. (德勝航運股份有限公司) (formerly known as T.S. Lines Co., Ltd (德翔海運股份有限公司)), a company limited by shares and incorporated in Taiwan on September 3, 2004 and a company owned as to 88.4% by the Chen Family Group. It is a connected person of our Company
“Track Record Period”	the period comprising the financial years ended December 31, 2021, 2022 and 2023 and the four months ended April 30, 2024
“TS Chen Holding”	TS Chen Holding Limited, a company incorporated in the BVI with limited liability on June 13, 2022, which is wholly owned by Mr. Chen and is one of our Controlling Shareholders
“TS Empire”	T.S. Empire Holding Limited, a company incorporated in the Marshall Islands with limited liability on May 22, 2015 and one of our Vessel Owners
“TS Hanoi”	T.S. Container Lines Ha Noi Company Limited, a company established in Vietnam with limited liability on October 14, 2016 and a direct non-wholly owned subsidiary of our Company

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“TS India”	T.S. Lines (India) Private Limited, a company established in India with limited liability on March 26, 2008 and controlled as to 60% by Mr. Sharafuddin and owned as to 40% by our Company. It is a connected person of our Company
“TS Investment”	TS Investment Limited, a company incorporated in the Marshall Islands with limited liability on August 6, 2024, which is wholly-owned by Maritime Legacy and is one of our Controlling Shareholders
“TS Japan”	T.S. Lines (Japan) Limited, a company established in Japan with limited liability on March 28, 2006 and a wholly-owned subsidiary of our Company
“TS Kingdom”	T.S. Kingdom Holding Limited, a company incorporated in the Marshall Islands with limited liability on May 22, 2015 and one of our Vessel Owners
“TS Korea”	T.S. Lines Korea Co., Ltd., a company established in South Korea with limited liability on November 2, 2010 and a wholly-owned subsidiary of our Company
“TS Malaysia”	T.S. Container Lines (M) Sdn Bhd, a company established in Malaysia with limited liability on February 24, 2005 and a wholly-owned subsidiary of our Company
“TS Marina Bay”	TS Marina Bay Pte. Ltd., a company incorporated in Singapore with limited liability on May 17, 2024 and a wholly-owned subsidiary of our Company
“TS Philippines”	TSL Container Lines Philippines Inc., a company incorporated in the Republic of the Philippines on June 3, 2022 and a direct non-wholly owned subsidiary of our Company owned as to (i) 64.97% by our Company; (ii) 34.98% by an Independent Third Party; and (iii) 0.05% by each of the five directors of TS Philippines
“TS Shanghai”	Shanghai Desheng Shipping Co., Ltd.* (上海德聖船務有限公司), a company established in mainland China with limited liability on November 10, 2008 and a wholly-owned subsidiary of our Company

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“TS Singapore”	TS Container Lines Pte. Ltd., a company incorporated in Singapore with limited liability on January 4, 2024 and a wholly-owned subsidiary of our Company
“TS Thailand”	T.S. Container Lines (Thailand) Co., Ltd., a company established in Thailand with limited liability on April 20, 2006 and owned as to 49% by our Company and 51% by two Independent Third Parties
“TS TW Branch”	T.S. Lines Limited, Taiwan Branch (香港商德翔海運有限公司台灣分公司), the Taiwan branch of our Company incorporated on October 27, 2022
“TS UAE”	T.S. Lines UAE L.L.C., a company established in the UAE with limited liability on May 3, 2012 and a joint venture owned as to 51% by our Company and indirectly owned as to 49% by Mr. Sharafuddin. It is a connected person of our Company
“TS Vietnam”	T.S. Container Lines Vietnam Company Limited, a company established in Vietnam with limited liability on May 13, 2014 and a wholly-owned subsidiary of our Company
“TSSA”	T.S. Shipping Agency Co., Ltd. (德翔船務代理股份有限公司), a company limited by shares and incorporated in Taiwan on November 29, 2000 and owned as to (i) 39.5% by Jiwen Industrial Co., Ltd. (基穩實業股份有限公司) (which is owned as to 99.99% by Mrs. Chen and 0.01% by Mr. Chen); (ii) 30% by Wujiang Capital Co., Ltd (無疆資本股份有限公司) (which is owned as to 99.99% by Mr. James Chen and as to 0.01% by Mr. Chen); (iii) 30% by Huiju Capital Co., Ltd. (匯聚資本股份有限公司) (which is owned as to 99.99% by Ms. Christy Chen and 0.01% by Mr. Chen); and (iv) 0.5% by Mr. Chen. It is a connected person of our Company
“UAE”	United Arab Emirates
“US\$”	U.S. dollar(s), the lawful currency of the United States
“U.S.” or “United States”	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia

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“U.S. Securities Act”	United States Securities Act of 1933, as amended, supplemented or otherwise modified from time to time
“Underwriters”	the Hong Kong Underwriters and the International Underwriters
“Underwriting Agreements”	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
“VAT”	value-added tax; all amounts are exclusive of VAT in this prospectus except where indicated otherwise
“Vessel Owners”	our vessel owners which are indirect subsidiaries of our Company, namely, TS Empire, TS Kingdom, Glory Shipping, Nobility Shipping, Royalty Shipping, Dignity Shipping, Authority Shipping, Primacy Shipping, Sovereignty Shipping, Abundance Shipping, Bravery Shipping, Magnificence Shipping, Splendor Shipping, Count Shipping, Viscount Shipping and Dux Shipping; and our other indirect subsidiaries which are investment holding companies that were vessel owners prior to the Latest Practicable Date, namely, T.S. Hong Kong Shipping Corp., T.S. Dynasty Limited, T.S. Glory Limited, T.S. Majesty Limited and T.S. Domain Limited
“Viscount Shipping”	Viscount Shipping Company Limited, a company incorporated in the Marshall Island with limited liability on August 15, 2022 and one of our Vessel Owners
“Vision Investments”	Vision Investments Limited, a non cellular company established in Guernsey with limited liability on November 12, 2021 and which is indirectly wholly owned by Mr. Sharafuddin through Nova Foundation and is one of our Controlling Shareholders
“Warranting Shareholders”	TS Investment, Prevalence, Providence, AM Holding, Maritime Legacy, TS Chen Holding, Search & Search, JC Righteous, Avermay, Mr. Chen, Mrs. Chen, Mr. James Chen, and Ms. Christy Chen
“White Form eIPO”	the application for Hong Kong Offer Shares to be issued in the applicant’s own name by submitting applications online through the designated website of White Form eIPO Service Provider at www.eipo.com.hk

DEFINITIONS

“White Form eIPO Service Provider” Computershare Hong Kong Investor Services Limited

“%” per cent

In this document, unless expressly stated or the context requires otherwise:

- *all information and data is of the Latest Practicable Date;*
- *certain amounts and percentage figures, including but not limited to, shareholdings and operating data, may have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them;*
- *all references to any shareholdings in our Company assume no exercise of the Offer Size Adjustment Option or the Over-allotment Option unless otherwise specified;*
- *the names of the laws and regulations, governmental authorities, institutions, natural persons or other entities in mainland China and Taiwan (including certain of our subsidiaries) have been included in the prospectus in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail. English translations of company names and other terms from the Chinese language are provided for identification purpose only.*

GLOSSARY OF TECHNICAL TERMS

Unless the context otherwise requires, explanations and definitions of certain terms used in this prospectus in connection with our Group and our business shall have the meanings set out below. The terms and their meanings may not always correspond to standard industry meaning or usage of these terms.

“AFTA”	ASEAN Free Trade Agreement, a trade bloc agreement by the Association of Southeast Asian Nations supporting local trade and manufacturing in all ASEAN countries, and facilitating economic integration with regional and international allies
“ASEAN”	Association of Southeast Asian Nations, including Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam
“Asia Pacific Region”	the region including Greater China, North Asia, Southeast Asia, Indian Subcontinent and Oceania
“barge”	a long flat-bottomed boat for carrying freight on canals and rivers, either under its own power or towed by another
“BCO”	beneficial cargo owners
“blank sailings”	skipping a particular port or an entire voyage of a scheduled sailing route by a carrier, also known as void sailing
“bunkers”	fuel for vessels
“carrier”	the person by whom or in whose name a contract of carriage of goods by sea has been concluded with a shipper
“charter”	the chartering or hiring of a vessel for a certain purpose at a fixed rate for a fixed period of time or for a designated voyage
“chartered-in vessels”	vessels which are chartered from vessel suppliers primarily under time charters, and we typically do not manage these chartered vessels

GLOSSARY OF TECHNICAL TERMS

“classification”	a type of certification confirming that the structures and facilities of a vessel comply with the requirements set by a classification society, which is believed to lend credence to the vessel’s safety and reliability
“classification society”	an independent organization that certifies that a vessel has been built, delivered and maintained in accordance with the rules of such organization
“consignee”	the person who is entitled to take delivery of goods pursuant to the original bill of lading
“container”	a weatherproof box designed for shipment of freight
“container turnover rate”	represents how many full business cycles a container can run annually, which is calculated as each container’s full cycle usage days (average days from first laden export gate-in terminal “full container” date to next “full container” date) divided by 365 days
“Cross-strait Trade Lanes”	the trade lanes for shipping directly between designated ports in mainland China on one hand and designated ports in Taiwan on the other hand as stipulated under the Measures on the Administration of Cross-Taiwan Strait Shipping Operation (《台灣海峽兩岸間航運管理辦法》) promulgated by the Ministry of Transport on August 19, 1996, the Notice of the Ministry of Transport on Issues Concerning the Implementation of the ‘Measures on the Administration of Cross-Taiwan Strait Shipping Operation’ (《交通部關於實施<台灣海峽兩岸間航運管理辦法>有關問題的通知》) promulgated by the Ministry of Transport and effective on October 31, 1996, and the Announcement on Implementation Matters for Cross-Taiwan Strait Direct Shipping Operation (《關於台灣海峽兩岸間海上直航實施事項的公告》) published on December 10, 2008, which currently covers 72 designated ports in mainland China and 13 designated ports in Taiwan for the purpose above. Shipping companies and the vessels owned or operated by them are required to possess the Cross-Taiwan Strait Waterway Transportation Permit and the Cross-Taiwan Strait Vessel Operation Permit, respectively, issued by the Ministry of Transport in order to operate Cross-strait Trade Lanes

GLOSSARY OF TECHNICAL TERMS

“CSALS”	the Committee of Shipowners for Asian Liners Service
“demurrage charges”	the charges carriers levy when their customers hold their containers for delayed use inside the terminal, port or depot beyond the agreed amount of free time days which are generally calculated per container unit
“detention charges”	the charges carriers levy when their customers hold their containers for delayed use outside the port, terminal or depot beyond the agreed amount of free time days which are generally calculated by day depending on the type and size of the container
“Fair Trade Act”	the Monopoly Regulation And Fair Trade Act
“FEU”	forty-foot equivalent unit, a standard unit of measurement of the volume of a container with a length of 40 feet, height of eight feet six inches and width of eight feet
“flag state”	the country or region where the vessel is registered
“freight collect”	a freight payment term where the consignee makes payment upon taking delivery of the cargo
“freight prepaid”	a freight payment term where the shipper makes payment upon taking delivery of the original bill of lading
“general average”	losses shared proportionally among all parties in a sea venture (mainly including the ship owners and cargos owners) resulting from a voluntary sacrifice of part of the ship or cargos to save the whole in an emergency
“gigajoule”	a gigajoule is equal to one thousand million joules, which is a unit of measurement of energy consumption
“ILWU”	International Longshore and the Warehouse Union, a labor union which primarily represents dock workers on the West Coast of the United States, Hawaii, and in British Columbia, Canada

GLOSSARY OF TECHNICAL TERMS

“IMO”	International Maritime Organization, a United Nations agency that issues international standards for shipping
“ISM Code”	International Safety Management Code, an international code for the safe management and operation of ships and for pollution prevention issued by the IMO applicable to international route vessels and shipping companies (ship management companies, bareboat charters and shipowners)
“ISPS Code”	International Ship and Port Facility Security Code, an amendment to the Safety of Life at Sea (SOLAS) Convention (1974/1988) on Maritime security including minimum security arrangements for ships, ports and government agencies
“joint service”	an arrangement pursuant to which a group of shipping companies each designates a specific number of vessels to jointly provide shipping services for specific trade lanes for a period of time
“KFTC”	Korea Fair Trade Commission, a ministerial-level central administrative organization under the authority of the Prime Minister and also functions as a quasi-judicial body
“liner service model”	a container shipping service model under which carriers operate scheduled shipping services through designated ports in rotation
“logistics”	a comprehensive, system-wide view of the entire supply chain as a single process, from raw materials supply through finished goods distribution. All functions that make up the supply chain are managed as a single entity, rather than managing individual functions separately
“pilotage”	on-board assistance to the captains of ships and other seaborne vessels to help them enter and leave the port and with any other maneuvers within the port waters, ensuring their safety
“port calls”	a scheduled stop for a ship on its journey for cargo operation or taking on supplies or fuel

GLOSSARY OF TECHNICAL TERMS

“RCEP”	The Regional Comprehensive Economic Partnership. A proposed free trade agreement (FTA) between the 10 member states of the ASEAN and its six FTA partners (Australia, China, India, Japan, New Zealand and Republic of Korea)
“reefer container”	an intermodal container used in intermodal freight transport that is capable of refrigeration for the transportation of temperature-sensitive, perishable cargo such as fruits, vegetables, meat, and other similar items
“ro-ro ship”	a vessel designed to carry wheel cargo, like cars, trucks, trailers, etc. which relies on self-propelled modular transport that is driven on and off the vessel
“service(s)”	container shipping services provided by one or multiple shipping companies going through regularly specific origin port, intermediate port(s) and destination port; for example, as of April 30, 2024 the Company had a service in the Greater China market, going through Hong Kong, Keelung, Taichung and Kaohsiung
“shipper”	the person by whom or in whose name or on whose behalf a contract of carriage of goods by sea has been concluded with a carrier
“shipping volume”	number of loaded containers in terms of TEU shipped, unless otherwise indicated in the context; in respect of the shipping volume of a carrier, also includes cargos shipped by the carrier through slot swap or purchase
“slot”	space on board a vessel occupied by a container
“slot chartering”	an arrangement under which one container shipping company contracts to use and pay for a certain amount of space on a vessel of another carrier for a particular period of time
“slot exchange”	an arrangement under which one container shipping company may exchange slots from another container shipping company
“spot rate”	a fee that a shipper pays to move a load (or shipment) at current market freight pricing

GLOSSARY OF TECHNICAL TERMS

“stevedore”	a port operator who is designated to facilitate the operation of loading and discharging vessels and various other related operating activities
“sulfur oxides”	a group of molecules made of sulfur and oxygen atoms, such as sulfur dioxide (SO ₂) and sulfur trioxide (SO ₃)
“TEU”	twenty-foot equivalent unit, a standard unit of measurement of the volume of a container with a length of 20 feet, height of eight feet six inches and width of eight feet
“time charter”	a form of charter where the vessel owner provides a manned vessel to the charterer, and the charterer employs the vessel during the contractual period for the agreed service against payment of hire
“tonnage”	a measure of the cargo-carrying capacity of a ship, and is commonly used to assess fees on commercial shipping
“trade lane”	container shipping services connecting specific geographic areas through one or multiple services operated by container shipping companies; a trade lane may contain one or multiple services calling at different sets of ports; for example, as of April 30, 2024, the Company had a trade lane from the Greater Bay Area to Japan, including a total of five services such as (i) from Shekou port to Hong Kong, Tokyo, Yokohama, Nagoya, Osaka and Kobe, and (ii) from Hong Kong to Shekou, Moji and Hakata
“Transpacific”	Asia-North America
“tug”	any vessel employed within the port or in the vicinity thereof for towing or moving any vessel
“VLSFO”	low sulfur fuel oil meeting customary industry fuel oil specifications and having a sulfur content not greater than 0.5%

FORWARD-LOOKING STATEMENTS

We have included in this prospectus forward-looking statements. Statements that are not historical facts, including statements about our intentions, beliefs, expectations or predictions for the future, are forward-looking statements.

We have included in this prospectus forward-looking statements that are not historical facts but relate to our intentions, beliefs, expectations or predictions for future events and conditions which may not occur. Even though these statements have been made by our Directors after due and careful consideration and on bases and assumptions that we believe are fair and reasonable at the time, they nevertheless involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Some of the risks are listed in “Risk Factors” and elsewhere in this prospectus. In some cases, you can identify these forward-looking statements by words such as “aim,” “anticipate,” “believe,” “continue,” “could,” “expect,” “intend,” “may,” “might,” “plan,” “potential,” “predict,” “project,” “propose,” “seek,” “should,” “will,” “would” or similar expressions, or their negatives. These forward-looking statements include, without limitation, statements relating to:

- any changes in the laws, rules and regulations in mainland China and Taiwan and the rules, regulations and policies of the relevant governmental authorities relating to all aspects of our business and our business plans;
- our business and operating strategies and our ability to implement such strategies;
- our ability to control or reduce costs;
- our capability to identify and integrate suitable acquisition targets;
- expected growth of and changes in the shipping industry;
- our ability to maintain a strong relationship with major suppliers or customers;
- our future business development, results of operations and financial condition;
- the future competitive environment for the shipping industry;
- determination of the fair value of our Shares;
- our dividend policy;
- capital market development;
- exchange rate fluctuations and restrictions; and

FORWARD-LOOKING STATEMENTS

- risks identified under “Risk Factors” of this prospectus.

Subject to the requirements of applicable laws, rules and regulations, we do not have any and undertake no obligation to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way we expect or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this prospectus are qualified by reference to the cautionary statements in this section.

In this prospectus, statements of or references to our intentions or those of our Directors are made as of the date of this prospectus. Any such information may change in light of future developments.

RISK FACTORS

An investment in our Shares involves a high degree of risk. Prospective investors should carefully consider the following risk factors, together with all other information contained in the prospectus, before deciding whether to invest in our Shares. If any of the following events occur or if these risks or any additional risks not currently known to our Company or which it now deems immaterial risks materialize, the business, financial condition, results of operations and/or the ability of our Company to meet its financial obligations could be materially and adversely affected. The market price of our Shares could fall significantly due to any of these events or risks (or such additional risks) and you may lose your investment. The order in which the following risks are presented does not necessarily reflect the likelihood of their occurrence or the relative magnitude of their potential material adverse effect on the business, financial condition and results of operations of our Company.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

The volatile and cyclical nature of the global container shipping industry could have a material and adverse effect on our business and results of operations.

The global container shipping industry can be highly volatile and cyclical, and may be easily affected by fluctuations in the supply and demand for container shipping services. Factors that affect the supply of shipping capacity may include (i) the number and size of vessels in the world fleet and their deployment; (ii) the delivery of newly built vessels and the retirement of older vessels; (iii) vessel demolition; (iv) vessel deployment and operational efficiency; and (v) ports capacity and container equipment availability. Factors that affect the demand for container shipping services may include (i) changes in demand for products transported by containerships; (ii) global and regional economic and political conditions; (iii) development in global and regional trade including relocation of manufacturing; (iv) trade restrictions, sanctions, boycotts and trade and labor disputes; (v) seasonality; (vi) changes in seaborne and other transportation patterns, including changes in the distances over which container cargos are transported; and (vii) environmental and other regulatory developments. Furthermore, the container shipping industry is cyclical as the demand and supply fluctuate. It takes time for shipping lines to respond to demand changes, as lead time between placing orders for newbuildings and taking delivery of such vessels is typically two to three years.

Factors affecting the supply and demand for container shipping services are generally outside our control, and the nature, timing and degree of changes in industry conditions are unpredictable. According to the Drewry Report, any increase or decrease in supply and demand for container shipping services, availability of containers and inland transportation efficiency could lead to significant fluctuations of our freight rates and shipping volumes, which in turn could materially affect our revenue and profitability. For example, freight rates increased dramatically from mid-2020, which was mainly due to the supply chain inefficiency attributable to port congestion and containers stacking up at ports as a result of the labor shortage in the warehouse and in the inland transportation industry, the improved capacity

RISK FACTORS

management through various manners such as idling (spending a certain period of time idling between voyages) and blank sailing (skipping a particular port or an entire voyage of a scheduled sailing route), suspension of services and temporary vessel idling, subsequent surges in demand and container equipment shortages. Drewry's World Container Index peaked in September 2021, at US\$10,377.2 per FEU. Since the peak, freight rates have begun and continued to fall as a result of slowing demand growth and easing of supply chain disruption and port congestions, which increased effective capacity. As of October 3, 2024, Drewry's World Container Index reached US\$3,489.3 per FEU. Mainly driven by the changes of the market rates, our average freight rates increased by 36.2% from US\$1,084 per TEU in 2021 to US\$1,476 per TEU in 2022, and then decreased by 62.9% to US\$547 per TEU in 2023. Partially attributable to the decreased freight rates, we recorded a gross loss of US\$33.8 million in 2023. Our average freight rates decreased by 8.2% from US\$601 per TEU for the four months ended April 30, 2023 to US\$552 per TEU for the same period in 2024. If the freight rates decline further, our business, results of operations and financial condition may be materially and adversely affected.

In addition, in response to the prevailing market trends, such as changes in demand for container shipping services, trade patterns, regulatory requirements, environmental standards and bunker costs, we may need to adjust our service offering strategy including the allocation of our shipping capacity and the operation of our shipping routes from time to time. For example, we suspended our service to New Zealand in August 2023 mainly due to the continued declined freight rate which made our independent service not economically justifiable. However, there is no assurance that we will be able to adapt to such changes in a timely and effective manner, or that our service offering strategy will be successful or well-received by the market. For example, we may not be able to return vessels under long-term charters before their charters expire even though the vessel charter rate has declined significantly, or we may no longer fully utilize chartered-in vessels. In this case, the chartered-in vessels' corresponding depreciation expenses still continue to incur, which could have a material adverse effect on our business, financial condition, results of operations and liquidity. Any failure to adjust our service offering strategy appropriately or to compete effectively with our peers may materially affect our financial performance, market position and growth prospects.

Moreover, seasonal changes could affect our business and financial condition. The markets in which we operate have historically exhibited seasonal variations in demand and, as a result, freight rates have also historically exhibited seasonal variations. Peak shipping periods may differ in some of the markets in which we operate, depending on the seasonality of the underlying commodities. For example, the demand for our Asia – Oceania market is particularly seasonal, with the peak typically occurring at the second half of the year. The traditional peak season in the Asia Pacific Region is usually during the fourth quarter and before Chinese New Year. Such seasonality was also affected by macroeconomic and geopolitical factors such as the COVID-19 outbreak. As a result of the seasonality in our business, our operating results may fluctuate from period to period. As global trends, including those affecting the supply and demand of the container shipping industry, the freight rates and

RISK FACTORS

the seasonality continue to change, it remains difficult to predict their impact on the container shipping industry and on our business. If we are unable to adequately predict and respond to changes, they could have a material adverse effect on our business, financial condition, results of operations and liquidity.

We operate in a highly competitive industry. If we fail to compete effectively, our market position, growth prospects and results of operations may be adversely affected, and the price of the Shares may decline significantly.

The container shipping industry in which we operate is highly competitive, among various industry participants and major shipping alliances formed by competitors according to the Drewry Report. These competitors may have longer operating history than us, and are generally significantly larger than us. In addition, further reflecting the market position of these participants, they may also have larger fleets, more diversified service offering, broader customer base and greater financial resources than we do.

In certain markets such as the Asia Pacific Region, we need to compete with a large number of smaller carriers. The fragmentation of the market places additional pricing pressure on us, as smaller carriers may have a more flexible cost structure than we do, and requires us to differentiate ourselves in aspects such as frequency and value-added services. If one or more of our competitors expands its market share through a merger, acquisition or secures a better position in an attractive niche market in which we operate or intend to enter, we could lose market share as a result of increased competition. If we are unable to effectively compete with these competitors, our market position, growth prospects and results of operations may be adversely affected, which in turn may result in a significant decline in the price of our Shares.

We incurred a gross loss for the year ended December 31, 2023, and we may not be able to achieve profitability in the future.

We recorded a gross loss of US\$33.8 million in 2023. Our freight rates are mainly driven by the changes of the market rates and decreased by 62.9% from US\$1,476 per TEU in 2022 to US\$547 per TEU in 2023. According to the weekly World Container Index published by Drewry, the average freight rate between 2012 and 2019 was US\$1,632.3 per FEU, peaking in September 2021 at US\$10,377.2 per FEU. Since the peak, freight rates have begun and continued to fall. As of October 3, 2024, Drewry's World Container Index reached US\$3,489.3 per FEU. If the freight rates decline further, our business, results of operations and financial condition may be materially and adversely affected. Moreover, our cost of sales decreased at a slower pace than the decrease in our revenue in 2023. After our disposal of 10 owned vessels and returning of 12 chartered-in vessels, we still had the slower pace of decrease in our depreciation expenses in 2023 primarily because (i) 12 new vessels were delivered to us in 2023 and we started to record their depreciation expenses after delivery and (ii) we could not return certain long-term leased vessels and containers before their leases expired. For details on our gross loss recorded in 2023, see "Financial Information — Results of operations — Year ended December 31, 2023 compared to year ended December 31, 2022 — Gross loss and negative gross profit margin".

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Our financial and operating results may not meet the expectations of public market analysts or investors, which could cause the future price of our Shares to decline. Our revenues, expenses and operating results may vary from period to period in response to a variety of factors beyond our control, including general economic conditions, container shipping industry cycle, the level of exports of goods in markets where we operate, freight rates affected by the shipping demand and supply, laws and regulations in the jurisdictions where we operate and our ability to control costs. You should not rely on our historical results of any prior period to predict the future performance of our Shares. There is no assurance that we will be able to achieve profitability, or improve our cash flows and financial condition in the future, or that we will not incur further losses, which could have a material adverse effect on our business, prospects, financial position and results of operations.

We charter in a sizable portion of our fleet and lease in a sizable portion of our containers, which makes us sensitive to fluctuations in the rental market, and as a result, the costs associated with chartering of vessels and leasing of containers are unpredictable and may have a material adverse effect on our business, financial condition, results of operations and liquidity.

We charter in a sizable portion of the vessels in our fleet. As of April 30, 2024, of the 46 vessels through which we provided transport services, 10 were chartered. As of the Latest Practicable Date, we had six chartered-in vessels. We also lease in a sizable portion of our containers. As of April 30, 2024, our leased containers capacity amounted to 179,922 TEU, accounting for 70.5% of our total containers capacity as of the same day. Any rise in charter hire rates and container leasing rates could adversely affect our results of operations.

Vessel charter rates are mainly dependent on the prevailing supply and demand dynamics in the market, especially for shorter charters. According to the Drewry Report, the vessel charter rates increased along with the increase in freight rates in 2021 and started falling since the peak in September 2021 following the trend of the decreasing freight rates. The vessel charter rates decreased sharply in the fourth quarter of 2022, due to the slowdown in port handling and the decrease in freight rates which have softened demand for container ships. As of the Latest Practicable Date, four of our chartered-in vessels were under a contract term of more than one year. The shorter vessel lease terms could cause our costs to increase quickly compared to competitors with longer-term charters or owned vessels when charter rates could surge immediately if demand suddenly increases. To the extent we replace vessels that are chartered-in under short-term leases of one year or less with vessels that are chartered-in under long-term leases, the principal amount of our long-term contractual obligations would increase. There can be no assurance that we will replace short-term leases of one year or less with long-term leases or that the terms of any such long-term leases will be favorable to us. Furthermore, if the vessel charter rate decreases in the future, our fixed-term leases of vessels may prevent us from taking advantage of subsequent lower charter rates. For example, we may not be able to return vessels under long-term charters before their charters expire even though the vessel charter rate has declined significantly, or we may no longer fully utilize chartered-in vessels. In this case, the chartered-in vessels' corresponding depreciation expenses still continue to incur, which could have a material adverse effect on our business, financial condition, results of operations and liquidity.

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If we are unable in the future to charter vessels of the type and size needed to serve our customers efficiently on terms that are favorable to us, if at all, this may have a material adverse effect on our business, financial condition, results of operations and liquidity. Similarly, the charter rates of containers are also subject to changes in the supply of and demand for containers and container shipping services as well as the specific types of containers that are in need. In general, new containers are more reliable compared to older ones, and as a result, we generally seek to lease new containers, typically for a term of five or ten years. If we are unable in the future to lease in adequate containers of the type and size needed to serve our customers efficiently at acceptable prices, this may have a material adverse effect on our business, financial condition, results of operations and liquidity.

Fluctuations in the main components of our cost structure could adversely affect our profitability and financial condition.

The container shipping business has traditionally been characterized by relatively high cost of sales and low margin for many years. Accordingly, a significant increase in any main component of the cost structure of our container shipping business will likely have a material effect on our profitability. The following summarizes the impact of cost increases for our container shipping business on our overall profitability by component:

- *Vessel prices.* The market for vessels is highly cyclical and prices are affected by a number of factors, primarily including the container shipping industry cycle, shipyard capacity and the prices of the constituent raw materials of vessels, such as steel. Vessel prices have a significant impact on our capital expenditures when we expand our fleet. For the years ended December 31, 2021, 2022 and 2023 and the four months ended April 30, 2024, we had incurred US\$369.5 million, US\$237.1 million, US\$335.6 million and US\$223.3 million for vessel purchases, respectively. If we do not properly manage the timing of our purchases of such vessels, we may pay higher prices for our vessels than our competitors, thus increasing our cost of sales and reducing our overall competitiveness. In addition, the acquisition costs of vessels have a long-term impact on our results of operations through depreciation over the estimated useful lives of the vessels. Our depreciation expenses in relation to our owned vessels were US\$30.9 million, US\$39.9 million, US\$29.8 million and US\$15.5 million, respectively, for the years ended December 31, 2021, 2022 and 2023 and the four months ended April 30, 2024. Our depreciation expenses may further increase with the delivery of the new vessels we ordered. From January 1, 2024 and up to the Latest Practicable Date, five newbuildings of 7,000 TEU have been delivered.

As of December 31, 2021, 2022 and 2023, and April 30, 2024, we had 25, 31, 32, and 36 owned vessels (with the exclusion of any vessels which were chartered out by us), respectively. As of the Latest Practicable Date, we expected to receive deliveries of no less than eight newbuildings with a total of 71,600 TEU until the end of 2027, and we had placed orders for all of the eight newbuildings. Among the eight newbuildings, we expect to receive deliveries of one newbuilding with 7,000 TEU in 2024, one newbuilding with 7,000 TEU in 2026, and six newbuildings with a total of 57,600 TEU in 2027.

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- *Vessel charter rates.* As of April 30, 2024, approximately 21.4% of the capacity of our vessel fleet was held on a charter basis. As of the Latest Practicable Date, we had four chartered-in vessels under a contract term of more than one year. For the years ended December 31, 2021, 2022 and 2023 and the four months ended April 30, 2023 and 2024, our charter hire costs for vessel accounted for US\$88.0 million, US\$108.4 million, US\$45.5 million, US\$11.0 million and US\$23.1 million, respectively, representing 9.7%, 8.0%, 5.0%, 3.4% and 7.4% of our cost of sales for the same periods, respectively. If charter rates increase, we may incur higher costs more immediately compared to our competitors that enter into charters with longer terms, when we extend these existing charters or replace them with new charter parties. This would have an adverse effect on the competitiveness of our container shipping business and overall operating results. Furthermore, if the vessel charter rates decrease in the future, our fixed-term leases of vessels may prevent us from taking advantage of subsequent lower charter rate.

In addition, the charter rates of long-term chartered-in vessels also impact our results of operations through depreciation. As of December 31, 2021, 2022 and 2023, and April 30, 2024, we had 11, 14, three, and two long-term chartered-in vessels, respectively. Our depreciation expenses in relation to our long-term chartered-in vessels were US\$67.9 million, US\$144.8 million, US\$122.5 million and US\$23.6 million, respectively, for the years ended December 31, 2021, 2022 and 2023 and the four months ended April 30, 2024. We may charter in additional vessels with long-term charters in the future, which may drive up our depreciation expenses and adversely affect our profitability.

- *Container charter rates.* As of December 31, 2021, 2022 and 2023 and April 30, 2024, we operated 226,101 TEU, 253,940 TEU, 232,277 TEU and 255,325 TEU containers, respectively. As of April 30, 2024, 70.5% of our total container capacity was attributable to leased containers. For the years ended December 31, 2021, 2022 and 2023 and the four months ended April 30, 2023 and 2024, our container leasing expenses were US\$29.8 million, US\$59.9 million, US\$53.0 million, US\$18.2 million and US\$16.9 million, respectively, representing 3.3%, 4.4%, 5.8%, 5.7% and 5.4% of our cost of sales for the same periods, respectively. Container leasing rates are influenced by the production cost, which in turn may be affected by the cost of raw materials such as steel, as well as the demand and supply of containers in the shipping market. Furthermore, because we lease a large proportion of the containers we use, we are more susceptible to price fluctuations in the leasing market for containers. Accordingly, increases in container leasing rates may adversely affect our business and our profitability. Besides, if the container leasing rate decreases in the future, our fixed-term leases of containers may prevent us from taking advantage of subsequent lower container leasing rate.

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- *Bunker expenses.* The cost of bunkers consumed, the fuel used for our vessels, represents a significant portion of our cost of sales. For the years ended December 31, 2021, 2022 and 2023 and the four months ended April 30, 2023 and 2024, our bunker expenses accounted for US\$164.0 million, US\$312.9 million, US\$187.7 million, US\$67.9 million and US\$61.2 million, respectively, representing 18.1%, 23.1%, 20.7%, 21.2% and 19.7% of our cost of sales for the same periods, respectively. Bunkers prices have experienced significant fluctuations in recent years, and are affected by factors that are beyond our control, such as the supply and demand for crude oil, actions by the Organization of the Petroleum Exporting Countries and other oil and gas producers, geopolitical development (including war and unrest in oil producing countries and regions) and environmental concerns. For example, the energy crisis situation caused by the Russia-Ukraine war and the related economic sanctions and export controls drove up the energy prices in the first half of 2021. Additionally, the ongoing Red Sea crisis is likely to maintain a heightened state of alert in the oil market. Any escalation in tension in the Middle East will pose a significant risk to the global supply of oil. As our freight rates are generally determined based on market rates, we may not be able to pass on all or part of any increases in bunkers costs to our customers. As a result, increases in the prices of bunkers may adversely affect our profitability.

We may face difficulties in chartering or owning sufficient or reliable vessels to support our strategy.

The majority of our fleet consist of small sized vessels, each with capacity of less than 2,000 TEU which we believe best suits our business in terms of operating efficiency and capacity. We intend to maintain our current fleet vessel mix while also purchasing larger vessels to support our strategy. As of the Latest Practicable Date, we had ordered three 7,000 TEU vessels, one of which is expected to be delivered by the end of 2024 and the remaining two of which are expected to be delivered in 2026 and 2027, respectively. In addition, as of the same date, we had ordered two 4,300 TEU and three 14,000 TEU vessels, which are expected to be delivered in 2027. For example, we may experience delays in receiving newbuildings or difficulty in chartering vessels on commercially reasonable terms, or at all.

Any factors that render our vessels less competitive, or performing at a level under our expectations, such as development in the market of a vessel with higher fuel efficiency, higher vessel speed, less carbon emissions or other favorable features, may place significant strain on our container shipping business. It will likely require a substantial period of time as well as significant resources to replace or upgrade our fleet. Moreover, our competitors may compete against us for the vessels that are more popular in the industry in terms of size, fuel efficiency or speed. It will adversely impact our competitiveness if we are not able to charter-in, acquire or obtain financing for such vessels on attractive terms or at all. This risk is further exacerbated as a result of our inability to participate in certain alliances and thereby access sufficient vessels for deployment. In that event, our shipping volume, market position, results of operations and growth prospects may be materially and adversely affected.

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Our business, financial condition and results of operations may be adversely affected by the geopolitical tension and instability in the regions where we operate or have significant interests, such as the Russia-Ukraine conflict, the Red Sea crisis and the Cross-Strait relations.

The geopolitical tension in the regions where we operate or have significant interests or which may significantly affect the supply, demand, cost and operation of the global or regional container shipping industries, such as the Russia-Ukraine conflict, the Red Sea crisis and the Cross-Strait relations, may negatively impact our ability to adapt to the change in cost and availability of bunker fuel, the change in global supply chains and our shipping routes may be adversely affected by the geopolitical factors arising in connection with these geopolitical tensions.

The Russia-Ukraine conflict is likely to have broad implications for geopolitical relations, which is actively evolving, and may reshape the landscape of global trade in energy and other commodities and shipping industries. Russia and Ukraine are subject to political, legal and economic risks arising from the ongoing conflict and sanctions imposed by the United States, the European Union and other countries. Such geopolitical tensions may disrupt our supply chain, sales and financing activities, expose us to currency fluctuations, inflation, asset impairment, legal disputes, regulatory changes, trade restrictions, reputational damage and other adverse consequences. For example, an expanded ban on Russian oil could push up the cost and availability of bunker fuel. Bunker prices rose sharply in the first half of 2022, partially due to the energy crisis situation caused by the Russia-Ukraine conflict, which further led to our increased bunker costs in 2022. For details on our increased bunker costs in 2022 compared to that of 2021, see “Financial Information – Results of operations – Year ended December 31, 2022 compared to year ended December 31, 2021 – Cost of sales”.

Moreover, the Houthi militants have initiated attacks on vessels traversing the Red Sea since the fourth quarter of 2023. To safeguard their crew and cargos, most of major container shipping companies opted to sail their vessels via the Cape of Good Hope (commonly referred to Red Sea diversion) to bypass the Suez Canal starting from mid-December 2023. While our current liner services remain unaffected by the Red Sea crisis, as our vessels do not travel through the Suez Canal, the Red Sea crisis may affect the global shipping service supply or lead to changes in trade patterns within Middle East, which in turn requires us to adjust our liner services in such area in response to changes in market demand, freight rates, bunker costs, insurance premium and operating conditions. If the demand for container shipping services between Asia and the Middle East witnesses a shift due to the Red Sea crisis or any similar regional conflict, we will need to strategically evaluate our service offerings, which may include withdrawal of services and the redeployment of vessels to align with the evolving trade patterns. Moreover, the geopolitical instability could adversely affect the operational efficiency of the ports in the Middle East and other ports, occasionally resulting in congestion. This could potentially affect our operation efficiency, increase our labor cost and lead to a shortage of containers. Any escalation in tension in the Middle East will pose a significant risk to the global supply of oil. Insurance costs have also been under continuous evaluation to address the financial risks linked to the operational challenges encountered in the region. There is no assurance that our ability to adapt to these changes will be timely or effective, nor can we guarantee the success or market acceptance of our strategic service offering adjustments.

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In addition, as the majority of our Controlling Shareholders and Directors are holders of Taiwan passports and certain functional departments of our Company are based at our headquarters in Taiwan, any tensions or escalation in tensions between Mainland China and Taiwan or news and rumors of any escalation could introduce uncertainties to economic activities between Mainland China and Taiwan, which in turn could have a material adverse effect on our business, financial condition, and results of operations. See “— Risks relating to Taiwan — Change in relations between Taiwan and mainland China could adversely affect our business and the market value of our Shares” in this section for further details.

We may not be able to adequately anticipate, manage or mitigate the risks and challenges posed by the geopolitical tension and instability in the regions where we operate or have significant interests, or to adapt to the changing political, legal and economic conditions and expectations. We may also face increased competition, pressure, scrutiny and liability from our stakeholders, regulators, customers, suppliers, lenders, investors and the public in relation to our involvement or exposure to the geopolitical tension and instability. Any of these factors may have a material adverse effect on our business, financials and results of operations.

Our future success depends on our ability to implement our strategies.

Our mission is to become a leading premium container shipping company promoting agile and seamless logistics solutions for international trade. In order to achieve our mission, we plan to pursue a number of strategies, including strengthening our advantageous position in the Asia Pacific Region and exploring opportunities in other markets. Effective implementation of these aspects of our strategy will depend on several factors, including our ability to retain customers and our ability to obtain any required financing. In addition, we may need to increase the number of our employees and the scope of our operational and financial systems to address the increased complexity of our operations. Our efforts to implement our strategies may not be successful. If we develop long-haul services too rapidly, we may encounter financial difficulties and risk of overcapacity in a business downturn. On the other hand, if we fail to develop at a sufficiently rapid pace, we may lose market share and potential customers to our competitors. As a result, the failure to implement our strategies may have a material adverse effect on our business, results of operations and financial condition.

We may be unable to retain existing customers or may be unable to attract new customers we target.

Our continued success requires us to maintain our current customers and develop new relationships. The customers for our container shipping services include freight forwarders and BCO customers. We cannot guarantee that our customers will continue to use our services in the future or at the current level. We may be unable to maintain or expand our relationships with existing customers or to obtain new customers on a profitable basis due to competitive dynamics. We do not have long-term agreements with the majority of our customers, and therefore our business will be adversely affected if we cannot retain existing customers or bring in new customers. Furthermore, we target a diversified customer base including primarily small and medium-sized customers, and the fluctuation of regional or global economy may adversely

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affect these customers' business and their demand of container shipping services. In addition, as some of our customer contracts are longer-term in nature, if market freight rates increase, we may not be able to adjust the contractually-agreed rates to capitalize on such increased freight rates until the existing contracts expire. Upon the expiration of our existing contracts, we cannot assure you that our customers will renew the contracts on favorable terms, or if at all, or that we will be able to attract new customers. Any adverse effect would be exacerbated if we lose one or more of our significant customers. For the four months ended April 30, 2024 our five largest customers represented 4.1% of our freight revenues. Although we believe we currently have a diversified customer base, we may become dependent upon a few key customers in the future, especially in particular trades, such that we would generate a significant portion of our revenue from a relatively small number of customers. Any inability to retain or replace our existing customers may have a material adverse effect on our business, financial condition and results of operations.

There are numerous risks related to the operation of any sailing vessel and our inability to successfully respond to such risks could have a material adverse effect on us.

There are numerous risks related to the operation of any sailing vessel, including dangers associated with potential marine disasters, mechanical failures, fire, collisions, lost or damaged cargo, poor weather conditions (including severe weather events resulting from climate change), the content of the load, exceptional load (including dangerous and hazardous cargo or cargo the transport of which could affect our reputation), meeting deadlines, risks of documentation, maintenance and the quality of fuels and piracy. For the accidents in our business operation during the Track Record Period, including TS Kaohsiung incident, see "Business — Environmental protection, social, workplace safety and governance — Workplace safety — Safety management" for more details. Furthermore, acts of piracy have historically affected oceangoing vessels trading in several regions around the world. Potential acts of piracy continue to be a risk to the international container shipping industry that requires vigilance. See "— Risks relating to our key markets, especially the Asia Pacific region — Acts of piracy could adversely affect our business and results of operations" in this section for further details. Additionally, our vessels may be subject to attempts by smugglers to hide drugs and other contraband onboard. If our vessels are found with contraband, whether with or without the knowledge of any of our crew, we may face governmental or other regulatory claims or penalties as well as suffer damage to our reputation, which could have an adverse effect on our business, results of operations and financial condition.

There can be no assurance that any such incident or accident, which could result in property damage, personal injury or even death to our employees, will not occur in the future. In such event, we may be held liable for the losses and such occurrence will also damage our reputation in the container shipping industry. We may also be exposed to possible financial loss and non-financial detriments arising from environmental and climate-related physical risks. We may also be exposed to claims of negligent or reckless behavior on the part of our employees. We may also experience interruptions to our business operations and may be required by government authorities to change the manner in which we operate following any incidents or accidents. In addition, we may not be adequately insured against any of the aforementioned

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risks that could have a material adverse effect on us. See “— Risks relating to our business and industry — Our insurance may be insufficient to cover the risks or losses that may occur to our property or result from our operations” in this section for further details on our insurance coverage. Any of the foregoing could materially and adversely affect our reputation, business, financial position and results of operations.

We may be involved in litigation, legal disputes, claims or administrative proceedings which could be costly and time-consuming to resolve.

The global container shipping business carries the inherent risks of marine and other accidents, which could result in property loss as well as bodily injuries or loss of lives. We may become subject, from time to time, to legal proceedings and claims that arise in the ordinary course of business or pursuant to governmental or regulatory enforcement activity. Any litigation or proceeding to which we become a party might result in substantial costs and divert management’s attention and resources.

For example, we are subject to antitrust laws and regulations in each of the countries and regions in which we operate. On April 11, 2022, the KFTC, the government agency in charge of the competition policy and enforcement in South Korea, issued a decision charging a total of 23 liners including us and the CSALS for an alleged violation of the then Monopoly Regulation And Fair Trade Act (the “**Fair Trade Act**”) imposing us a penalty surcharge and issuing an order prohibiting any collusive acts in relation to container shipping service for Korea — Southeast Asia trade lane. See “Business — Legal and regulatory matters” for further details on certain legal proceedings we were involved in. Furthermore, any litigation, legal disputes, claims or administrative proceedings which are initially not of material importance may escalate and become important to us due to a variety of factors, such as changes in the facts and circumstances of the cases, the likelihood of loss, the monetary amount at stake and the parties involved. Our insurance might not cover claims brought against us, provide sufficient payments to financially cover all of the costs to resolve such claims or continue to be available on terms acceptable to us.

As at the Latest Practicable Date, an individual (an Independent Third Party) had brought a legal action in Hong Kong against Mr. Wu pursuant to which such individual alleged, among other things, that Mr. Wu held certain shares in our Company, representing 2.14% of its total issued share capital as at the Latest Practicable Date, on trust for such individual. See “History, Reorganization and Corporate Structure — Our corporate developments — Our Company”. There are inherent uncertainties associated with aforesaid dispute. There is no assurance that the judgment of the court will be in favor of Mr. Wu or that our Group or any of our Directors will not be involved in the legal proceedings. In the event that the court rules against Mr. Wu, the shareholding structure of our Company may be subject to change. Further, negative publicity arising from legal disputes or claim may adversely affect us. As a result, our business and operations may be materially and adversely affected.

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Compliance with environmental requirements including climate change and greenhouse gas restrictions could require significant expenditures and consequently affect our business and results of operations.

Many governmental bodies have adopted, or are considering tightening the local laws and regulations according to international conventions and treaties to reduce greenhouse gas emissions due to the concern about climate change. In November 2016, the Paris Agreement, which resulted in commitments by 197 countries and regions to reduce their greenhouse gas emissions with firm target reduction goals, came into force and could result in additional regulation on the shipping industry in the future, such as adoption of cap-and-trade regimes, carbon taxes, increased efficiency standards, and incentives or mandates for renewable energy. In addition, several non-governmental organizations and institutional investors have undertaken campaigns with respect to climate change, with goals to minimize or eliminate greenhouse gas emissions through a transition to a low- or net-zero carbon economy.

Compliance with laws, regulations and obligations relating to climate change, as well as the pressure from non-governmental organizations and investors, could increase our costs related to operating and maintaining our vessels and require us to install new emission controls, acquire allowances or pay taxes related to our greenhouse gas emissions, or administer and manage a greenhouse gas emissions program. Revenue generation and strategic growth opportunities may also be adversely affected. Further, in response to such global trend of low-carbon transition and awareness on ESG matters, we need to integrate sustainability risk factors, including climate change, health and safety, business ethics and regulatory compliance that are relevant and material to the shipping industry and our business, into our risk matrix to mitigate associated impacts and explore the best practices in environmental risk management to achieve long-term growth and sustainability of our business. We cannot assure that we can effectively implement all of the ESG governance protocols, including effectively identifying and mitigating our ESG-related risk such as the risks related to the operation of sailing vessel and the risks of failing to comply with relevant laws and regulations. If we fail to address the ESG compliance promptly, our business, operating results and financial condition could be materially and adversely affected. In addition to the abovementioned measures, we would also allocate significant resources to efforts such as obtaining the necessary permits or authorizations, meeting maintenance and inspection requirements, performing ship modifications or operational changes, developing and implementing emergency preparedness procedures and obtaining insurance coverage for environmental risks with a view to ensuring compliance with other existing and future regulations. For example, the IMO has formulated regulations to limit emissions and sulfur emission regulation was implemented on January 1, 2020. To comply with IMO 2020 regulations, we switched to the relatively expensive VLSFO as bunkers for the vessels on which the scrubbers have not been installed. As a result, our expenses charged to profit or loss incurred on environmental protection, safety and emergency management, including the cost of compliance, had been increasing during the Track Record Period, which amounted to US\$134.4 million, US\$250.7 million, US\$119.2 million and US\$34.6 million, respectively, in 2021, 2022, 2023 and for the four months ended April 30, 2024.

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We could be adversely affected as a result of any service we provide to certain countries that are, or become subject to, sanctions administered by the United States, the European Union, the United Kingdom, the United Nations, Australia and other relevant sanctions authorities.

The United States and other jurisdictions or organizations, including the European Union, the United Kingdom, the United Nations and Australia, have, through executive order, passing of legislation or other governmental means, implemented measures that impose economic sanctions against such countries or against targeted industry sectors, groups of companies or persons, and/or organizations within such countries.

During the Track Record Period, we entered into certain transactions with customers involving the Relevant Regions. We were engaged in the provision of container shipping services to certain customers in the Relevant Regions. The Relevant Regions were subject to various sanctions during the Track Record Period but none of them was subject to a general and comprehensive export, import, financial or investment embargo under sanctions related law or regulation of a Relevant Jurisdiction (i.e., none of them was a Comprehensively Sanctioned Country).

While we have implemented internal control measures to minimize our risk exposure to International Sanctions, sanctions laws and regulations are constantly evolving, and new persons and entities are regularly added to the list of Sanctioned Persons. Further, new requirements or restrictions could come into effect which might increase the scrutiny on our business or result in one or more of our business activities being deemed to have violated sanctions. We cannot provide any assurance that our future business will be free of sanctions risk or our business will conform to the expectations and requirements of the authorities of U.S. or any other jurisdictions. Our business and reputation could be adversely affected if the authorities of U.S., the European Union, the United Nations, the United Kingdom, Australia or any other jurisdictions were to determine that any of our future activities constitutes a violation of the sanctions they impose or provides a basis for a sanctions designation of our Group. For details on our business operations in the Regions subject to International Sanctions, please refer to the section headed “Business – Business activities with Regions subject to International Sanctions” in this prospectus.

We rely on various products and services provided by third-party contractors and suppliers, as well as our partners and agents, and unsatisfactory or faulty performance of our contractors, suppliers, partners or agents could have a material adverse effect on our business.

We engage third-party contractors, partners and agents to provide services in connection with our business. An important example is our chartered-in vessels from ship owners, whereby the ship owner is obligated to provide the vessel’s crew, insurance and maintenance along with the vessel. Another example is our carrier partners in the joint services or under slot exchange arrangements with us whom we rely on for their slots, vessels and services to deliver cargo to our customers, as well as third party agencies who serve as our local agents in specific

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locations. Disruptions caused by third-party contractors, partners and agents could materially and adversely affect our operations and reputation. Additionally, a work stoppage at any one of our suppliers, including our land transportation suppliers, could materially and adversely affect our operations if an alternative source of supply were not readily available. There can be no assurance that the products delivered and services rendered by our third-party contractors and suppliers will be satisfactory and match the required quality levels. Furthermore, major contractors or suppliers may experience financial or other difficulties, such as natural disasters, terror attacks, failure of information technology systems or labor stoppages, which could affect their ability to perform their contractual obligations to us, either on time or at all. Any delay or failure of our contractors or suppliers to perform their contractual obligations to us could have a material adverse effect on our business, financial condition, results of operations and liquidity.

Our prospects may be adversely affected by COVID-19 or other adverse public health developments.

In March 2020, the World Health Organization declared the outbreak of novel coronavirus COVID-19 a global pandemic. The COVID-19 pandemic has negatively impacted the global economy, disrupted global supply chains, created significant volatility and disruption in financial markets and increased unemployment levels, all of which may become heightened concerns upon a second wave of infection or future developments. In addition, the pandemic has resulted in temporary closures of many businesses and the institution of social distancing and sheltering in place requirements in many states and communities. In order to contain the COVID-19, governments around the world had introduced a series of continuous measures, including but not limited to, work resumption restrictions on enterprises, traffic control, travel bans, management and control over commencement schedules of construction in new and existing property development sites and quarantining affected areas. Such measures may, in the countries and regions where we operate, severely affect and restrict the level of economic activities, along with the disruption of business in major industries, may adversely and materially affect the overall business sentiment and environment, which in turn may lead to slower overall economic growth.

In addition, the COVID-19 pandemic has resulted in reduced industrial activity in various countries and regions around the world, with temporary closures of factories and other facilities such as port terminals, which led to a temporary decrease in supply of goods and congestion in warehouses and terminals as well as backlogs. Such backlog would also affect the availability of containers and vessels to carry such containers, which would also disrupt the industry. In terms of our operations, should our vessels could not unload timely and effectively at the ports, our overall turnover rate would decrease, our payment collection would slow down and our result of operations would be adversely affected. Moreover, because our vessels travel to ports in countries and regions in which cases of COVID-19 have been reported, we face risks to our personnel and operations. Such risks include delays in the loading and discharging of cargo on or from our vessels, difficulties in carrying out crew changes, offhire time due to quarantine regulations, delays and expenses in finding substitute crew members if any of our vessels' crew members become infected, delays in drydocking if insufficient shipyard

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personnel are working due to quarantines or travel restrictions and increased risk of cyber-security threats due to our employees working remotely. Fear of the virus and the efforts to prevent its spread continue to exert increasing pressure on the supply-demand balance, which could also put financial pressure on our customers and increase the credit risk that we face in respect of some of them. Such events have adversely affected and will likely continue to have a significant and adverse effect on our business, financial condition and results of operations. In addition, these and other impacts of the COVID-19 pandemic could have the effect of heightening many of the other risk factors disclosed in this prospectus.

During the Track Record Period, we had experienced some instances of delays in the delivery to end customers due to the effects of the COVID-19 outbreak, either caused by (i) a shortage of containers; (ii) shortage of crew members or port staff due to contraction of COVID-19 and relevant quarantine requirements; (iii) lowered factory production of consumption goods to be shipped overseas; (iv) port congestion or lower efficiency with port operations, as a result of increased checks, controls and regulatory measures in response to an outbreak; or (v) other factors.

In view of the above, we cannot ensure that we will not experience similar delays or adverse events in the future due to the effects of the COVID-19 outbreak or other adverse public health developments, which may adversely affect our business, results of operation and financial condition.

If the vessels we purchase are not delivered on time or are delivered with significant defects, our profitability and financial condition could suffer.

As of the Latest Practicable Date, we had ordered three 7,000 TEU vessels, one of which is expected to be delivered by the end of 2024 and the remaining two of which are expected to be delivered in 2026 and 2027, respectively. In addition, as of the same date, we had ordered two 4,300 TEU and three 14,000 TEU vessels, which are expected to be delivered in 2027. Any delay in the delivery of any of these vessels to us or the failure of the shipyard to deliver a vessel at all could adversely affect our business, results of operations and our financial condition. In addition, the delivery of any of these vessels with substantial defects could have similar consequences.

The delivery of a newbuilding could be delayed because of:

- work stoppages or other labor disturbances or other event that disrupts the operations of the shipyard;
- quality or engineering problems;
- changes in governmental regulations or maritime self-regulatory organization standards;
- lack of raw materials;

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- bankruptcy or other financial crisis of the shipyard;
- a backlog of orders at the shipyard;
- hostilities, political or economic disturbances in the country where the vessels are being built;
- weather interference or catastrophic events, such as major earthquakes or fires;
- our requests for changes to the original vessel specifications;
- shortages of or delays in the receipt of necessary construction materials, such as steel, or equipment, such as main engines, electricity generators and propellers;
- our inability to obtain requisite permits or approvals; or
- disputes with the shipyard.

In addition, the shipbuilding contracts for the newbuildings generally contain a “force majeure” provision whereby the occurrence of certain events could delay delivery or possibly terminate the contract. If delivery of a vessel is materially delayed or if a shipbuilding contract is terminated, it could adversely affect our results of operations and financial condition and our ability to pay dividends to our stockholders.

Moreover, we may purchase second-hand vessels as an alternative to commissioning newbuildings. Second-hand vessels may have latent defects of which we are not aware at the time of purchase. These defects may subsequently result in significant repair expenses or disruption of voyages. Furthermore, a second-hand vessel may not have all the features we would require if we commission a newbuilding and may not satisfy our operational needs, which we may incur additional expenditure for further upgrade.

The aging of our fleet may result in increased operating costs in the future, which could adversely affect our profitability.

In general, the costs to maintain a vessel in good operating condition increase with the age of the vessel. Our owned vessels had an average age of approximately 3.5 years as of April 30, 2024. As our vessels age, they may become less fuel efficient and more costly to maintain and will not be as advanced as more recently constructed vessels due to improvements in design and engine technology. Rates for cargo insurance, paid by charterers, also increase with the age of a vessel, making older vessels less desirable to charterers.

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Governmental regulations, safety or other equipment standards related to the age of vessels may require expenditures for alterations, or the addition of new equipment, to our vessels and may restrict the type of activities in which our vessels may engage. We cannot assure you that, as our vessels age, market conditions will justify those expenditures or enable us to operate our vessels profitably during the remainder of their useful lives. If we sell vessels, we are not certain that the price at which we sell them will equal or exceed their carrying amounts at that time.

Our vessels may suffer damage and we may face unexpected costs, which could adversely affect our cash flow and financial condition.

If our vessels suffer damage, they may need to be repaired. Our repair and maintenance expenses amounted to US\$4.8 million, US\$3.6 million, US\$7.0 million and US\$0.2 million, respectively, for the years ended December 31, 2021, 2022 and 2023 and the four months ended April 30, 2024. The costs of repairs are unpredictable and can be substantial. We may not have insurance that is sufficient to cover all or any of these costs or losses and may have to pay costs not covered by our insurance. The loss of earnings while our vessels are being repaired and repositioned, as well as the actual cost of these repairs, would decrease our earnings and reduce the amount of cash that we have available for dividends.

The container shipping industry is highly regulated and such regulations are subject to change which may affect our business and results of operations.

The container shipping industry is highly regulated and our operations are subject to numerous international conventions, treaties and national and local laws and regulations in force in the jurisdictions in which our vessels are operated, as well as in the jurisdictions in which our vessels are registered, including mainland China, Hong Kong, Taiwan and other regions. These regulations, conventions, treaties, laws and regulations govern areas such as maritime operations, environmental protection, the release and management of hazardous materials, anti-trust and human health and safety are evolving and in some occasions are subject to interpretation. Besides, we may not always timely comply with the regulatory requirements such as required registration or reporting in the markets we operate or at all which may subject us to penalties or other forms of administrative actions which may adversely affected our business. The international regulatory environment has historically been affected by competition among countries or regions and geopolitical uncertainty. Each country or region may implement new conditions or requirements that limit our container shipping operations or increase our costs of compliance. We cannot assure you that we can fully comply with any such regulations or requirements in a timely manner or without incurring significant costs. Any non-compliance by us in such case may adversely affect our business and results of operations.

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Changing trading patterns, trade flows and sharpening trade imbalances may adversely affect our business, financial condition and results of operations.

Our TEUs carried can vary depending on the balance of trade flows between different world regions. Utilization per voyage is generally higher when transporting cargo from net export regions to net import regions (the dominant leg). Considerable expenses may result when empty containers are transported. We seek to manage the container repositioning costs that arise from the imbalance between the volume of cargo carried in each direction by utilizing joint services or slot exchanges to increase cargo and by triangulating our land transportation activities and services. If we are unable to successfully match demand for container capacity with available capacity in nearby locations, we may incur significant balancing costs to reposition our containers in other areas where there is demand for capacity. It is not guaranteed that we will always be successful in minimizing the costs resulting from the imbalance between the volume of cargo carried in each direction, which could have a material adverse effect on our business, financial condition and results of operations. Furthermore, sharpening imbalances in world trade patterns – rising trade deficits of net import regions in relation to net export regions – may exacerbate imbalances between different directions of the same service of our business. This could have a material adverse effect on our business, financial condition and results of operations.

Increased licensing requirements, inspection procedures, increasingly stringent import and export control and new safety regulations could cause disruptions to our business and increase our operating costs.

Container shipping companies are required to obtain certain licenses and permits in relation to their incorporation, business operation, vessels and services in different markets. These licenses and permits are subject to regular review, replacement or renewal. Many governmental authorities around the world are imposing increasingly stringent requirements for the issuance, replacement and renewal of these licenses and permits. We cannot assure you that the licenses and permits applied for or held by us will be issued or approved under these regulatory reviews and be replaced or renewed in a timely manner or at all. Furthermore, the future cost of complying with the conditions for the inspection, approval or renewal of these licenses and permits cannot be ascertained. In the event that we are unable to pass the reviews on a timely basis or to receive or obtain replacement or renewal of the licenses and permits, our business may be suspended in part or in its entirety.

In addition, global container shipping is subject to various security requirements, customs inspection and related procedures in the ports of origin and destination and any transshipment points. Such inspection procedures can result in the seizure of containers, cargos or vessels, and cause delay in loading, unloading, transshipment or delivery of containers. Customs duty, fines or other penalties may also be imposed against importers, exporters or, in some cases, carriers such as us.

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Furthermore, in light of security concerns, many countries and regions have implemented increasingly stringent import and export control and safety regulations. It is unclear what changes, if any, to the existing security procedures will ultimately be proposed or implemented, or how any such changes will affect the container shipping industry. These changes could potentially impose additional financial and legal obligations on carriers and, in certain cases, render the shipment of certain types of goods by container uneconomical or impractical. Any additional cost imposed on container shipping companies could reduce the volume of goods shipped in containers, resulting in a decreased demand for shipping services, thereby adversely affecting our business and results of operations.

We may encounter difficulties in effectively managing the operations of our joint services.

We have entered into a number of contractual arrangements with other shipping companies to jointly run the services. As of April 30, 2024, we had joint service arrangements with 22 carriers, all of which were independent third parties. We cannot assure you that disputes will not arise between us and our joint service partners, or that our joint service partners will not breach their obligations to us or the joint venture. In particular, our joint service partners may:

- have economic or business interests inconsistent with ours;
- take actions contrary to our instructions or requests or contrary to our objectives or policies;
- be unable or unwilling to fulfill the obligations under the relevant joint venture agreements; or
- have disputes with us relating to the provisions in the joint venture agreements.

If a dispute cannot be timely resolved in a satisfactory manner, the business and results of operations of the affected joint venture may be negatively impacted. The joint venture may also be at risk of termination if a dispute remains unsolved for an extended period of time. Furthermore, any financial, operating or other difficulties experienced by our joint venture partners in their businesses may also impede their ability to fulfill their obligations to the joint ventures, which may in turn adversely affect the operating results of the joint ventures. The occurrence of any of these events may in turn adversely affect our business and results of operations.

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Our business and growth prospects depend on our ability to continue to attract and retain qualified personnel, including our senior management.

Members of our senior management team have extensive relevant experiences and have been with us for a significant period of time. The experience and stability of this senior management team, led by Mr. Chen Teh-Sheng, our chairman and chief executive officer, and Mr. To Hung-Lin, our president, has been critical to our success. In addition, our success also depends on our ability to attract and retain a large group of experienced container shipping professionals. The loss of the services of any members of our senior management team and our inability to recruit and retain a sufficient number of experienced personnel, could have a material and adverse effect on our business and growth prospects. In addition, as of the Latest Practicable Date, we were still in the process of the Reorganization, as part of which (i) our Group had ceased to hold any interest in TEH Shipping; and (ii) TS TW Branch, the Taiwan branch of our Company, entered into employment agreements with 249 employees resigning from TEH Shipping from November 2022 to January 2023. For further details on the Reorganization, see “History, Reorganization and Corporate Structure — Reorganization”. We cannot guarantee that we will be able to fully retain the personnel upon the completion of the Reorganization. Any dispute arising from the transfer of personnel may result in the loss of their services.

If we fail to obtain sufficient funding for our business expansion, our business, results of operations, financial condition and growth prospects may be adversely affected.

Participants in the container shipping industry, such as our Company, generally require a substantial amount of capital expenditure towards business expansion. Our ability to arrange financing is dependent on a number of factors, some of which are beyond our control, including general economic and capital market conditions, credit availability from banks or other lenders, investors’ confidence in us, the performance of container shipping industry in general, and our operating and financial performance in particular, as well as any legal and regulatory restrictions. We cannot assure you that we will be able to obtain future financing on terms that are acceptable to us or at all. In the event that financing is not available or is not available on terms acceptable to us, our business, results of operations, financial condition and growth prospects may be adversely affected.

Increases in interest rates may adversely affect our results of operations.

Like many other participants in the container shipping industry, we may rely on bank borrowings to finance our capital needs for the acquisition and chartering for the vessels and containers. An increase in the interest rates of our loans may result in a significant increase in our interest expense, adversely affecting our finance costs, which in turn may affect our business and profitability. If structured improperly, certain derivative financial instruments may increase our exposure to interest rate fluctuations.

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We may be exposed to credit risks resulting from delays and/or defaults in payments by our customers which would adversely affect our business, financial condition and results of operations.

Our credit risk is primarily attributable to trade receivables and contract assets. As of December 31, 2021, 2022 and 2023 and April 30, 2024, our trade receivables amounted to US\$180.5 million, US\$84.3 million, US\$64.1 million and US\$85.2 million, respectively. Our trade receivables represent outstanding amounts due from customers for our services. In terms of our credit terms given to major customers, whilst we require prepayments from some customers, certain of our major customers are allowed a credit term of up to 30 days.

We may be exposed to credit risks resulting from delays and/or defaults in payments by our customers, which would adversely affect our business, financial condition and results of operations. The expected loss rates of our trade receivables are based on loss experience in the past and available financial information, and are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and our view of economic conditions over the expected lives of the receivables. On that basis, the loss allowance on our trade receivables as of December 31, 2021, 2022 and 2023 and April 30, 2024 were determined as approximately US\$13,000, US\$4,000, US\$2,000 and US\$8,000, respectively. For more details on our credit risk, see note 23(a) to the Accountants' Report in Appendix I to this prospectus. If our customers delay or default in their payments to us, our liquidity may be adversely affected and we may have to make provisions. This may in turn materially and adversely affect our business, financial condition and results of operations.

Failure to recover our contract assets may adversely affect our business, financial condition and results of operations.

We recognize contract assets before we recognize revenue based on the percentage of completion and before we are unconditionally entitled to the consideration under the payment terms set out in the contract. As of December 31, 2021, 2022 and 2023 and April 30, 2024, our contract assets amounted to US\$39.7 million, US\$11.3 million, US\$1.6 million and US\$6.9 million, respectively. We perform regular review of the contract assets and provision of the contract assets will be made when our Group is not expected to collect the amounts due. If we fail to collect such payment, our contract assets may be subject to impairment loss. There is no assurance that the contract assets will be billed and subsequently settled in time, or at all. Failure to turn our contract assets into revenue and collect receivables from our customers may adversely affect our business, financial condition and results of operations.

Our results of operations during the Track Record Period were affected by our disposal of vessels and containers, which were non-recurring in nature.

We sometimes manage our vessel capacity through disposal of our vessels and containers. When we commit to a plan to sell these assets, we record the fair value of these assets as non-current assets classified as held for sale. If the carrying amounts of the vessels and containers we will dispose of are lower than their respective fair value less cost to sell, we will incur an impairment loss. For example, in 2022, we committed to a plan to sell certain vessels including related furniture and equipment. As a result, we recorded non-current assets classified as held for sale of US\$132.1 million as of December 31, 2022. We also recorded impairment loss on property, plant and equipment of US\$6.1 million in 2022.

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In addition, we may record a gain from disposal of vessels or containers if their sales prices are higher than their respective fair value less cost to sell. We recorded a gain on disposals of property, plant and equipment amounting to US\$7.3 million, US\$17.8 million, US\$10.2 million, US\$2.3 million and US\$0.1 million, respectively, for the years ended December 31, 2021, 2022 and 2023 and the four months ended April 30, 2023 and 2024, mainly attributable to the vessels and containers we disposed of.

Our results of operations during the Track Record Period have been benefited by our disposal of certain vessels and containers, which are non-recurring in nature and should not be considered indicative of our future performance. The sale prices of vessels and containers can fluctuate widely due to a variety of factors beyond our control, including but not limited to market conditions, technological advancements, and changes in regulatory environments. As such, we cannot assure you that future disposals will result in sales prices that exceed the assets' fair value less cost to sell, or that we will realize any gains from such transactions.

There may be a possibility of providing impairment losses for other receivables, prepayments and deposits.

Our other receivables, prepayments and deposits are primarily in connection with (a) our loans to the initial shareholders of TEH Shipping which were fully settled in September 2022, (b) prepaid expenses in relation to port charges and insurances, (c) guarantee deposits in relation to warehouses, ports and fleet management and (d) interest receivable in connection of our time deposits. As of December 31, 2021, 2022 and 2023 and April 30, 2024, our other receivables, prepayments and deposits amounted to US\$13.0 million, US\$20.7 million, US\$13.3 million and US\$14.0 million, respectively. A summary of the assumptions underpinning our Group's expected credit loss model is set forth in Note 23(a) to the Accountants' Report in Appendix I to this prospectus. Subject to the future business operations and market conditions, we may have to provide impairment losses for our other receivables, prepayments and deposits. Should this occur, our financial condition may be adversely affected.

The interests of our Controlling Shareholders may conflict with the interests of our other shareholders.

Immediately upon the completion of the Global Offering, our Group will have two groups of Controlling Shareholders, assuming the Offer Size Adjustment Option and the Over-Allotment Option are not exercised. See "Relationship with our Controlling Shareholders" for more details. Accordingly, our Controlling Shareholders will be able to exercise substantial control or influence over our business by directly or indirectly voting at shareholders' meetings in matters that are significant to us and our public Shareholders, including, but not limited to, matters relating to the following:

- mergers or other business combinations;
- acquisition or disposition of assets;

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- issuance of any additional Shares or other equity securities;
- timing and amount of dividend payments; and
- management of our Company.

The interests of our Controlling Shareholders may not be the same as, and may conflict with, those of our public shareholders. Our Controlling Shareholders may take actions, and exercise influence that favor their interests over the interests of us or our public shareholders. Furthermore, we cannot assure you that our Controlling Shareholders will not cause us to enter into transactions or take, or fail to take, other actions or make decisions that conflict with the best interests of our other shareholders.

Our reputation is key to our business success. Negative news or publicity about us, any of our Controlling Shareholders or any member of them, Directors or our management may adversely affect our reputation, business and growth prospects.

Any negative news or publicity concerning us, our Controlling Shareholders, Directors, management, affiliates or any entity that shares our brand name, even if proven untrue, could adversely affect our reputation, business and growth prospects. We cannot assure you that negative publicity about us or any of our affiliates or any entity that shares such names would not damage our brand image. Given our specialized industry and market, negative publicity and word of mouth could travel quickly and negatively impact our relationships with third parties, which could have a material adverse effect on our business, financial condition and results of operations. For example, TEH Shipping (a company owned by certain of our Controlling Shareholders and others, and which used to be our associate during the Track Record Period) also conducts container shipping business. Therefore, any potential negative news or publicity of TEH Shipping could adversely affect our reputation, business and growth prospects.

Specifically, TEH Shipping is a party in a number of pending legal proceedings arising from the shipwreck of the vessel, TS Taipei, near the north of Taiwan during the severe weather conditions in March 2016, resulting in an oil spill and containers falling overboard (the “**Incident**”).

As of the Latest Practicable Date, TEH Shipping was involved in the following legal proceedings in relation to the Incident (the “**Pending Legal Proceedings**”): (i) in March and April 2016, the Maritime and Port Bureau (the “**MPB**”) under the Ministry of Transportation and Communications (the “**MOTC**”) of Taiwan chartered barges and tugs to remove the wreck of TS Taipei while TEH Shipping had already arranged barges and tugs to remove the wreck of TS Taipei. Nonetheless, the MPB still issued an administrative order against TEH Shipping for the reimbursement of the cost it incurred for the charter of barges and tugs in the amount of NT\$4.6 million (equivalent to US\$144.3 thousand). TEH Shipping reimbursed the MPB pursuant to such administrative order in full and appealed the administrative order which was ruled against TEH Shipping by an administrative appeal decision made by the MOTC in July 2017. TEH Shipping subsequently filed an administrative lawsuit against the MPB in the Taipei High Administrative Court requesting to set aside the administrative order and the subsequent

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administrative appeal decision. On January 20, 2022, the Taipei High Administrative Court ruled in favor of TEH Shipping and set aside both the administrative order and the administrative appeal decision. The MPB appealed to the Supreme Administrative Court. On September 14, 2023, the Supreme Administrative Court reversed and remanded the decision made by the Taipei High Administrative Court. As of the Latest Practicable Date, the case was pending before the Taipei High Administrative Court; (ii) in March 9, 2018, the Jinshan Fisheries Association of New Taipei City (新北市金山區漁會) (the “JFA”) of Taiwan (as the representative of over 9,000 fishermen) filed a civil lawsuit against TEH Shipping in the Taipei District Court in Taiwan for their alleged loss of income in the amount of NT\$178.8 million (equivalent to US\$5.6 million) as a result of the Incident. On November 29, 2019, the Taipei District Court held that TEH Shipping should compensate the JFA the damages in the amount of NT\$162.5 million (equivalent to US\$5.1 million) together with a 5% statutory interest and should bear 90% of the litigation cost. On December 24, 2019, TEH Shipping appealed to the Taiwan High Court. On October 19, 2022, the Taiwan High Court set aside the Taipei District Court’s decision, which previously ordered TEH Shipping to compensate the damages of NT\$162.5 million together with a 5% statutory interest. The Taiwan High Court further dismissed JFA’s claims and ordered JFA to bear the litigations cost for the first instance (except for the part that has already been final) and second instance. The JFA appealed to the Supreme Court of Taiwan on December 1, 2022. On July 31, 2024, the Supreme Court of Taiwan reversed and remanded the decision made by the Taiwan High Court regarding the damages claimed by JFA on the grounds that it is doubtful whether the admission of certain evidence follows the rules of logic, experience, and evidence. As of the Latest Practicable Date, the case was pending before the Taiwan High Court; and (iii) in November 2017, the Council of Agriculture of Executive Yuan (行政院農業委員會) (the “COA”) of Taiwan filed a civil lawsuit against TEH Shipping in Taiwan High Court for a total amount of NT\$469.8 million (equivalent to US\$14.7 million) including the cost of ecological restoration, ecological damages, and the cost for ecological assessment, the proceeding of which was later transferred to the Taipei District Court in January 2018. On May 31, 2019, the Taipei District Court ruled in favor of TEH Shipping and dismissed the COA’s claim. The COA appealed to the Taiwan High Court, and the parties have exchanged several rounds of appellate briefs and defense briefs. As of the Latest Practicable Date, the case was pending.

As advised by our Taiwan Legal Advisors, as we are not a party to the Pending Legal Proceedings, and our Directors who are also directors of TEH Shipping (namely, Mr. Chen and Mrs. Chen) (the “Involved Directors”) are not subject to any legal or administrative proceedings (including the Pending Legal Proceedings) relating to the Incident in their respective personal capacity, there is no indication that there will be any retrospective legal consequences on our Group and the Involved Directors resulting from the Incident as under Taiwan laws the effect of a judgement would only apply to the parties to the relevant civil or administrative proceedings, not any other person who is not a party to that civil or administrative proceedings. Although neither we nor any Involved Directors (in their respective personal capacity) is a party to the Pending Legal Proceedings, not involved in this incident and not liable for it, we cannot ensure that any negative news or publicity in this regard will not affect our Controlling Shareholders or our reputation, or even our business and prospects.

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In light of the Incident, notwithstanding that TEH Shipping (which was only an associate before its disposal from our Group) has not been a member of our Group, we have implemented various measures relating to marine accidents and safety. See “Business — Environmental protection, social, workplace safety and governance – Environmental protection — Water and oil pollution” for further details.

Having considered that (i) the Incident was unintentional and did not involve fraud or dishonesty or otherwise raise any concerns as to the integrity of our Directors, including the Involved Directors; (ii) our Directors, including the Involved Directors, have not been subject to any legal or administrative proceedings relating to the Incident; (iii) TEH Shipping had received initial favorable court decisions in all of Pending Legal Proceedings in relation to the Incident, although the Supreme Administrative Court reversed and remanded the decision in favor of TEH Shipping made by the Taipei High Administrative Court related to the Pending Legal Proceedings with MPB and such proceeding are still pending before the Taipei High Administrative Court; and (iv) our Group has implemented adequate internal control measures for managing risks of accidents similar to the Incident or other marine accidents, our Directors are of the view that the Incident would not affect the suitability of our Directors, including the Involved Directors, to act as our Directors under Rules 3.08 and 3.09 of the Listing Rules. Based on our Directors’ view and the due diligence work performed, the Joint Sponsors are of the view that there are no material findings indicating that there are any potential implications to the suitability of our Directors, including the Involved Directors under Rule 3.08 and Rule 3.09, in respect of the Incident.

Having considered (i) the factors stated above as well as the circumstances of the Pending Legal Proceedings and evidence currently presented by the counter parties; (ii) the maximum monetary exposure of approximately US\$20.59 million, inclusive of the cleaning cost for the oil spill, as of the Latest Practicable Date for all three legal proceedings in which TEH Shipping is involved in, including the claim amounts or judgment amounts together with relevant court fees and less the MPB reimbursement that TEH Shipping has already paid, but excluding the 5% statutory interest; (iii) the maximum damages payable for the Pending Legal Proceedings will be fully covered by TEH Shipping’s insurance policy; (iv) the confirmation from the insurers to reimburse the damage suffered by TEH Shipping from each of the Pending Legal Proceedings; and (v) TEH Shipping was only an associate of our Group in which we held 44.2% equity interest during the Track Record Period and whose financial results were not consolidated to the consolidated financial statements of our Group, our Directors are of the view that the Incident would not affect the listing eligibility of our Company under Rules 8.04 and 8.05 of the Listing Rules. Based on the due diligence work above, the Joint Sponsors concur with our Directors’ view that the Incident would not affect the listing eligibility of our Company under Rules 8.04 and 8.05 of the Listing Rules.

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Our insurance may be insufficient to cover the risks or losses that may occur to our property or result from our operations.

The operation of any vessel involves risks such as mechanical failure, collision, fire, contact with floating objects, property loss, cargos loss or damage and business interruption due to political circumstances in different countries and regions, hostilities and labor strikes. In addition, marine disasters, including oil spills and other environmental mishaps, are also inherent risks associated with the container shipping industry. For example, on August 20, 2024, our owned vessel, TS Kobe, experienced an oil spill incident at a terminal in Hong Kong with an overflow of oil during refueling and subsequent release into the sea. See “Business — Environmental protection, social, workplace safety and governance — Environmental protections — Water and oil pollution” for further details of the oil spill incident. Not only do oil spills have extensive environmental impact and can severely tarnish the reputation of a shipping company, but the costs associated with oil spill clean-up operations could also be substantial and could lead to heavy fines and penalties imposed by regulatory authorities. Additionally, there could be potential costs related to legal claims from affected parties. We procure insurance for our fleet against risks commonly insured against by vessel owners and operators. However, we cannot assure you that our current insurance coverage is sufficient. In the case of an uninsured loss or a loss in excess of insured limits, our results of operations, financial condition and business operations could be adversely affected. Even if our insurance coverage is adequate to cover our direct losses, we may not be able to obtain a timely replacement vessel or take other appropriate action. Furthermore, our claim records may affect the premiums insurance companies charge us in the future. We may also be subject to additional calls, or premiums, in amounts based not only on our own claim records but also the claim records of all other members of the protection and indemnity associations through which we receive indemnity insurance coverage for tort liability. For the years ended December 31, 2021, 2022 and 2023 and the four months ended April 30, 2024, our aggregate insurance premium amounted to US\$3.4 million, US\$5.1 million, US\$5.3 million and US\$1.0 million, respectively. In the same periods, we claimed against our insurers amounts of US\$2.1 million, US\$4.4 million, US\$1.9 million and US\$0.3 million, respectively. Any loss not covered by insurance could harm our business and financial condition.

Labor disputes and labor shortages could disrupt or hinder our business operations.

Like other operators in our industry, we rely upon third-party personnel, such as stevedores at our ports of call as well as most of our onboard crewmembers, as part of our day-to-day operations. Industrial action or other labor unrest with respect to such external labor could prevent or hinder our normal operating activities, and, if not resolved in a timely manner, could lead to decreases in our revenue. These actions are impossible for us to predict or control. Furthermore, there may be labor shortages in one or more locations where we operate. Any labor shortage could disrupt or hinder our ability to maintain or expand our business operations, which may adversely affect our business operations and results of operations.

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Our IT systems have in the past and may in the future be exposed to cybersecurity risks and other disruptions that could harm our ability to operate and adversely affect the business. Failure of our IT systems could adversely affect our business and results of operations.

The shipping industry is a more frequent target of cyber attacks than some other industries because of the essential nature of these services. We rely extensively on the information technology systems and third-party service providers in many aspects of our business. Our current information technology framework mainly consists of a customer information management system, a business operation system, a financial system and a personnel system. In particular, we rely on AFSYS system, our existing business operation system which is a shipping operation system that manages orders, booking, containers, shipping schedules, etc., to manage our container shipping business. We also collect, store and transmit sensitive data, including our proprietary business information and that of our customers, and personally identifiable information of our customers and employees. Despite our continuous efforts to make investments in our information technology systems and system-wide data security programs, the implementation of security measures to protect our data and infrastructure against breaches and other cyber threats, and our use of internal processes and controls designed to protect the security and availability of our systems, we may in the future experience cybersecurity risks, such as computer viruses, hacking, malware, denial of service attacks, ransomware attacks, cyber terrorism, circumvention of security systems, malfeasance, breaches due to employee error, unauthorized release, attempts to gain unauthorized access to data, natural disasters, telecommunications failure, corruption or loss of data or confidential information, social media hacks and leaks, and breach of protected data belonging to third parties, or other catastrophic events at our facilities, aboard our vessels or at third-party locations.

Any failure, breach or unauthorized access to our systems or those of third-parties on which we rely could result in the loss of confidential, sensitive or proprietary information, interruptions in its service or production or otherwise impact our ability to conduct business operations, and could result in potential reductions in revenue and profits, damage to its reputation or liability.

In addition, while we have not encountered major failures in the past with our current information technology systems, there can be no assurance that we will be able to successfully maintain the smooth running at all times of any or all of our information systems. Furthermore, even with thorough testing, there can be no assurance that the new system to be implemented will successfully replace our existing system without incompatibility or other issues. Additionally, technology developed by other shipping companies may render our services less attractive or competitive, and we may otherwise fail to meet the technology progress to operate our business more efficiently. Any such events could adversely affect our business, results of operations and financial condition.

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We have not participated in strategic alliances in the shipping industry, which may adversely affect our business.

The container shipping industry has experienced a reduction in the number of major carriers, as well as a continuation of strategic alliances among container carriers, which can result in more efficient and better coverage for shipping companies participating in such arrangements while carriers in such alliances may be subject to antitrust concerns and close surveillance. We are not a party to any strategic alliances and therefore have not been able to achieve the benefits associated with being a member of such an alliance. If, in the future, we would like to enter into a strategic alliance but are unable to do so, we may be unable to achieve the cost and other synergies that can result from such alliances. If we are not successful in expanding or entering into strategic alliances which are beneficial to us, this could adversely affect our business.

Our vessels could be arrested by maritime claimants, which could result in a significant loss of revenue and cash flow.

Crewmembers, suppliers of goods and services to a vessel, shippers of cargos and other parties may be entitled to a maritime lien against a vessel for unsatisfied debts, claims or damages. In many jurisdictions, a maritime lienholder may enforce its lien by either arresting or attaching a vessel through foreclosure proceedings. The arrest or attachment of one or more of our vessels could require us to pay or deposit a substantial amount of money to have the arrest or attachment lifted, and could also result in a significant loss of earnings and cash flow for the related off-hire period. In case of maritime lien enforced on chartered-in vessels, we do not need to pay the contract charter rate during the off-hire period if the enforcement is attributable to the vessel owner. Although maritime liens generally do not extend to cargos on vessels, the delay in transportation of cargos or any obsolescence of cargos caused by the enforcement of maritime lien on vessel may subject us to claims, disputes and potential liabilities. We had not encountered such incidents in the Track Record Period, but there can be no assurance that such occasions will not occur in the future. As of the Latest Practicable Date, none of our vessels, including both owned vessels and chartered-in vessels, was subject to maritime liens.

Some of our leased properties have title defects and did not complete registration procedures at relevant authorities.

We have a title defect relating to one of our leased properties. As of the Latest Practicable Date, a lessor of one of our leased properties in the PRC with an aggregate GFA of approximately 85.1 sq.m. had not provided us with valid title certificates, or relevant authorization documents evidencing their rights to lease the properties to us. As a result, the lease may not be valid, or there is a risk that we may not be able to continue to use such property. We cannot assure you that we will not be subject to any challenges, lawsuits or other actions taken against us with respect to the leased property. If the title of any leased properties were successfully challenged, we may be forced to relocate our operations on the affected properties. Pursuant to the applicable PRC laws and regulations, property lease agreements must be registered with the relevant local housing administrative authorities. As of the Latest

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Practicable Date, three of our lease agreements for properties in the PRC had not been registered with relevant authorities in the PRC. We cannot assure that we will not be subject to any penalties arising from the non-registration of lease agreements in the future. Our PRC Legal Advisors are of the view that the non-registration of lease agreements will not affect the validity of the lease agreements, but the relevant local housing administrative authorities can require us to complete registrations within a specified timeframe and if we fail to so rectify, we may be subject to a fine of between RMB1,000 and RMB10,000 for each of these leasing properties.

We may be required to make additional social insurance fund and housing provident fund contributions, as well as pay outstanding contributions and fines imposed by relevant governmental authorities.

Under the Social Insurance Law of the PRC and the Regulations on the Management of Housing Provident Fund, we are required to make social insurance fund and housing provident fund contributions for our employees. During the Track Record Period and up to the Latest Practicable Date, certain branches of our PRC subsidiary had not made full social insurance fund contributions for employees. As of December 31, 2021, 2022 and 2023 and April 30, 2024, the carrying amount of our provisions for social insurance fund and housing provident fund amounted to RMB0.6 million, RMB0.7 million, RMB0.8 million and RMB0.3 million, respectively. As of the Latest Practicable Date, we had not received any notice from the relevant government authorities or any claim or request from these employees in relation to the payment of such contributions. According to the opinions of our PRC Legal Advisors, the relevant PRC authorities may require us to pay the outstanding social insurance fund by the due date and make daily overdue payment equivalent to 0.05% of the unpaid amount from the due date. If we fail to pay our unpaid social insurance contributions within a designated term, we may be subject to a fine of one to three times of the unpaid social insurance fund. If we fail to timely pay or underpay the housing provident fund, the housing provident fund management center will order us to pay the fund within a designated term and applications may be made to the People's Court for compulsory enforcement if the overdue payment is not made.

Our risk management and internal control systems, as well as the risk management tools available to us, may not fully protect us against various risks inherent in our business.

We have established risk management and internal control systems consisting of relevant organizational frameworks, policies, procedures and risk management methods in order to manage our risk exposure, primarily including market risk, credit risk, liquidity risk, operational risk, compliance risk and legal risk, and we expect to continue to improve such risk management and internal control systems from time to time. In addition, we are exposed to fraud or other misconducts committed by our employees, crew members, agents, customers or other third parties that could subject us to financial losses and sanctions imposed by governmental authorities as well as seriously harm our reputation. See “Business — Internal controls and risk management” for further details of our risk management. However, our risk management and internal control systems may not always detect and prevent fraud and other misconducts or be fully effective in mitigating our risk exposure in all market environments or against all types of risks, including risks that are unidentified or unanticipated.

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In addition, we will become a public company upon completion of the Global Offering, and our internal controls will be essential to the integrity of our business and financial results. Our public reporting obligations are expected to place a strain on our management, operational and financial resources and systems in the foreseeable future. In order to address our internal controls issues and to generally enhance our internal controls and compliance environment, we have taken various measures to improve our internal controls and procedures including establishing a compliance program, adopting new policies, and providing extensive and ongoing training on our controls, procedures and policies to our employees. In addition, in preparation for the Global Offering, we have implemented other measures to further enhance our internal controls, and plan to take steps to further improve our internal controls. If we encounter difficulties in improving our internal controls and management information systems, we may incur additional costs and management time in meeting our improvement goals. We cannot assure you that the measures taken to improve our internal controls will be effective. There will therefore continue to be risks that fraud and other misconducts may occur and cause negative publicity. If we fail to maintain effective internal controls in the future, our business, financial condition, results of operation and reputation may be materially and adversely affected.

Our risk management capabilities are limited by the information, tools or technologies available to us. If our internal control system fails to detect potential risks in our business as intended, or is otherwise exposed to weaknesses and deficiencies, our business, financial condition and results of operations could be materially and adversely affected.

Effective implementation of our risk management and internal controls policies and procedures also depends on effective implementation by our employees. There can be no assurance that such implementation by our employees will always function as intended, or such implementation will not be subject to human errors, mistakes or intentional misconduct. If we fail to implement our policies and procedures in a timely manner, or fail to identify risks that affect our business with sufficient time to plan for contingencies for such events, our business, financial condition and results of operations could be materially and adversely affected, particularly with respect to the maintenance of our relevant approvals and licenses granted by the relevant authorities.

RISKS RELATING TO OUR KEY MARKETS, ESPECIALLY THE ASIA PACIFIC REGION

If the demand for our services, especially in the Asia Pacific Region, continues to decrease in the future, we may have idle capacity in our fleet.

The freight rate in the Asia Pacific Region increased sharply since November 2020 according to the Drewry Report. However, the high freight rate level may not be sustainable. Drewry's World Container Index peaked in September 2021, at US\$10,377.2 per FEU. Since the peak, freight rates have begun and continued to fall. As of October 3, 2024, Drewry's World Container Index reached US\$3,489.3 per FEU. As shipping companies build new vessels years in advance of their actual use to address expected demand, vessels may be delivered at times of decreased demand, resulting in excess shipping capacity. As of the Latest Practicable Date, we had ordered three 7,000 TEU vessels, one of which is expected to be delivered by the end

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of 2024 and the remaining two of which are expected to be delivered in 2026 and 2027, respectively. In addition, as of the same date, we had ordered two 4,300 TEU and three 14,000 TEU vessels, which are expected to be delivered in 2027. Considering the total capacity of the vessels we will acquire, if the market freight rate and market demand continue to decrease, we will be running the risk of idle capacity. Since the beginning of 2023, we have contracted to dispose of 10 of our owned vessels and returned nine of the chartered-in vessels when their charters have expired. Our shipping capacity decreased from 109,947 TEU as of December 31, 2022 to 89,818 TEU as of the same date in 2023. However, there is no assurance that we will be able to adapt to such changes in a timely and effective manner. For example, we may not be able to return vessels under long-term charters before their charters expire. Additionally, it might be challenging for us to dispose of or lease out idling vessels in a timely manner, at favorable prices or charter rates, or at all. Any failure to adjust our shipping capacity and allocation appropriately may subject us to the risk of idle capacity, which may materially affect our financial performance, market position and growth prospects. There are numerous factors that may contribute to a decrease in demand in the coming years which are beyond our control, including any severe or prolonged downturn in the macro economy or the prolonged adverse impact of the COVID-19 outbreak. Idle fleet capacity, as a result of a decrease in the demand for our services, may cause us to lower our freight rates charged to our customers. If any such events take place, our business prospects and financial position may be materially and adversely affected.

If there is a decrease in the level of imports and exports of goods in markets where we operate, our business, results of operations and prospects may be materially and adversely affected.

Our services in the Asia Pacific Region have formed a vital part of our business operations since our establishment. As of December 31, 2021, 2022 and 2023 and April 30, 2024, we operated 33, 37, 40 and 43 services in the Asia Pacific Region, respectively. For the years ended December 31, 2021, 2022 and 2023 and the four months ended April 30, 2023 and 2024, we had an aggregate shipping volume in the Asia Pacific Region of 1,571,974 TEU, 1,470,045 TEU, 1,433,097 TEU, 452,393 TEU and 512,289 TEU, respectively, accounting for 99.3%, 94.3%, 97.7%, 97.2% and 95.4%, respectively, of our total shipping volume for the same periods, respectively.

During the Track Record Period, our semi long-haul and long-haul services have played an important role in our business in terms of the revenue as a result of the new services launched and the allocation of our shipping capacity considering customer demands in different markets, such as the Asia – Oceania and the Asia – Indian Subcontinent markets. We had an aggregate shipping volume in the Asia – Oceania market of 142,971 TEU, 210,851 TEU, 103,512 TEU, 41,596 TEU and 39,617 TEU, respectively, for the years ended December 31, 2021, 2022 and 2023 and the four months ended April 30, 2023 and 2024, accounting for 9.0%, 13.5%, 7.1%, 8.9% and 7.4%, respectively, of our total shipping volume for the same periods. We had an aggregate shipping volume in the Asia – Indian Subcontinent market of 12,103 TEU, 137,425 TEU, 153,804 TEU, 48,546 TEU and 56,204 TEU, respectively, for the years ended December 31, 2021, 2022 and 2023 and the four months ended April 30, 2023 and 2024, accounting for 0.8%, 8.8%, 10.5%, 10.4% and 10.5%, respectively, of our total shipping volume for the same periods.

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We cannot assure you that the trade volume in the regions we operate in the future will not decrease or fail to increase as rapidly as we expect due to factors such as economic downturns, changes in political conditions, deterioration of economic relationships, or other factors. International market conditions and the international regulatory environment have historically been affected by competition among countries and geopolitical uncertainty. Adverse changes in the economic, financial and political conditions, trade policies and treaties and tariffs of any country or region where we provide significant container shipping services would have an adverse effect on our business. For example, to address the market condition that has affected long-haul services in the Transpacific and the Asia – Europe markets where deployment of smaller vessels became less profitable or even loss-making in light of the continued decline of freight rates, we decided to suspend our services in the Transpacific and Asia – Europe markets in December 2022, pending future market recovery. In addition, we suspended our service to New Zealand in August 2023 mainly due to the continued declined freight rate which made our independent service not economically justifiable.

In particular, our business is closely related to PRC-originated export and import activities. As a result, an economic slowdown in the PRC, to the extent such a slowdown affects its trade with other countries around the world, may materially and adversely affect our business, results of operations and future prospects. For example, according to the Drewry Report, the world’s manufacturing is gradually shifting from China to Southeast Asia countries, resulting in our adjustment of shipping capacity in the Asia Pacific Region. In addition, any trade restrictions, sanctions, boycotts and trade disputes involving the PRC could also materially and adversely affect our results of operations. For example, China and other countries have actively reacted in response to new trade policies, treaties and tariffs implemented by the U.S. government. Such measures may further escalate or even lead to a trade dispute. Any escalation in trade dispute, or the perception that such escalation or trade dispute could occur, may have negative impact on the economies of not merely the two countries concerned, but the global economy as a whole. See “— Risks relating to mainland China” and “— Risks relating to Taiwan” in this section for further details on risks associated with our business in mainland China and Taiwan. If there is a decrease in the level of imports or exports of goods in markets where we operate, our business, results of operations and prospects may be materially and adversely affected.

Any severe or prolonged downturn in the Asia Pacific Region’s or global economy could materially and adversely affect our business and financial condition.

COVID-19 has had a severe and negative impact on the Asia Pacific Region’s and the global economy so far. Whether this will lead to a prolonged downturn in the economy is still unknown. Even before the outbreak of COVID-19, the global macroeconomic environment was facing numerous challenges. For example, the growth rate of the Chinese economy had already been slowing down since 2010. Moreover, our business growth for the year ended December 31, 2021 including the increases in the revenue, net profit and shipping volume was partly due to global supply chain interruptions attributable to port congestion and containers stacking up at ports as a result of the labor shortage in the warehouse and in the inland transportation industry which may not sustain. Our revenue and profit may decrease substantially when the

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supply chain interruptions improve. This may adversely affect our business prospects and financial position. There is also considerable uncertainty over the long-term effects of the expansionary monetary and fiscal policies which had been adopted by the central banks and financial authorities of some of the world's leading economies, including the United States and China, even before 2022. Any global economic slowdown, financial market turmoil or decrease in demand for shipped goods from major economies, trade sanctions or political uncertainty between countries and regions may lead to a decline in the general demand for our services. This would, in turn, adversely affect our business, financial condition and results of operations. Economic conditions in the Asia Pacific Region may be sensitive to global economic conditions, as well as changes in domestic economic and political policies and the expected or perceived overall economic growth rate in the Asia Pacific Region. Any severe or prolonged slowdown in the global or the Asia Pacific Region's economy may materially and adversely affect our business, results of operations and financial condition.

We face risks associated with our development plan.

For the years ended December 31, 2021, 2022 and 2023 and the four months ended April 30, 2023 and 2024, our revenue in connection with our container shipping services generated from the Asia Pacific Region represented 97.2%, 82.3%, 96.4%, 96.0% and 90.5% of our total revenue, respectively. In recent years we also expanded our operations into other international markets by launching several new long-haul services, including one independent service (subsequently changed to a joint service in March 2022) launched in July 2021 and another independent service launched in January 2022 in the Asia – Oceania market. There can be no assurance that we will succeed or achieve any return on these expansion efforts. For example, we suspended our service to New Zealand in August 2023 mainly due to the continued declined freight rate which made our independent service not economically justifiable.

In addition to the above, continued expansion around the world exposes us to other risks such as:

- difficulties in achieving market acceptance of our services in different geographic markets with different business practices;
- difficulties in achieving sales growth in certain other countries and regions where we commit fewer sales and marketing resources;
- difficulties in managing operations due to language barriers, distance, staffing, user behavior and spending capability, cultural differences, business infrastructure constraints, and laws regulating corporations that operate globally;
- application of different laws and regulations of other jurisdictions;
- potential adverse tax consequences associated with foreign operations and revenues;
- foreign exchange fluctuations and associated issues;

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- credit risks and higher levels of payment fraud;
- political and economic instability in some countries and regions;
- trade restrictions, sanctions, boycotts and trade and labor disputes; and
- restrictions on monetary flows.

As a result of these and other obstacles, we may find it impossible or prohibitively expensive to enter additional markets, or our entry into foreign markets could be delayed, which could hinder our ability to grow our business.

In wartime or emergency situations, the government may requisition our vessels resulting in the reduction of our revenue.

In many regions of the world, including the Asia Pacific Region, commercial vessels may be requisitioned by governments for use during wartime or other emergency situations. However, the vessel owner may not receive compensation from the government nor be covered by its insurance. In the event that the government were to requisition one or more of our vessels, or charter the vessels at rates lower than the market rates, our container shipping business, operating results and financial condition could be adversely affected.

Acts of piracy could adversely affect our business and results of operations.

Piracy is an inherent risk in the operation of ocean-going vessels in many regions in the world, including the Asia Pacific Region where the services form a vital part of our business operations. We did not experience any piracy incidents during the Track Record Period and up to the Latest Practicable Date that had materially or adversely affected our business or results of operations. As we expand our network of services, our vessels may in the future travel in regions that have higher frequencies of piracy incidents. Pirate attacks on any of our vessels could result in loss of life, the kidnapping of the vessel crew or the theft, damage or destruction of our vessels or of cargos being transported thereon. We may not be adequately insured to cover losses from these incidents, which could have a material and adverse effect on our business and results of operations.

Acts of God, acts of war, epidemics, terrorist attacks and other events in markets where we operate could adversely affect our business.

Natural disasters and other acts of God, epidemics, terrorist attacks, acts of war and other events in markets where we operate which are beyond our control may lead to global or regional economic instability, which may in turn adversely affect our business, results of operations, financial condition, ability to raise capital or future growth.

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In addition to COVID-19, outbreaks of epidemics, such as SARS, the avian flu and influenza A (H1N1), could cause significant interruption to our business and have a negative impact on our revenue and profitability. An outbreak of epidemics may cause the demand for specific commodities to fall, which could in turn lead to lower demand for shipping services, including ours, thereby adversely affecting our profitability. Such an outbreak may also cause significant interruption to our operations as health or governmental authorities may impose quarantine and inspection measures on our vessels or restrict the flow of cargos to and from areas affected by the epidemic. See “— Risks relating to our business and industry — Our prospects may be adversely affected by COVID-19 or other adverse public health developments” in this section for further details.

Similar to airplanes and vehicles, shipping vessels can be targets of terrorist attacks. Terrorist attacks on shipping vessels could lead to, among other things, increased insurance and security costs and an inability to transport cargos to and from certain locations. Political uncertainties or conflicts and acts of war or the potential for war could also cause damage and disruption to our business which could materially affect our revenue, costs of operation and overall profitability.

RISKS RELATING TO MAINLAND CHINA

The PRC’s economic, political and social conditions and government policies could affect our business.

Our business to a certain extent depends on PRC related trade. Accordingly, our results of operations and financial condition will be affected by economic, political and legal developments in the PRC and the state of political relationships between China and the relevant foreign countries or regions.

Although the economy of the PRC has been transitioning from a planned economy to a more market-oriented economy for more than three decades. The PRC government also exercises significant influence over the economic growth of the PRC through allocating resources, controlling payments of foreign currency-denominated obligations, setting monetary policy and providing preferential treatments to particular industries or companies. In recent years, the PRC government has implemented measures emphasizing the utilization of market forces in the economic reform, the reduction of state ownership of productive assets and the establishment of sound corporate governance in business enterprises. These economic reform measures may be adjusted or modified or applied inconsistently from industry to industry, or across different regions of the country. As a result, some of these measures may benefit the overall economy of the PRC, but may have an adverse effect on the container shipping industry in particular.

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Uncertainties in the interpretation and enforcement of PRC laws and regulations could limit the legal protections available to you and us.

Our certain operations are conducted in the PRC and as a result, our certain activities are governed by PRC laws, rules and regulations. Our PRC subsidiary is generally subject to laws, rules and regulations applicable to foreign investments in the PRC. The PRC legal system is a civil law system based on written statutes. Prior court decisions may be cited for reference but have limited precedential value. Since the late 1970s, the PRC government has significantly enhanced legislation and regulations to protect various forms of foreign investment in the PRC. In 1979, the PRC government began to promulgate a comprehensive system of laws and regulations governing economic matters in general. The overall effect of legislation over the past three decades has significantly increased the protections afforded to various forms of foreign or private-sector investment in the PRC. These laws and regulations change frequently, and their interpretation and enforcement involve uncertainties. For example, we may have to resort to administrative and court proceedings to enforce the legal protections that we enjoy either by law or contract. However, since PRC administrative and court authorities have discretion in interpreting and implementing statutory and contractual terms, it may be difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection we enjoy. These uncertainties may also impede our ability to enforce the contracts we have entered into. As a result, these uncertainties could materially adversely affect our business and operations.

You may experience difficulties in effecting service of legal process, enforcing judgments or bringing original actions in the PRC based on foreign laws against us.

Our certain operations are conducted in the PRC. As a result, it may not be possible to effect service of process outside of the PRC upon us. Moreover, our PRC Legal Advisors have advised us that the PRC does not have treaties providing for the recognition and enforcement of civil judgments of courts in the jurisdictions such as the United States, the United Kingdom and Japan. As a result, recognition and enforcement in the PRC judgments of a court in the United States and any of the other jurisdictions mentioned above in relation to any matter that is not subject to a binding arbitration provision may be difficult or impossible.

Risks relating to the new filing requirements with the CSRC

On February 17, 2023, the CSRC released a set of regulations consisting of 6 documents, including the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the “**New Measures**”), and 5 supporting guidelines (5項配套指引), which came into effect on March 31, 2023. Under the first paragraph of Article 15 of the New Measures, overseas offerings and listings of a listing applicant must conduct and complete relevant filing procedures with the CSRC if (i) 50% or more of its operating revenue, total profit, total assets or net assets as recorded in its audited consolidated financial statements for the most recent financial year is being accounted for by domestic companies, and (ii) the main parts of its business activities are conducted in the Mainland China, its principal places of business are located in the

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Mainland China, or the senior management in charge of its business operation and management are mostly Chinese citizens or domiciled in the Mainland China. Furthermore, the second paragraph of Article 15 of the New Measures provides that a “substance over form” principle (the “**Principle**”) shall be followed when determining whether an issuer is subject the filing requirements under the New Measures. Further, pursuant to Article 4 of Guidelines for Application of Regulatory Rules – Overseas Offering and Listing No.1 (監管規則適用指引–境外發行上市類第1號) (the “**Guidelines No. 1**”), where an issuer does not fall within the circumstances stipulated in Article 15(i) and (ii) of the New Measures, but submits the application for offering and listing in an overseas market in accordance with the relevant provisions on non-local issuers, and the risk factors disclosed are primarily related to the Mainland China, the securities company and the issuer’s PRC legal advisor shall follow the Principle and conduct comprehensive demonstration and identification of whether the issuer falls within the scope of the filing requirements.

We believe that we do not fall within the circumstances stipulated in Article 15(i) and (ii) and the second paragraph of Article 15 of the New Measures, therefore are not subject to the filing requirements under the New Measures, and we will not submit the filing with the CSRC. However, uncertainties still exist as to how the New Measures and the supporting guidelines will be interpreted and implemented since they are newly published. Particularly, the Principle is subject to any new laws, rules and regulations or interpretations and implementations in any form relating to the filing requirements under the New Measures at the discretion of the PRC government authorities. If the CSRC, based on its sole discretion, considers that we fall within the circumstances stipulated in the second paragraph of Article 15 of the New Measures and therefore shall complete the filing procedure, but we failed having done so, the CSRC may order our PRC subsidiary to rectify, issue warnings and impose a fine up to RMB10,000,000. Plus, directly liable persons-in-charge and other directly liable persons may be warned and each be imposed a fine up to RMB5,000,000.

Government control of and regulations on loans to, and direct investment in, PRC entities by offshore holding companies may delay or prevent us from making loans or additional contributions to our PRC subsidiary, which could restrict our ability to utilize the proceeds from the Global Offering effectively.

We may make loans to our PRC subsidiary subject to the approval of governmental authorities and limitation of amount. Any loans to our PRC subsidiary, which is treated as a foreign-invested enterprise under PRC law, are subject to PRC regulations and foreign exchange loan registrations. See “Regulatory Overview — Laws and regulations relating to our Group’s business and operation in PRC — Foreign exchange” for further details. We may also decide to make direct investment in our PRC subsidiary by means of capital contributions, subject to the registration process of competent governmental authorities. See “Regulatory Overview — Laws and regulations relating to our Group’s business and operation in PRC — Foreign exchange” for further details.

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In light of the various requirements imposed by PRC regulations on loans to and direct investment in PRC entities by offshore holding companies, we may not be able to complete the necessary government registrations or reporting of information on foreign investment on a timely basis, if at all, with respect to future loans to, or direct investment in, our PRC subsidiary. As a result, uncertainties exist as to our ability to provide prompt financial support to our PRC subsidiary when needed and our ability to utilize the proceeds from the Global Offering effectively.

We may rely on dividends and other distributions on equity paid by our PRC subsidiary to fund any cash and financing requirements we may have, and any limitation on the ability of our PRC subsidiary to make payments to us could have a material and adverse effect on our ability to conduct our business.

We are a company incorporated in Hong Kong, and we may rely on dividends and other distributions on equity paid by our PRC subsidiary for our cash and financing requirements, including the funds necessary to pay dividends and other cash distributions to our shareholders or to service any debt we may incur. If our PRC subsidiary incur debt on its own behalf in the future, the instruments governing the debt may restrict its ability to pay dividends or make other distributions to us. Under PRC laws and regulations, our PRC subsidiary may pay dividends only out of its accumulated profits as determined in accordance with PRC accounting standards and regulations. In addition, a wholly foreign-owned enterprise is required to set aside at least 10% of its accumulated after-tax profits each year, if any, to fund a certain statutory reserve fund, until the aggregate amount of such fund reaches 50% of its registered capital. Such reserve funds cannot be distributed to us as dividends. In addition, registered share capital and capital reserve accounts are also restricted from withdrawal in China.

Additionally, in response to the persistent capital outflow in China and Renminbi's depreciation against the U.S. dollar, the People's Bank of China (the "PBOC") and the State Administration of Foreign Exchange (the "SAFE") promulgated a series of capital control measures. Any limitation on the ability of our PRC subsidiary to pay dividends or make other kinds of payments to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our business, pay dividends to our investors or other obligations to our suppliers, or otherwise fund and conduct our business.

In addition, the Enterprise Income Tax Law of the PRC and its implementation rules provide that a withholding tax rate of up to 10% will be applicable to dividends payable by Chinese companies to non-PRC resident enterprises unless otherwise exempted or reduced according to treaties or arrangements between the PRC central government and governments of other countries or regions where the non-PRC resident enterprises are tax resident. Pursuant to the tax agreement between mainland China and Hong Kong, the withholding tax rate in respect to the payment of dividends by a PRC enterprise to a Hong Kong enterprise may be reduced to 5% from a standard rate of 10% if the Hong Kong enterprise directly holds at least 25% of the PRC enterprise. See "Regulatory Overview — Laws and regulations relating to our Group's business and operation in PRC — Taxation" for further details. Accordingly, our Company may be able to benefit from the 5% withholding tax rate for the dividends it receives

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from our PRC subsidiary, if it satisfies the conditions prescribed under the relevant tax rules and regulations. However, if the relevant tax authorities consider the transactions or arrangements we have are for the primary purpose of enjoying a favorable tax treatment, the relevant tax authorities may adjust the favorable withholding tax in the future. Accordingly, there is no assurance that the reduced 5% will apply to dividends received by our Company from our PRC subsidiary. This withholding tax will reduce the amount of dividends we may receive from our PRC subsidiary.

We face uncertainty with respect to indirect transfers of assets including equity interests in PRC resident enterprises by their non-PRC holding companies.

On February 3, 2015, the State Taxation Administration (the “STA”) issued the Public Announcement on Several Issues Concerning Enterprise Income Tax for Indirect Transfer of Assets by Non-Resident Enterprises (《關於非居民企業間接轉讓財產企業所得稅若干問題的公告》), or the STA Circular No. 7. The STA Circular No. 7 provides comprehensive guidelines relating to indirect transfers by non-PRC resident enterprise of assets (including equity interests) of a PRC resident enterprise (the “**PRC Taxable Assets**”). See “Regulatory Overview — Laws and regulations relating to our Group’s business and operation in PRC — Taxation” for further details. The STA Circular No. 7 may be determined by the PRC tax authorities to be applicable to our Reorganization, if such transactions were determined by the PRC tax authorities as lacking reasonable commercial purpose. As a result, we may be subject to taxation under STA Circular No. 7 and may be required to spend valuable resources on compliance with STA Circular No. 7 or to establish that we should not be taxed under STA Circular No. 7, which may have a material adverse effect on our business, financial condition, results of operations and prospects.

RISKS RELATING TO TAIWAN

Change in relations between Taiwan and mainland China could adversely affect our business and the market value of our Shares.

The relationship between Taiwan and mainland China is subject to change and uncertainty. As the majority of our Controlling Shareholders and Directors, including Mr. Chen, Mrs. Chen, Mr. James Chen and Ms. Christy Chen, are holders of Taiwan passports and certain functional departments of our Company including our management department, legal department and certain administrative personnel are based at TS TW Branch, our branch company in Taiwan, any tension or escalation in tensions between mainland China and Taiwan or news and rumors of any escalation could introduce uncertainties to economic activities between mainland China and Taiwan as well as laws, taxation, inflation, interest rates, social instability and other political, economic, diplomatic or social conditions, which in turn could have a material adverse effect on our business, financial condition, and results of operations.

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For example, such a situation could:

- disrupt our administrative, marketing and sales activities in mainland China and Taiwan, as well as in other countries that may be affected by the cross-strait situation;
- impair our ability to access or repatriate funds from mainland China and Taiwan, or subject us to currency fluctuations, exchange controls, or sanctions;
- expose us to increased regulatory scrutiny, legal liability, or reputational damage in mainland China and Taiwan, or in other countries that may have conflicting interests or policies regarding the cross-strait situation;
- affect the demand for our container shipping services in mainland China and Taiwan, or in other countries that may experience economic slowdown, trade disruption, or consumer backlash as a result of the cross-strait situation;

We cannot predict the future developments or outcomes of the cross-strait situation, or the impact of any potential changes in the political and economic relations between mainland China and Taiwan, or between either of them and other countries. We also cannot assure you that we have adequate contingency plans or mitigation measures to address the risks and challenges arising from the cross-strait situation. Any tension or escalation in tension between mainland China and Taiwan could have a material adverse effect on our business and the market value of our Shares.

Our future investment in the PRC or other countries may be restricted by the Taiwan laws and regulations relating to investment of our Controlling Shareholders who are holders of Taiwan passports in the PRC or foreign countries and failure to obtain, maintain or renew approvals for inbound and outbound investments may adversely affect our financial condition and results of operation.

As authorized by the Act Governing Relations between the Peoples of the Taiwan Area and Mainland Area (《台灣地區與大陸地區人民關係條例》) and the Reviewing Principles of Investment or Technical Cooperation with mainland China (《在大陸地區從事投資或技術合作審查原則》) (the “**Reviewing Principles**”), the Ministry of Economic Affairs (the “**MOEA**”) published a list of businesses in which Taiwanese, legal persons, organizations, or other institutions (the “**Taiwan Investor**”) may not invest in or cooperate with mainland China. A Taiwan Investor is not allowed to invest in any business that is identified on such list in mainland China, which in turn prohibits Our Taiwan Investors (as defined below) from investing in such business in mainland China through our Company. Items not identified on such list are regarded as general items in which investment is permitted with prior approval by or post-investment filing with the Department of Investment Review of the MOEA (the “**Taiwan Department of Investment Review**”). Under the Regulations Governing Permission of Investment or Technical Cooperation with mainland China (《在大陸地區從事投資或技術合作許可辦法》) and the Reviewing Principles, when a Taiwan Investor desires to invest in

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mainland China, provide technology, patents or copyright of computer programs to mainland China individuals or entities, or transfers its mainland China investments involving “critical technology” as identified by the MOEA to any mainland China individuals or entities, it must obtain prior approval from the Taiwan Department of Investment Review, except in the event that the investment is made to a certain mainland China enterprise with an aggregate amount of less than US\$1 million, in which case only a post-investment filing within six months after the completion of investment with the Taiwan Department of Investment Review for record is required.

Furthermore, the Laws and Regulations Regarding Hong Kong & Macao Affairs (香港澳門關係條例) and the Guideline for the Review of Investment or Technical Cooperation in Hong Kong & Macao (對香港澳門投資或技術合作審核處理辦法) (collectively, the “**Hong Kong Investment Regulations**”) stipulate that any Taiwan Investor must first apply to the Taiwan Department of Investment Review in respect of its/his/her investment in a Hong Kong enterprise (including acquiring equity or shares in or providing any loan with a term of more than one year to a Hong Kong Enterprise) (except in the event that the investment is made to a certain Hong Kong enterprise with an aggregate amount of no more than US\$5 million (by an individual) or US\$50 million (by a legal entity), only a post-investment filing (within six months after the investment) with the Taiwan Department of Investment Review for record is required).

In October 2022, Mr. Chen, Mrs. Chen, Mr. James Chen and Ms. Christy Chen (who are our Controlling Shareholders and, except for Ms. Christy Chen, our executive Directors) and Mr. Wu (an indirect Shareholder who was a then Director at the relevant time), among others, each being a Taiwan Investor voluntarily reported to the Taiwan Department of Investment Review with respect to their historical direct or indirect investments in our Company and TS Shanghai which they did not obtain prior approval or make post-investment filing. See “Regulatory Overview — Laws and regulations relating to our Group’s business and operation in Taiwan — Investment in mainland China” for details.

Certain of our operations are based in Hong Kong and mainland China, while the above-mentioned Taiwan regulations restrict certain types of investments by Taiwanese companies or individuals in mainland China and require approval or application for investments in mainland China and Hong Kong, as the case may be. Therefore, our future investments in mainland China and Hong Kong will be affected by the above-mentioned Taiwan regulations applicable to Taiwan Investors. We cannot guarantee you that our Taiwan Investors’ future applications with the Taiwan Department of Investment Review will always be approved, and if not approved, they may be required to dispose of their shareholding in our Group to comply with the investment amount limitation. However, we cannot assure you that our Taiwan Investors will be able to dispose of their shareholding in our Company in a timely and orderly manner, or at all. If they fail to dispose of shareholding in our Company in a timely and orderly manner, our ability to make future investments into Hong Kong and mainland China may be limited. In addition, any reduction of the shareholding in our Company by our Taiwan Investors may cause volatility in, or otherwise have a material adverse effect on the trading price of our Shares.

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Furthermore, we do not know when or if such laws and policies governing investment in mainland China and Hong Kong will be amended, and we cannot assure you that such Taiwan investment laws and policies will continue to permit Taiwan Investors to hold interests or make further investments in mainland China and Hong Kong in the future. If any of such law or policy becomes more restrictive, our business will be adversely affected.

Our expansion plan and business operations in mainland China may be affected as a result of our Taiwan Investors' interests in us as they may be required to obtain approvals or consent to recordation from the Taiwan Department of Investment Review for investments in mainland China, as well as the tensions between two sides of the strait.

Pursuant to the Mainland China Investment Regulations, except for limited exceptions (e.g., purchase of listed shares in mainland China), investment in the mainland China by any Taiwanese individual or Taiwan-incorporated entity is subject to the approval of or recordation with the Taiwan Department of Investment Review. For details, please refer to “Regulatory Overview — Investment in mainland China” of this prospectus. We cannot guarantee that the current practice and policy of the Taiwan Department of Investment Review will remain the same in the future, and any changes in the practice and policy may affect our Taiwan Investors' likelihood in obtaining the Taiwan Department of Investment Review's approval or consent to recordation.

If any equity capital increase by our Company into our mainland China subsidiary(ies) such that any of our Taiwan Investors exceeds the maximum aggregate investment quota under the Mainland China Investment Regulations, or our Taiwan Investor(s) are unable to obtain the Taiwan Department of Investment Review's approval or consent to recordation, they may be required to reduce her/his/its shareholding in our Company. We cannot assure you that she/he will be able to reduce her/his/its shareholding in our Company in a timely and orderly manner, or at all. If any Taiwan Investor fails to reduce her/his shareholding in our Company in a timely and orderly manner, our future investments through equity capital increase into our mainland China subsidiaries may be limited, which could affect our future expansion plans and prospects in mainland China. In addition, any reduction of the shareholdings in our Company by them pursuant to the Mainland China Investment Regulations may cause volatility in, or otherwise have a material adverse effect on the trading price of our Shares.

Any penalties for violation of the Mainland China Investment Regulations for our Taiwan Investors' investments in our Company would be directed at the violating Taiwan Investor(s), and any penalties for such breach will be more than of NT\$50,000 but less than NT\$25 million. Such penalties will not be directed at our Company or mainland China entities which our Taiwan Investors invest in. Nevertheless, any violation of the maximum aggregate investment quota under the Mainland China Investment Regulations for investments in mainland China of our Taiwan Investors or the failure of our Taiwan Investor(s) to obtain the requisite approval or consent to recordation from the Taiwan Department of Investment Review for their investment in our Group may delay our expansion plan as we will be required to seek alternative routes to implement our expansion plan, which may involve additional time and hence will affect our business operations.

RISK FACTORS

You may experience difficulties effecting service of legal process and enforcing judgments against us and our management in Taiwan.

Our Taiwan Legal Advisors have advised us that any final judgment obtained against us in any court other than the courts of Taiwan in respect of any legal suit or proceeding arising out of or relating to the Global Offering, will be enforced by the courts of Taiwan without further review of the merits only if the Taiwan court in which enforcement is sought is satisfied with the following:

- the court rendering the judgment has jurisdiction over the subject matter according to the laws of Taiwan;
- the judgment and the court procedures resulting in the judgment are not contrary to the public order or good morals of Taiwan;
- if the judgment was rendered by default by the court rendering the judgment, (i) we were duly served within a reasonable period of time within the jurisdiction of such court in accordance with the laws and regulations of such jurisdiction, or (ii) process was served on us with judicial assistance of Taiwan; and
- judgments of the courts of Taiwan are recognized in the jurisdiction of the court rendering the judgment on a reciprocal basis.

RISKS RELATING TO THE GLOBAL OFFERING

There has been no prior public market for our Shares and an active trading market for our Shares may not develop or be sustained.

Prior to the Global Offering, no public market for our Shares existed. Following the completion of the Global Offering, the Stock Exchange will be the only market on which the Shares are publicly traded. We cannot assure you that an active trading market for our Shares will develop or be sustained after the Global Offering. In addition, we cannot assure you that our Shares will trade in the public market subsequent to the Global Offering at or above the Offer Price. The Offer Price for the Shares is expected to be fixed by agreement among the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters and the International Underwriters) and us, and may not be indicative of the market price of the Shares following the completion of the Global Offering. If an active trading market for our Shares does not develop or is not sustained after the Global Offering, the market price and liquidity of Shares could be materially and adversely affected.

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The price and trading volume of our Shares may be volatile, which could result in substantial losses to you.

The price and trading volume of our Shares may be volatile and could fluctuate widely in response to factors beyond our control, including general market conditions of the securities markets in Hong Kong, the PRC, the United States and elsewhere in the world. In particular, the price and trading volume performance of other container shipping companies based in Asia may affect the price and trading volume of our Shares. These broad market and industry factors may significantly affect the market price, trading volume and volatility of our Shares, regardless of our actual operating performance.

In addition to market and industry factors, the price and trading volume for our Shares may be highly volatile for specific business reasons. In particular, factors such as variations in our revenue, net income and cash flow could cause the market price of our Shares to change substantially. Any of these factors may result in large and sudden changes in the volume and trading price of our Shares.

The sale or availability for sale of substantial amounts of our Shares could adversely affect their trading price.

Sales of substantial amounts of our Shares in the public market after the completion of the Global Offering, or the perception that these sales could occur, could adversely affect the market price of our Shares and could materially impair our future ability to raise capital through offerings of our Shares.

In connection with the Global Offering, our Controlling Shareholders have agreed, among other things, not to sell our Shares for certain lock-up periods beginning on the date on which trading in our Shares commences on the Stock Exchange. While we currently are not aware of any intention of such persons to dispose of significant amounts of our Shares after the expiry of the lock-up periods, we cannot assure you that they will not dispose of any Shares they may own now or in the future.

You will incur immediate and significant dilution and may face further dilution if we issue additional Shares in the future.

The Offer Price for our Shares is higher than the net tangible assets book value per Share initially issued to our Shareholders prior to the Global Offering. Consequently, purchasers of our Shares in the Global Offering will face an immediate dilution in the unaudited pro forma adjusted net tangible assets book value of US\$1.16 (HK\$9.01) per Share based on the maximum Offer Price of HK\$4.5, and our Shareholders prior to the Global Offering will experience an increase in the pro forma consolidated net tangible assets book value per Share of their Shares. Moreover, if we issue additional Shares in the future, purchasers of our Shares in the Global Offering may experience further dilution in their shareholding percentage.

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We have significant discretion as to how we will use the net proceeds of the Global Offering, and you may not necessarily agree with how we use them.

Our management may spend the net proceeds from the Global Offering in ways you may not agree with or that do not yield a favorable return to our shareholders. We plan to use the net proceeds from the Global Offering for, among other things, the new vessels we ordered and the vessel chartering contracts we entered into, container leasing, working capital and IT upgrade and digitalization. See “Future Plans and Use of Proceeds” for further details. However, our management will have discretion as to the actual application of our net proceeds. You are entrusting your funds to our management, whose judgment you must depend on, for the specific uses we will make of the net proceeds from this Global Offering.

Certain facts and other statistics with respect to the shipping industry and market in this prospectus may not be fully reliable.

Certain facts and other statistics in this prospectus relating to the container shipping industry and market have been derived from various sources and publicly available data, including government and official resources. However, we cannot guarantee the quality or reliability of these sources. We believe that the sources of the said information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. Nevertheless, information from official government sources has not been independently verified by us, the Joint Sponsors, the Joint Global Coordinators, the Overall Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Capital Market Intermediaries, the Underwriters, any of their respective directors, members of senior management, authorized representatives, agents, employees or advisors or any other party involved in the Global Offering, and, therefore, we make no representation as to the accuracy of such facts and statistics. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the facts and statistics herein including the information from official government sources may be inaccurate or may not be comparable to facts and statistics produced for other economies. As a result, prospective investors should consider carefully how much weight or importance they should attach to or place on such facts or statistics. Investors should read the entire prospectus carefully and should not consider any particular statements in published media reports without carefully considering the risks and other information contained in this prospectus.

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There may be coverage in the media or other publications regarding the Global Offering and our operations, and we strongly caution you not to place any reliance on any information contained therein.

We do not accept any responsibility for the accuracy or completeness of the information and make no representation as to the appropriateness, accuracy, completeness or reliability of any information disseminated in the media or other publications and we strongly caution you not to place any reliance on any information contained therein. To the extent that any of the information in the media is inconsistent or conflicts with the information contained in this prospectus, we disclaim it. Accordingly, prospective investors should read the entire prospectus carefully and should not rely on any of the information in press articles or other media or research analyst coverage. Prospective investors should only rely on the information contained in this prospectus to make investment decisions about us.

Forward-looking statements contained in this prospectus are subject to risks and uncertainties.

This document contains certain statements and information that are forward-looking and uses forward-looking terminology such as “believe,” “expect,” “estimate,” “predict,” “aim,” “intend,” “will,” “may,” “plan,” “consider,” “anticipate,” “seek,” “should,” “could,” “would,” “continue,” and other similar expressions. You are cautioned that reliance on any forward-looking statement involves risks and uncertainties and that any or all of those assumptions could prove to be inaccurate and, as a result, the forward-looking statements based on those assumptions could also be incorrect. In light of these and other risks and uncertainties, the inclusion of forward-looking statements in this document should not be regarded as representations or warranties by us that our plans and objectives will be achieved and these forward-looking statements should be considered in light of various important factors, including those set forth in this section. Subject to the requirements of the Listing Rules, we do not intend publicly to update or otherwise revise the forward-looking statements in this document, whether as a result of new information, future events, or otherwise. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this document are qualified by reference to this cautionary statement.

We may not declare dividends on our Shares in the future.

The amount of dividends actually distributed to our Shareholders will depend upon our earnings and financial position, operating requirements, capital requirements and any other conditions that our Directors may deem relevant and will be subject to the approval of our Shareholders. There is no assurance that dividends of any amount will be declared or distributed in any year.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

In preparation for the Listing, our Group has sought the following waivers from strict compliance with the relevant provisions of the Listing Rules.

MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, an issuer must have sufficient management presence in Hong Kong and, in normal circumstances, at least two of the issuer's executive directors must be ordinarily resident in Hong Kong.

Our Company has five executive Directors, of which four are not, and for the foreseeable future will not be, ordinarily resident in Hong Kong for the purpose of satisfying the requirements under Rule 8.12 of the Listing Rules. Notwithstanding that our Company is incorporated in Hong Kong, our Group's management headquarters and most of our executive Directors are in Taiwan, and our business operations and assets are primarily based outside Hong Kong. As such, this would be practically difficult and not commercially necessary for us to relocate our executive Directors to Hong Kong for the purpose of satisfying the requirements under Rule 8.12 of the Listing Rules, or to appoint additional executive Directors solely for the purpose of satisfying Rule 8.12 of the Listing Rules. Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver from compliance with Rule 8.12 of the Listing Rules on the basis that the following measures have been adopted by us:

- (a) we have appointed Mr. Chow Hong-Man (周航敏) (“**Mr. HM Chow**”), our executive Director, and Mr. Chan Chung Kik, Lewis (陳仲戟) (“**Mr. Chan**”), our company secretary, pursuant to Rule 3.05 of the Listing Rules who will act as our Company's principal channel of communication with the Stock Exchange. Mr. HM Chow and Mr. Chan are ordinarily resident in Hong Kong. Each of our authorized representatives will be available to meet with the Stock Exchange in Hong Kong within a reasonable time frame upon the request of the Stock Exchange and will be readily contactable by telephone, facsimile and email. Each of our two authorized representatives is authorized to communicate on our behalf with the Stock Exchange;
- (b) both our authorized representatives have means to contact all members of our Board (including our independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact the members of our Board for any matters. Our Directors who are not ordinarily resident in Hong Kong possess or can apply for valid travel documents to visit Hong Kong and will be able to meet with the Stock Exchange within a reasonable period of time, when required. All Directors have provided his/her mobile phone numbers, fax numbers and e-mail addresses (where available) to our authorized representatives. In the event that a Director expects to travel, he/she will endeavor to provide the phone number of the place of his/her accommodation to our authorized representatives or maintain an open line of communication via his/her mobile phone and all Directors and authorized representatives have provided his/her mobile numbers, office phone numbers, fax numbers and email addresses (where available) to the Stock Exchange;

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

- (c) we have appointed Innovax Capital Limited as our compliance advisor (the “**Compliance Advisor**”) pursuant to Rule 3A.19 of the Listing Rules, which has access at all times to our authorized representatives, Directors, senior management and other officers of our Company, and will act as an additional channel of communication with the Stock Exchange in addition to the authorized representatives of our Company; and
- (d) meetings between the Stock Exchange and our Directors could be arranged through our authorized representatives or the Compliance Advisor, or directly with our Directors within a reasonable time frame. We will promptly inform the Stock Exchange of any changes of our authorized representatives and/or the Compliance Advisor.

CONNECTED TRANSACTIONS

We have entered into certain transactions which will constitute continuing connected transactions for our Company under the Listing Rules after Listing. We have applied to the Stock Exchange for, and the Stock Exchange has granted us, waivers from strict compliance with the announcement requirements under Chapter 14A of the Listing Rules in respect of the continuing connected transactions as disclosed in “Connected Transactions — B. Partially exempt continuing connected transactions subject to the reporting, annual review and announcement requirements but exempt from circular and independent Shareholders’ approval requirements” in this prospectus. See “Connected Transactions” in this prospectus for details.

ACQUISITION AFTER THE TRACK RECORD PERIOD

Pursuant to Rules 4.04(2) and 4.04(4) of the Listing Rules, the issuer shall include in its accountants’ report the results and balance sheet of any subsidiaries and/or businesses acquired, agreed to be acquired or proposed to be acquired since the date to which the latest audited accounts of the issuer have been made up in respect of each of the three financial years immediately preceding the issue of the listing document.

TS UAE

Prior to the increase in equity stake in TS UAE by our Company as described below, TS UAE was owned as to 49% by our Company and 51% by Sharaf Investment, LLC (a company ultimately controlled by Mr. Sharafuddin, one of our Controlling Shareholders) (“**Sharaf Investment**”). TS UAE was an associate of our Company.

On July 3, 2024, Sharaf Investment transferred 2% equity interest in TS UAE to our Company at a consideration of AED6,000 (approximately US\$1,634) (the “**Post-TRP Acquisition**”), which was determined after arm’s length negotiations and on normal commercial terms with reference to the corresponding paid-up capital of TS UAE. Such consideration was settled by our Group’s internal resources.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

Upon completion of such share transfer, (i) TS UAE became owned as to 51% by our Company and 49% by Sharaf Investment; and (ii) TS UAE became a joint venture but not consolidated as a subsidiary of the Company by virtue of the Post-TRP Acquisition for the reasons that, as agreed by the shareholders of TS UAE, irrespective of the equity interest held by each of them and unless otherwise agreed by them in good faith: (a) the shareholders of TS UAE agreed that the composition of the board of directors of TS UAE (the “**TS UAE Board**”) shall consist of four members, with two representatives from Sharaf Investments and our Company; (b) the business, financial and operational decisions of TS UAE shall be made by the TS UAE Board (and the relevant resolutions of which shall be approved by at least one representative from each of Sharaf Investments and our Company) or by two directors of the TS UAE Board (including one representative from each of from Sharaf Investments and our Company); and (c) to the extent any matter that shall be subject to the approval by the shareholders of TS UAE, such matter would require approval by both Sharaf Investments and our Company.

For the avoidance of doubt, prior to the Post-TRP Acquisition, TS UAE was an associate of our Company and upon completion of the Post-TRP Acquisition, TS UAE became a joint venture but not consolidated as a subsidiary of the Company and the equity method will be used as the accounting treatment for its financial information after the Post-TRP Acquisition.

The aforesaid arrangement was arrived at by TS UAE’s shareholders after arm’s length negotiations taking into account that: (a) on the one hand, Sharaf Investment has been taking an active role in the management and operation of TS UAE given its background, experience and network in the Middle East region and on the other hand, our Company does not have senior management presence on the ground in the Middle East region; and (b) the consideration for the Post-TRP Acquisition was relatively nominal.

Set out below are key financial metrics of TS UAE based on its audited financial statements for the years ended/as of December 31, 2021, 2022 and 2023:

	For the year ended/as of December 31,		
	2021	2022	2023
	<i>(US\$'000)</i>	<i>(US\$'000)</i>	<i>(US\$'000)</i>
Revenue	–	322	1,288
Net profit/(loss) (after deducting all charges except taxation and before non-controlling interests)	(5)	(29)	798
Total assets	138	214	907

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

TS UAE would not constitute a material subsidiary of our Company for the purpose of Rule 4.29 of the Listing Rules. As our reporting accountants have not audited nor reviewed the financial statements of TS UAE, prospective investors should be aware that any adjustments may arise if these financial statements had been audited or reviewed by our reporting accountants.

Reasons and benefits for the Post-TRP Acquisition

TS UAE is principally engaged in shipping agency services in the Middle East region. Our Directors consider that such acquisition demonstrates our Group's intention to gradually increase its growth and development in the Middle East market. Our Directors believe that the terms of the Post-TRP Acquisition are fair and reasonable and in the interest of the Shareholders as a whole.

Based on the following reasons, our Company has applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with Rules 4.04(2) and 4.04(4) of the Listing Rules:

- (a) **Immateriality of the Post-TRP Acquisition:** Before the Post-TRP Acquisition, our Company already held substantial interests in TS UAE and pursuant to the Post-TRP Acquisition, Company's stake in TS UAE only increased by 2% from 49% to 51%. TS UAE is a joint venture but not consolidated as a subsidiary of our Company.

In addition, the consideration payable by our Company only amounted to approximately US\$1,634, which is very insignificant.

The scale of the business operated by TS UAE as compared with that of our Group as a whole is very immaterial. For illustration purposes only, applying the relevant size tests Chapter 14 of the Listing Rules by using the financial information for the year ended December 31, 2023, all applicable percentage ratios for the Post-TRP Acquisition are less than 5%. Given the immateriality in nature, our Directors confirm that the Post-TRP Acquisition would not significantly affect the financial position of our Group as a whole.

- (b) **Disclosure of necessary information in the prospectus:** With a view of allowing the potential investors to understand the Post-TRP Acquisition in greater detail, our Company will include in the prospectus the following information in relation to TS UAE, which is comparable to the information that is required to be included in the announcement of a discloseable transaction under Chapter 14 of the Listing Rules, including (i) a general description of the scope of principal business activities of TS UAE; (ii) the consideration of the Post-TRP Acquisition; (iii) the basis on which the consideration was determined; (iv) how the consideration was satisfied and the payment terms; (v) reasons for and benefits of the Post-TRP Acquisition; (vi) key financial information of TS UAE; and (vii) any other material terms of the Post-TRP Acquisition (if any).

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

- (c) **Undue burden to obtain and prepare historical financial information of TS UAE:** Prior to the completion of the Post-TRP Acquisition, our Company was not previously led on the day-to-day management of TS UAE. The historical financial information currently available to our Company is only for the purpose of accounting for TS UAE under the equity method. As such, it will require considerable time and resources for our Company and its reporting accountants to first familiarize themselves with the accounting policies of TS UAE, and then to gather and compile the necessary financial information and supporting documents to bring them in conformity with our Group's accounting policies and standards, as well as comply with Rule 4.04 of the Listing Rules for disclosure in the prospectus.

Therefore, having considered the immateriality of the Post-TRP Acquisition, which represented only 2% of TS UAE's issued share capital, the non-consolidation despite the Post-TRP Acquisition, as well as the time and resources required to obtain, compile and audit such historical information in conformity with our Company's accounting policies, it would be unduly burdensome for our Company to prepare and include the full historical financial information of TS UAE in the prospectus.

- (d) **Fair and reasonable basis for the Post-TRP Acquisition:** As confirmed by our Directors, the Post-TRP Acquisition was conducted on a fair and reasonable basis to our Company and our Shareholders as a whole, and that the Post-TRP Acquisition was in line with our Group's development strategies.

RULE 10.04 OF THE LISTING RULES AND WRITTEN CONSENT UNDER PARAGRAPH 5(2) OF APPENDIX F1 TO THE LISTING RULES

Pursuant to Rule 10.04 of the Listing Rules, a person who is an existing shareholder of the issuer may only subscribe for or purchase any securities for which listing is sought which are being marketed by or on behalf of a new applicant either in his or its own name or through nominees if the conditions in Rules 10.03(1) and (2) of the Listing Rules are fulfilled.

The conditions in Rules 10.03(1) and (2) of the Listing Rules are as follows: (i) no securities are offered to the existing shareholders on a preferential basis and no preferential treatment is given to them in the allocation of the securities; and (ii) the minimum prescribed percentage of public shareholders required by Rule 8.08(1) of the Listing Rules is achieved.

Paragraph 5(2) of Appendix F1 to the Listing Rules provides that, unless with the prior written consent of the Stock Exchange, no allocations will be permitted to directors or existing shareholders of the applicant or their close associates, whether in their own names or through nominees, unless the conditions set out in Rules 10.03 and 10.04 of the Listing Rules are fulfilled.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

Crane Movement has entered into a cornerstone investment agreement with our Company. For details of its cornerstone investment, please refer to the “Cornerstone Investors” section in this prospectus. As of the Latest Practicable Date, Crane Movement held approximately 2.12% of the total issued Shares of our Company. Given that Crane Movement is an existing shareholder, the participation of Crane Movement in the Global Offering is therefore subject to a waiver from strict compliance with Rule 10.04 of the Listing Rules and a written consent from the Stock Exchange in accordance with Paragraph 5(2) of the Placing Guidelines.

We have applied to the Stock Exchange for a waiver from strict compliance with Rule 10.04 of the Listing Rules and sought a written consent from the Stock Exchange under paragraph 5(2) of Appendix F1 to the Listing Rules, and the Stock Exchange has granted us such waiver and consent to permit us to allocate the Offer Shares in the placing tranche to Crane Movement as a cornerstone investor, on the following grounds which are consistent with the conditions as set out in Chapter 4.15 of the Guide:

- (a) Crane Movement has less than 5% voting rights in the Company before the Global Offering;
- (b) Crane Movement is not a core connected person of the Company or a close associate thereof;
- (c) Crane Movement does not have the power to appoint any Directors of the Company and does not have any other special rights;
- (d) allocation of Crane Movement will not affect the Company’s ability to satisfy the minimum public float requirements under Rule 8.08(1) of the Listing Rules;
- (e) details of the allocation will be disclosed in this prospectus and/or the allotment results announcement;
- (f) Crane Movement does not have influence over the allocation process of the Offer Shares in the Global Offering;
- (g) the Offer Shares to be subscribed by and allotted to Crane Movement under the Global Offering will be at the same Offer Price and on substantially the same terms, or no more favourable than, the subscription terms of the other investors (including the other cornerstone investors) in the Global Offering;
- (h) the Joint Sponsors confirm to the Stock Exchange in writing that (1) Crane Movement has less than 5% voting rights in the Company before the Global Offering; (2) Crane Movement is not a core connected person of the Company or a close associate thereof; (3) Crane Movement does not have the power to appoint any Directors of the Company and does not have any other special rights; (4) allocation to Crane Movement will not affect the Company’s ability to satisfy the minimum public float requirements under Rule 8.08(1) of the Listing Rules; and (5) they have

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

no reason to believe that Crane Movement has received any preferential treatment in any allocation in the placing tranche as a cornerstone investor by virtue of its relationship with the Company other than the preferential treatment of assured entitlement under a cornerstone investment following the principles set out in Chapter 4.15 of the Guide, and details of the allocation will be disclosed in this prospectus and/or the allotment results announcement;

- (i) the Overall Coordinators confirm to the Stock Exchange in writing that no preferential treatment has been, nor will be, given to Crane Movement by virtue of its relationship with the Company in any allocation in the placing tranche; and
- (j) the Company confirms to the Stock Exchange in writing that (1) no preferential treatment has been, nor will be, given to Crane Movement by virtue of its relationship with the Company other than the preferential treatment of assured entitlement under a cornerstone investment following the principles set out in Chapter 4.15 of the Guide; and (2) the cornerstone investment agreement entered into between the Company and Crane Movement does not contain any material terms which are more favourable to Crane Movement than those in other cornerstone investment agreements.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which our Directors (including any proposed director who is named as such in this prospectus) collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information to the public with regard to our Group. Our Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this prospectus is accurate and complete in all material respects and is neither misleading nor deceptive, and there are no other matters the omission of which would render any statement herein or this prospectus misleading.

THE HONG KONG PUBLIC OFFERING AND THIS PROSPECTUS

This prospectus is published solely in connection with the Hong Kong Public Offering. For applicants under the Hong Kong Public Offering, this prospectus contains the terms and conditions of the Hong Kong Public Offering. Details of the terms of the Global Offering are described in “Structure of the Global Offering” in this prospectus.

The Hong Kong Offer Shares are offered solely on the basis of information contained and representations made in this prospectus, on the terms and subject to the conditions set out herein and therein. No person is authorized to give any information in connection with the Global Offering or make any representation not contained in this prospectus, and any information or representation not contained herein and therein must not be relied upon as having been authorized by our Company, the Joint Sponsors, the Joint Global Coordinators, the Overall Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Capital Market Intermediaries, the Underwriters, any of their respective directors, members of senior management, authorized representatives, agents, employees or advisors or any other party involved in the Global Offering.

Neither the delivery of this prospectus nor any offering, subscription, sale or delivery made in connection with the Offer Shares should, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs since the date of this prospectus or imply that the information contained in this prospectus is correct as of any date subsequent to the date of this prospectus.

UNDERWRITING

The Listing is sponsored by the Joint Sponsors and the Global Offering is managed by the Overall Coordinators. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms and conditions of the Hong Kong Underwriting Agreement, subject to agreement on the Offer Price to be determined among us and the Overall Coordinators (for themselves and on behalf of the Underwriters) on the Price Determination Date. The International Offering is expected to be fully underwritten by the International

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

Underwriters subject to the terms and conditions of the International Underwriting Agreement, which is expected to be entered into on or around the Price Determination Date, subject to the agreement on the Offer Price to be determined between us, and the Overall Coordinators (for themselves and on behalf of the Underwriters). If, for any reason, the Offer Price is not agreed among us and the Overall Coordinators (for themselves and on behalf of the Underwriters) by 12:00 noon on Wednesday, October 30, 2024, the Global Offering will not proceed and will lapse. Further details about the Underwriters and the underwriting arrangements are contained in “Underwriting” in this prospectus.

RESTRICTIONS ON OFFER AND SALE OF THE OFFER SHARES

Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offering will be required to, or be deemed by his/her acquisition of the Hong Kong Offer Shares to, confirm that he/she is aware of the restrictions on offer and sale of the Offer Shares described in this prospectus.

No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than in Hong Kong, or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offer and sale of the Offer Shares in jurisdictions other than Hong Kong are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom. In particular, the Offer Shares have not been publicly offered or sold, directly or indirectly, in the PRC or the U.S.

Prospective applicants for the Offer Shares should consult their financial advisors and seek legal advice, as appropriate, to inform themselves of, and to observe, all applicable laws, rules and regulations of any relevant jurisdiction. Prospective applicants for the Offer Shares should also inform themselves as to the relevant legal requirements and any applicable exchange control regulations and applicable taxes in the countries of their respective citizenship, residence or domicile.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Stock Exchange for the approval of the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering (including the additional Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option and the Over-allotment Option).

Except that we have applied for the Listing to the Stock Exchange, no part of the Share or loan capital of our Company is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought in the near future.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

Under section 44B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any allotment made in respect of any application will be invalid if the listing of, and permission to deal in, the Shares on the Stock Exchange is refused before the expiration of three weeks from the date of the closing of the Application Lists, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to our Company by the Stock Exchange.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of the approval for the Listing of, and permission to deal in, our Shares on the Stock Exchange and the compliance with the stock admission requirements of HKSCC, our Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second settlement day after any trading day.

All activities under CCASS are subject to the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional advisor for details of the settlement arrangements as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

REGISTER OF MEMBERS AND STAMP DUTY

All Shares to be issued pursuant to the Global Offering and any Shares to be issued upon the exercise of the Offer Size Adjustment Option and the Over-allotment Option will be registered on our Company's register of members to be maintained in Hong Kong by the Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited. Dealings in our Shares registered on our register of members in Hong Kong will be subject to Hong Kong stamp duty. Please refer to "Statutory and general information — E. Other information" in Appendix IV to this prospectus for details. Unless our Company determines otherwise, dividends payable in HK\$ in respect of our Shares will be paid by cheque sent at the Shareholder's risk to the registered address of each Shareholder or, in the case of joint holders of the Shares, the first-named holder.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Global Offering are recommended to consult their professional advisors if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposal of, dealing in or exercising any rights attached to the Shares. None of our Company, the Joint Sponsors, the Joint Global Coordinators, the Overall Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Capital Market Intermediaries, the Underwriters, any of their respective directors or any other person or party involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription for, purchase, holding or disposal of, dealing in or exercising any rights attached to the Shares.

APPLICATION PROCEDURES FOR THE HONG KONG OFFER SHARES

The application procedures for Hong Kong Offer Shares is set out in “How to Apply for Hong Kong Offer Shares” of this prospectus.

OVER-ALLOTMENT AND STABILIZATION

Further details of the arrangements relating to the Over-allotment Option and stabilization are set out in the section headed “Structure of the Global Offering” of this prospectus. Unless otherwise specified, all relevant information in this prospectus assumes no exercise of the Offer Size Adjustment Option and the Over-allotment Option.

COMMENCEMENT OF DEALINGS IN THE SHARES

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Friday, November 1, 2024, it is expected dealings in our Shares on the Main Board of the Stock Exchange will commence at 9:00 a.m. on Friday, November 1, 2024. Shares will be traded in board lots of 1,000 Shares each.

The stock code for our Shares is 2510.

Our Company will not issue any temporary documents of title.

Dealings in our Shares on the Stock Exchange will be effected by participants of the Stock Exchange whose bid and offer quotations will be available on the Stock Exchange’s teletext page information system. Delivery and payment for Shares dealt on the Stock Exchange will be effected two settlement days following the transaction date (“**T+2**”). Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second settlement day after any trading day. Only certificates for Shares registered on our register of members in Hong Kong will be valid for delivery in respect of transactions effected on the Stock Exchange. If you are unsure about the procedures for dealings and settlement arrangement on the Stock Exchange on which our Shares are listed and how such arrangements will affect your rights and interests, you should consult your stockbroker or other professional advisors.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

CSRC APPROVAL AND OTHER RELEVANT AUTHORITIES APPROVAL

The Listing does not require the approval of the CSRC or any other PRC Government authorities under the current PRC laws, rules and regulations.

EXCHANGE RATE CONVERSION

Solely for convenience purposes, this prospectus includes translations among certain amounts denominated in Hong Kong dollars, U.S. dollars and New Taiwan dollars. No representation is made that the U.S. dollars amounts could actually be converted into another currency at the rates indicated, or at all.

Unless otherwise indicated, (i) the translation between U.S. dollars and New Taiwan dollars was made at the rate of US\$1.00 to NT\$32.16, being the noon buying rate as set forth in the H.10 statistical release of the United States Federal Reserve Board on October 11, 2024; and (ii) the translations between U.S. dollars and Hong Kong dollars were made at the rate of US\$1.00 to HK\$7.7712, being the noon buying rate as set forth in the H.10 statistical release of the United States Federal Reserve Board on October 11, 2024.

LANGUAGE

If there is any inconsistency between the English version of this prospectus and its Chinese translation, the English version of this prospectus shall prevail. If there is any inconsistency between the Chinese names of nationals, entities, departments, facilities, certificates, titles, laws, regulations and the like in mainland China or Taiwan mentioned in this prospectus and their English translations, the Chinese names shall prevail.

ROUNDING

In this prospectus, where information is presented in hundreds, thousands, ten thousands, millions, hundred millions or billions, certain amounts of less than one hundred, one thousand, ten thousand, one million, a hundred million or a billion, as the case may be, have been rounded to the nearest hundred, thousand, ten thousand, million, hundred million or billion, respectively. Unless otherwise stated, all the numerical figures are rounded to one decimal place. Any discrepancies in any table or chart between totals and sums of amounts listed therein are due to rounding.

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

DIRECTORS

Name	Residential Address	Nationality/ region
Executive Directors		
Mr. Chen Teh-Sheng (陳德勝)	24/F No. 53-3, Section 3 Jen-ai Road Da-an District Taipei Taiwan	Chinese (Taiwan)
Mrs. Chen Chuang Chuang-Li (莊壯麗)	24/F No. 53-3, Section 3 Jen-ai Road Da-an District Taipei Taiwan	Chinese (Taiwan)
Mr. To Hung-Lin (涂鴻麟)	19/F No. 136, Section 1 Beixin Road Xindian District New Taipei City Taiwan	Chinese (Taiwan)
Mr. Chow Hong Man (周航敏)	Flat H, 11/F Kwun King Mansion Lei King Wan Tai Hong Street Sai Wan Ho Hong Kong	Chinese (Hong Kong)
Mr. Chen Shao-Hsiang (陳劭翔)	14/F No. 53-1, Section 3 Jen-ai Road Taipei Taiwan	Chinese (Taiwan)

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

Name	Residential Address	Nationality/ region
Independent non-executive Directors		
Mr. Wu Youn-Ger (吳榮貴)	No. 11 Lane 64, Xingde Road Wenshan District Taipei Taiwan	Chinese (Taiwan)
Mr. Chang Shan-Hui (張山輝)	No. 296 Xinzhuang 1st Road Zuoying District Kaohsiung City Taiwan	Chinese (Taiwan)
Mr. Yang Li-Yen (楊豐彥)	3F-1 No. 83 Songde Road Xinyi District Taipei Taiwan	Chinese (Taiwan)

For further information regarding our Directors, please see “Directors and Senior Management” of this prospectus.

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

OTHER PARTIES INVOLVED IN THE GLOBAL OFFERING

Joint Sponsors

J.P. Morgan Securities (Far East) Limited

28/F, Chater House
8 Connaught Road Central
Hong Kong

China Merchants Securities (HK) Co., Limited

48/F, One Exchange Square
Central
Hong Kong

Overall Coordinators and Sponsor-OCs

J.P. Morgan Securities (Asia Pacific) Limited

28/F, Chater House
8 Connaught Road Central
Hong Kong

China Merchants Securities (HK) Co., Limited

48/F, One Exchange Square
Central
Hong Kong

Joint Global Coordinators

J.P. Morgan Securities (Asia Pacific) Limited

28/F, Chater House
8 Connaught Road Central
Hong Kong

China Merchants Securities (HK) Co., Limited

48/F, One Exchange Square
Central
Hong Kong

Joint Bookrunners

J.P. Morgan Securities (Asia Pacific) Limited

28/F, Chater House
8 Connaught Road Central
Hong Kong

China Merchants Securities (HK) Co., Limited

48/F, One Exchange Square
Central
Hong Kong

Futu Securities International (Hong Kong) Limited

34/F, United Centre
No. 95 Queensway
Admiralty, Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

Yuanta Securities (Hong Kong) Company Limited

23/F Tower 1
Admiralty Centre
18 Harcourt Road
Admiralty, Hong Kong

Livermore Holdings Limited

Unit 1214A, 12/F Tower II
Cheung Sha Wan Plaza
833 Cheung Sha Wan Road
Kowloon, Hong Kong

Joint Lead Managers**J.P. Morgan Securities (Asia Pacific) Limited**

28/F, Chater House
8 Connaught Road Central
Hong Kong

China Merchants Securities (HK) Co., Limited

48/F, One Exchange Square
Central
Hong Kong

Futu Securities International (Hong Kong) Limited

34/F, United Centre
No. 95 Queensway
Admiralty, Hong Kong

Yuanta Securities (Hong Kong) Company Limited

23/F Tower 1
Admiralty Centre
18 Harcourt Road
Admiralty, Hong Kong

Livermore Holdings Limited

Unit 1214A, 12/F Tower II
Cheung Sha Wan Plaza
833 Cheung Sha Wan Road
Kowloon, Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

Capital Market Intermediaries

J.P. Morgan Securities (Asia Pacific) Limited
28/F, Chater House
8 Connaught Road Central
Hong Kong

China Merchants Securities (HK) Co., Limited
48/F, One Exchange Square
Central
Hong Kong

Futu Securities International (Hong Kong) Limited
34/F, United Centre
No. 95 Queensway
Admiralty, Hong Kong

Yuanta Securities (Hong Kong) Company Limited
23/F Tower 1
Admiralty Centre
18 Harcourt Road
Admiralty, Hong Kong

Livermore Holdings Limited
Unit 1214A, 12/F Tower II
Cheung Sha Wan Plaza
833 Cheung Sha Wan Road
Kowloon, Hong Kong

Legal advisors to our Company

As to Hong Kong and United States law:
Allen Overy Shearman Sterling
9th Floor, Three Exchange Square
Central
Hong Kong

As to PRC law:
Haiwen & Partners
20/F Fortune Financial Center
5 Dong San Huan Central Road
Chaoyang District
Beijing, 100020
China

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

As to Taiwan law:

Baker & McKenzie

15F, 168 Dunhua North Road
Taipei 10548
Taiwan

As to South Korea law:

Kim & Chang

39, Sajik-ro 8-gil
Jongno-gu
Seoul, 03170
Korea

As to Philippines competition law:

Quisumbing Torres

16th Floor, One/NEO Building
26th Street corner 3rd Avenue
Crescent Park West, Bonifacio Global City
Taguig City, 1634
Philippines

As to international sanctions law:

Hogan Lovells

11th Floor, One Pacific Place
88 Queensway
Hong Kong

**Legal advisors to the Joint
Sponsors and the Underwriters**

As to Hong Kong and United States law:

Herbert Smith Freehills

23rd Floor Gloucester Tower
15 Queen's Road Central
Central
Hong Kong

As to PRC law:

King and Wood Mallesons

16-18th Floor, One ICC
Shanghai ICC
999 Middle Huai Hai Road
Xuhui District
Shanghai 200031
China

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

**Auditors and reporting
accountants**

Certified Public Accountants

KPMG

*Public Interest Entity Auditor registered in
accordance with Accounting and Financial
Reporting Council Ordinance*

8th Floor, Prince's Building
10 Chater Road
Central
Hong Kong

Industry consultant

Drewry Shipping Consultants Ltd

35-41 Folgate Street
London E1 6BX
United Kingdom

Receiving bank

CMB Wing Lung Bank Limited

14/F, CMB Wing Lung Bank Building
45 Des Voeux Road Central
Hong Kong

CORPORATE INFORMATION

Registered office	9/F, C-Bons International Center 108 Wai Yip Street Kowloon Hong Kong
Principal place of business and headquarters in Taiwan	105 6F No. 167, Tun-Hwa North Road Taipei Taiwan
Company's website	<u>www.tslines.com</u> <i>(information on this website does not form part of this prospectus)</i>
Company secretary	Mr. Chan Chung Kik, Lewis (陳仲戟) 9/F, C-Bons International Center 108 Wai Yip Street Kowloon Hong Kong
Authorized representatives	Mr. Chow Hong Man (周航敏) Flat H, 11/F Kwun King Mansion Lei King Wan Tai Hong Street Sai Wan Ho Hong Kong Mr. Chan Chung Kik, Lewis (陳仲戟) 9/F, C-Bons International Center 108 Wai Yip Street Kowloon Hong Kong
Audit Committee	Mr. Chang Shan-Hui (張山輝) (<i>Chairperson</i>) Mr. Wu Youn-Ger (吳榮貴) Mr. Yang Li-Yen (楊豐彥)
Remuneration Committee	Mr. Yang Li-Yen (楊豐彥) (<i>Chairperson</i>) Mr. Wu Youn-Ger (吳榮貴) Mr. Chang Shan-Hui (張山輝)
Nomination Committee	Mr. Chen Teh-Sheng (陳德勝) (<i>Chairperson</i>) Mr. Wu Youn-Ger (吳榮貴) Mr. Chang Shan-Hui (張山輝) Mr. Yang Li-Yen (楊豐彥)

CORPORATE INFORMATION

Hong Kong Share Registrar

Computershare Hong Kong Investor Services Limited

Shops 1712-1716
17th Floor Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

Compliance advisor

Innovax Capital Limited

Unit B, 13/F
Neich Tower
128 Gloucester Road
Wan Chai
Hong Kong

Principal banks

**Hua Nan Commercial Bank Ltd.
Hong Kong Branch**

Suite 5601-03
56/F Central Plaza
18 Harbour Road
Wan Chai
Hong Kong

**Mega International Commercial Bank Co., Ltd.
Central Branch**

No.123, Section 2, Jhongsiao East Road
Taipei
Taiwan

**Taiwan Cooperative Bank Ltd
Jhongsan Branch**

No. 2, Section 2, Nanjing East Road
Jhongsan District
Taipei
Taiwan

Bank of Taiwan Ho Ping Branch

180 Hoping East Road, Section 1
Taipei
Taiwan

INDUSTRY OVERVIEW

The information and statistics set out in this section and other sections of this prospectus were extracted from different official government publications, available sources from public market research and other sources from independent suppliers, and from the independent industry report prepared by Drewry. We engaged Drewry to prepare the Drewry Report, an independent industry report, in connection with the Global Offering. Our Directors confirm that, after taking reasonable care, they are not aware of any adverse change in market information since the date of the Drewry Report which may qualify, contradict or adversely impact the quality of the information in this section. We believe that the sources of such information are appropriate sources for such information, and we have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. The information from official government sources has not been independently verified by us, the Joint Sponsors, the Joint Global Coordinators, the Overall Coordinators, the Capital Market Intermediaries, the Joint Bookrunners, the Joint Lead Managers, any of the Underwriters, any of their respective directors and advisors, or any other persons or parties involved in the Global Offering, and no representation is given as to its accuracy.

SOURCE OF INFORMATION

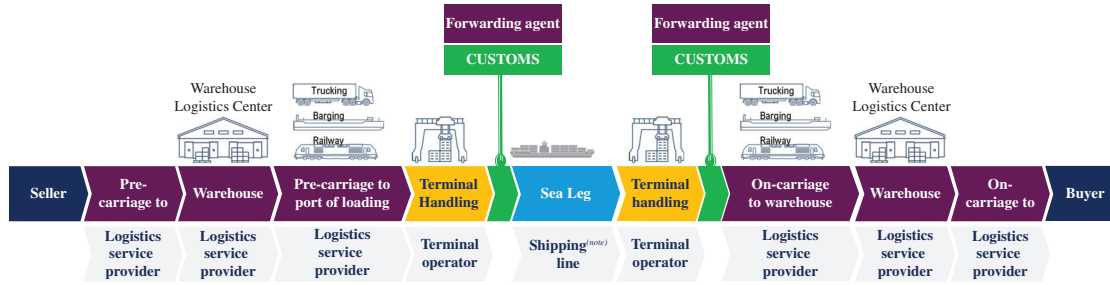
The contract sum to Drewry is US\$171,000 for the preparation and use of the Drewry Report, and we believe that such fees are consistent with the market rate. Drewry is an independent and experienced consultant in the shipping sector founded in 1970. Drewry prepared its report based on its in-house database, independent third-party reports and publicly available data from reputable industry organizations. Where necessary, Drewry visits companies operating in the industry to gather and synthesize information about the market, prices and other relevant information. The information contained herein has been obtained from sources believed by Drewry to be reliable, but there can be no assurance as to the accuracy or completeness of included information. Forecasts and assumptions included in the Drewry Report are inherently uncertain because of events or combinations of events that cannot reasonably be foreseen, including, without limitation, the actions of government, individuals, third parties and competitors. Specific factors that could cause actual results to differ materially include, among others, risks inherent in the shipping industry, financing risks, labor risks, equipment and supply risks, regulatory risks and environmental concerns.

GLOBAL CONTAINER SHIPPING INDUSTRY

Since the 1950s, the container shipping has played an increasingly important role in the global economy and world trade. In 1991, the market share of container shipping trade accounted for 13.9% of the total seaborne trade in terms of weight. The market share increased rapidly and reached 20.0% in 2000 and has been relatively stable since then. Typical container supply chain logistics, as illustrated below, consists of participants including container shipping lines, port and terminal operators as well as logistics service providers such as trucking companies, railways, barge operators, and warehousing companies.

INDUSTRY OVERVIEW

Typical container supply chain logistics



Source: Drewry

Note: We are a container shipping line engaged in the provision of container shipping services.

Advantages of containerization that have contributed to the development of the container shipping industry since its inception include faster and more flexible cargo movements, standardized loading and discharging, better security and lower costs.

The high entry barriers of the container shipping industry are mainly due to the requirement of high capital expenditure, a global and regional network with partners, customers and suppliers, ship management and operation capabilities, as well as the importance of long-established brand and market awareness.

Operating models

As of the Latest Practicable Date, there were over 100 container shipping carriers in the world, of which the world's top 10 carriers accounted for approximately 84.3% of the global container shipping capacity. Set forth below is a summary of certain key participants in the container shipping industry.

- Container shipping companies own or charter vessels from tonnage providers, and provide shipping services to beneficial cargo owners (BCO) or freight forwarders at ocean freight. Container shipping companies consist of global operators and regional operators.
- There are over 500 tonnage providers, some of which only own container ships, and are known as non-operating owners.
- BCOs are the ultimate owners of the products being shipped.
- Freight forwarders act on behalf of the BCOs to coordinate with all relevant stakeholders and organize customs clearance as well as prepare other required documentation.
- Non-vessel operating common carriers are freight forwarders that transport goods under their own bill of lading, or equivalent documentation, but they do not operate any vessels. They buy capacity from the container shipping companies and sell to the shippers.

INDUSTRY OVERVIEW

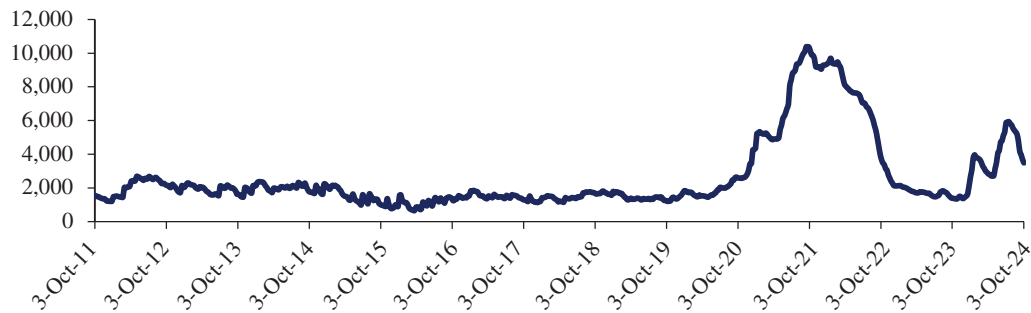
Cyclicality of the container shipping industry

The container shipping industry is cyclical as demand and supply fluctuate. Container shipping companies tend to increase vessel investments when they earn profits from container shipping. However, overcapacity may arise when most container shipping companies increase new vessel investments in response to the same market trend. This affects the balance between shipping capacity and demand, causing container shipping companies' profitability to decline and vessel investments to decrease. Higher capacity utilization and profitability may result from growing shipping demand, which may trigger another cycle of vessel investments. Up until 2019, freight rates were depressed by overcapacity as container shipping companies increased their vessel sizes. According to the weekly World Container Index published by Drewry, the average freight rate between 2012 and 2019 was US\$1,632.3 per FEU. Freight rates increased dramatically from mid-2020, which was mainly due to the improved capacity management, a subsequent surge in demand, container equipment shortage and supply chain inefficiency. Drewry's World Container Index peaked in September 2021, at US\$10,377.2 per FEU. Since the peak, freight rates have begun and continued to fall as a result of slowing demand growth and the easing of supply chain disruption and port congestion, which increased effective capacity.

The World Container Index reached its lowest point at US\$1,341.6 per FEU at the end of October 2023 before its recovery. The attacks on vessels in Red Sea by the Houthis in the fourth quarter of 2023 have precipitated market panic and the diversion of containerships, which in turn has driven an uptick in freight rates in early 2024. There was an increase in demand in January 2024 due to a substantial rise in exports before the Chinese New Year holiday, driving freight rates to increase. Freight rates temporarily dropped after the Chinese New Year, followed by a recovery from early May 2024 as global consumer demand surged during the summer, contributing to higher freight rates. In early May 2024, there was an increase in demand from U.S. importers, partly due to the post-Labor Day surge as businesses prepared for summer sales and consumer spending. Moreover, the shipping industry continues to face equipment shortages and complicating logistics. These factors pushed spot rates up across major trade lanes, and on July 18, 2024, Drewry's World Container Index peaked at US\$5,937 per FEU. In August 2024, carriers added more shipping services, particularly on trade lanes from the Far East to North America, which increased the market capacity. This eased pressure on rates, allowing shippers to negotiate lower freight rate. In September and early October 2024, the overall market continued to normalize, and Drewry's Global Freight Rate Index decreased 16% to US\$4,265 per FEU in September 2024, reflecting softened demand after the summer peak. Despite the decline, spot rates on this trade remain 140% higher than pre-pandemic levels. Even if this downward trend persists, it will take a significant amount of time for rates to normalize. As of October 3, 2024, Drewry's World Container Index has reached US\$3,489.3 per FEU, representing an increase of 160.1% from the end of October 2023.

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World Container Index: Freight rate US\$ per FEU



Note: World Container Index only considers spot market.

Source: Drewry

Alliances and industry consolidation

Alliances and industry consolidation led to more disciplined capacity management and improved profitability. The container shipping industry underwent consolidation among container shipping companies via mergers and acquisitions. Besides, container shipping companies formed alliances in order to improve coordination of capacity on core trades while also benefiting from economies of scale. These alliances focused on the core East-West trades (i.e., Transpacific, Asia-Europe and Transatlantic). The structure of alliances has changed over the past few years, with the current three shipping alliances taking effect from April 2017, namely 2M Alliance (Maersk and MSC, initially in cooperation with Zim), Ocean Alliance (CMA CGM, Evergreen and COSCO Shipping), and THE Alliance (Hapag-Lloyd, Yang Ming, ONE and HMM). On January 25, 2023, Maersk and MSC announced that the 2M Alliance will cease to operate from January 2025. On January 17, 2024, Maersk and Hapag-Lloyd announced they will start a new long-term operational collaboration, namely, Gemini Cooperation, which is set to commence on February 1, 2025. Ocean Alliance announced in February 2024 to further extend for additional five years through to 2032. With MSC, the world largest carrier, boasting a substantial orderbook, the forthcoming phase is anticipated to feature three major alliances, namely, Ocean Alliance, Gemini Cooperation and the successor to THE Alliance, alongside MSC as a prominent independent carrier on the core East-West trade routes, beginning in 2025.

Joint services and slot exchange arrangements

A joint service agreement is an agreement between container shipping companies to operate a service using a specified number of vessels. A slot exchange agreement is an agreement between container shipping companies to exchange a certain number of slots in container vessels deployed in different services. Apart from alliances, joint services and slot exchange arrangements are also common cooperation models between container shipping companies, which improve utilization rates and create economies of scale. Joint services can also enable carriers to broaden their networks while mitigating risks. The potential upheaval of the current alliance structure could pave the way for new collaboration or vessel sharing opportunities for carriers. For example, THE Alliance member ONE announced to collaborate with Wan Hai Lines on a service connecting Asia and the West Coast of the United States, anticipated to commence towards the end of April or May 2024. Additionally, MSC may also explore collaboration with other carriers or even consider some cooperation with the remaining members of THE Alliance.

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Digitalization

Digitalization is a key trend in the container shipping industry. The container shipping industry is undergoing a transition towards digitalization. Digital technologies are used to improve service quality, operational efficiency and competitiveness of container shipping companies. Digital technologies also improve decision-making process and enhance monitoring, control, quality assurance and verification. Therefore, digitalization is a critical measure to strengthen the resilience of the supply chain.

CONTAINER SHIPPING DEMAND AND SUPPLY ANALYSIS

Market drivers

The container shipping demand is shaped by multiple factors that influence the movement of goods. We set forth the following primary drivers:

Global economic growth

Global economic growth plays a critical role in shaping container traffic demand. Particularly the economies of major trade hubs such as the United States, China, and the European Union have a direct impact on the volume of containerized trade. In periods of economic expansion, consumer spending and industrial production typically rise, leading to increased demand for containerized shipments.

Consumption

Demand for containerized goods is heavily influenced by population growth and consumer behavior.

- *Population growth:* Increasing global population, especially in developing regions, generates higher demand for consumer goods, food products, and manufactured goods, and in turn drives the need for containerized imports and exports.
- *Purchasing power and income levels:* As household incomes rise, particularly in emerging economies, which leads to increased spending on imported goods and in turn, boosts container traffic.
- *E-Commerce growth:* The rise of e-commerce, driven by large e-commerce platforms, has created significant demand for containerized shipping, especially for consumer goods and electronics. The shift to online shopping necessitates efficient global shipping infrastructure to meet consumer demand for faster delivery.

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International trade and globalization

The globalization of production and trade has substantially increased the demand for container shipping:

- *International trade:* Global trade agreements and the liberalization of markets have facilitated specialization, whereby countries focus on producing goods where they have a competitive advantage. This leads to higher volumes of containerized exports and imports.
- *Outsourcing of manufacturing:* In an effort to lower production costs, many companies outsource manufacturing to countries with lower labor costs. This strategy increases the need for container shipping to transport both raw materials and finished goods. Furthermore, global production networks, where components are manufactured in various countries and assembled elsewhere, require frequent container movements across multiple borders.
- *Trade policies and external factors:* A variety of external factors also impact global trade, including trade policies, tariffs, geopolitical tensions, and conflicts. Additionally, pandemics and natural disasters can disrupt trade flows, while fluctuations in currency exchange rates influence the competitiveness of exports and imports, all of which can affect container traffic volumes.

Logistical and infrastructure developments

Efficient logistics and robust infrastructure are crucial for containerized shipping. Investments in expanding port capacity, developing new container terminals, and improving supporting infrastructure such as rail and road networks allow ports to handle larger volumes of container traffic. Enhanced port efficiency also reduces delays and increases the throughput of goods, enabling shipping lines to better meet the growing demands of global trade.

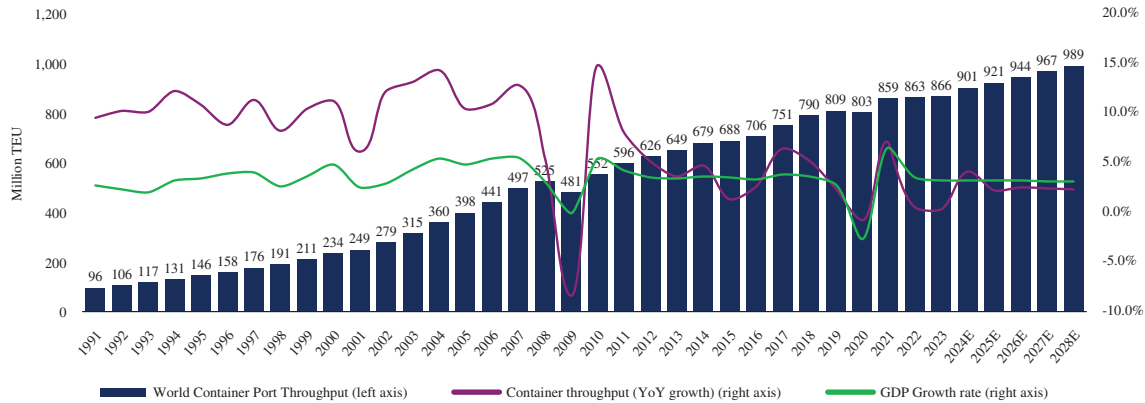
Demand analysis

Container port throughput

Driven by the global economy and trade, world container port throughput increased from 96.5 million TEU in 1991 to 869.2 million TEU in 2023, at a CAGR of 7.1%. The global economy had been negatively affected by COVID-19, leading to a decrease in global GDP by 3.0% in 2020, followed by a strong recovery in 2021. According to IMF estimates in April 2024, the global economy is expected to increase by 3.2% in 2024, 3.2% in 2025, 3.2% in 2026, 3.1% in 2027 and 3.2% in 2028, respectively. According to the Container Forecaster published by Drewry in the second quarter of 2024, the world container port throughput is expected to grow at a CAGR of 2.7% from 2023 to 2028.

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Container port throughput growth and real GDP growth



Source: Drewry, IMF (April 2024)

The Asia Pacific Region has been the largest and one of the fastest growing regions over past three decades. The Asia Pacific Region (including Greater China, North Asia, Southeast Asia, Indian Subcontinent and Oceania) accounted for approximately 61.6% of global container port throughput in terms of TEU in 2023. Market share of the Asia Pacific Region container port throughput in the world increased from 43.4% in 1991 to 61.6% in 2023.

Container shipping volume

The global container shipping volume reached 234.2 million TEU in 2023, increasing at a CAGR of 1.1% from 2018, with two years of contraction, which occurred during and subsequent to the COVID-19 pandemic. Intra-Asia (including Greater China-North Asia, Greater China-Southeast Asia, Greater China and North Asia and Southeast Asia) is one of the largest markets, accounting for a 15.0% market share of the global container shipping volume in 2023 and increased at a CAGR of 1.2% from 2018 to 2023. The Transpacific and Asia-Europe, two major East-West trades, accounted for 12.0% and 9.6% of the global shipping volume in 2023, respectively, and their shipping volume increased at a CAGR of 0.1% and decrease at a CAGR of 0.7%, respectively, from 2018 to 2023. Trade lanes between Asia and Indian Subcontinent has experienced a rapid expansion with the shipping volume increased at a CAGR of 3.2% from 2018 to 2023, mainly attributable to India's robust economic growth. According to IMF's forecast published in April 2024, India's economy is expected to grow strongly at 6.8% in 2024, followed by a 6.5% increase in 2025. Among all the major trade lanes, Intra-Asia is one of the fastest growing markets in terms of container shipping volume, mainly attributable to the increase in the middle-class population and the relocation of manufacturing centers in the region, which are expected to continue to facilitate the Intra-Asia trade. According to the Container Forecaster published by Drewry in the second quarter of 2024, the global container shipping volume is expected to reach 263.2 million TEU in 2028, increasing at a CAGR of 2.4% from 2023 to 2028.

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Container shipping volume by major trade lanes

Trade Lanes	2023 shipping volume (million TEU)	2023 market share	2018-2023 CAGR	2023-2028 CAGR (Forecast)
Major East-West trade lanes				
Transpacific	28.2	12.0%	0.1%	3.4%
Asia-Europe	22.4	9.6%	-0.7%	2.5%
Transatlantic (North Europe)	4.9	2.1%	-2.1%	2.5%
Asia-Indian Subcontinent	6.4	2.7%	3.2%	N.A.
Selected North-South trade lane				
Asia-Oceania	4.4	1.9%	-0.5%	N.A.
Major Regional trade lane				
Intra-Asia (exclude China domestic trade)	35.2	15.0%	1.2%	N.A.
Others	132.7	56.7%	1.8%	N.A.
World total	234.2	100.0%	1.1%	2.4%

Source: Drewry, Drewry Container Forecaster, 2Q2024, Container Trades Statistics

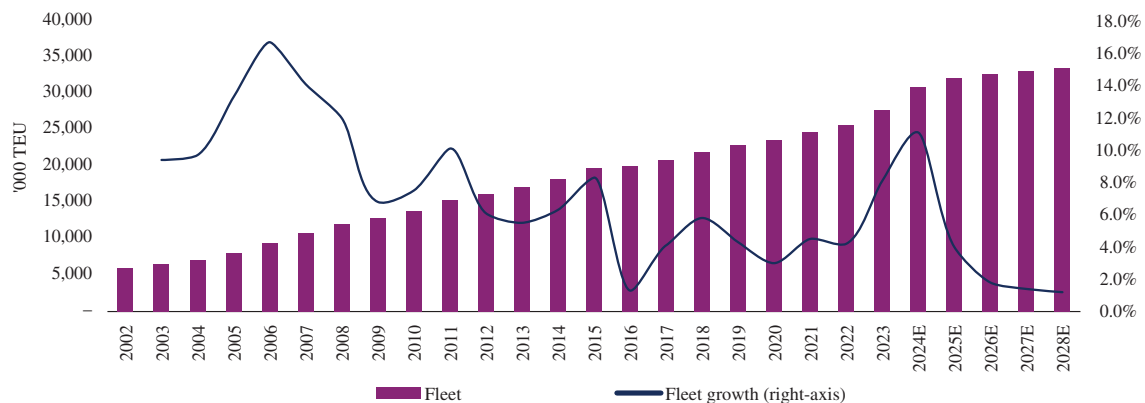
Note: N/A is due to the unavailability of the forecasted data of these trade lanes.

Supply analysis

Container fleet development

There were 6,115 container ships as of January 1, 2024, with a total capacity of 27.8 million TEU, exclusive of demolished vessels and multi-purpose and ro-ro ships that may carry containers. As of the same date, the average age of existing fleets was 14.2 years, and the average age of vessels with size ranging from 100 to 2,000 TEU was 16.0 years, due to the growing preference for larger vessels in the past years.

Containership fleet development

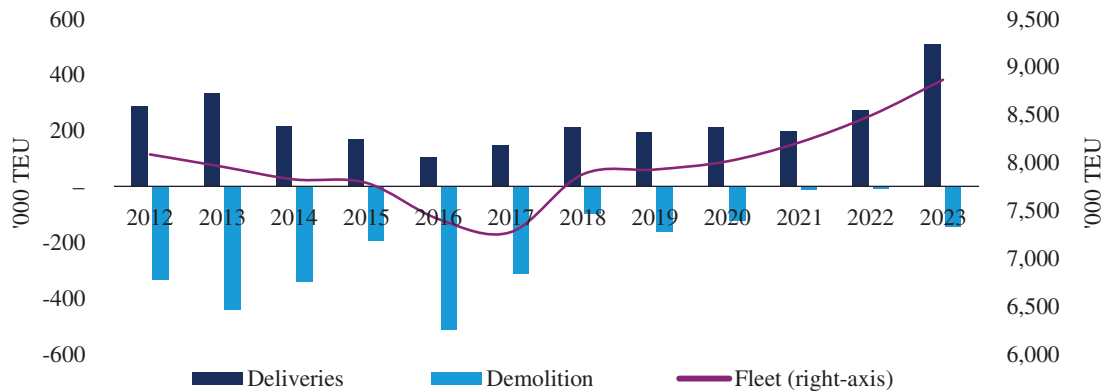


Source: Drewry, Drewry Container Forecaster, 2Q2024

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The global fleet capacity increased from 15.3 million TEU in 2011 to 27.8 million TEU in 2023, with a CAGR of 5.1%, and is expected to reach 33.6 million TEU in 2028, representing a CAGR of 3.8% between 2023 and 2028. The container fleet of 10,000 TEU or above increased from 1.3 million TEU in 2011 to 11.8 million TEU in 2023, with a CAGR of 19.9%. The container fleet of 100-5,300 TEU increased from 8.2 million TEU in 2011 to 8.9 million TEU in 2023, with a CAGR of 0.7%.

Container fleet development: 100-5,300 TEU



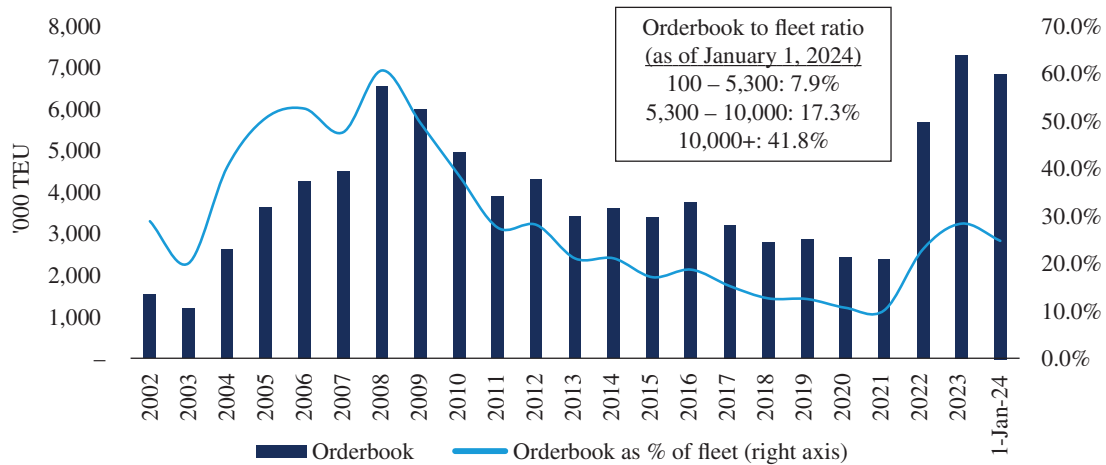
Source: Drewry

Container ship orderbook

The number of new container ship orders in the past 10 years before 2021 was relatively low. The ratio of container ships capacity on the order book to the total existing container fleet capacity (orderbook to fleet ratio) was 10.1% at the beginning of 2021. Due to a surge of new orders in 2021 and 2022 which was mainly driven by the significant increase in container freight rates as well as the need for more environmental-friendly ships, the orderbook to fleet ratio increased dramatically in 2022 and 2023. With the gradual delivery of the newbuilding vessels, the orderbook to fleet ratio dropped to 24.7% as of January 1, 2024. As of January 1, 2024, the orderbook-to-fleet ratio of 100-5,300 TEU was 7.9%, while the larger container ships of 10,000 TEU or above had a higher orderbook-to-fleet ratio of 41.8%. As of January 1, 2024, 73.7% of the ordered capacity (before adjusted for the delay in delivery) is scheduled to be delivered in 2024 and 2025. In light of the profitability concerns for carriers, alongside the escalating costs of newbuilding and the constraints faced by shipyard in terms of capacity, it is expected that there will be a decrease in the rate of newbuilding orders. Our industry consultant, Drewry advised that the global container fleet capacity experienced a significant growth of 8.1% in 2023 and is expected to increase by 11.1% in 2024 and by 4.0% in 2025 according to the Container Forecaster published by Drewry in the second quarter of 2024. The strong supply and moderate demand, unless otherwise changed by unexpected factors, are expected to put pressure on carriers' profitability over the next one to two years. However, unexpected factors such as the prolonged Red Sea diversion has led to multiple consequential effects on the spot market freight rate which has surged. According to Drewry's weekly World Container Index, there was a 97% increase in the market freight rate from the last week of April to the final week of June in 2024. By the end of July 2024, the market had witnessed a significant uptick in containership newbuilding contracts, with more being signed in the past two months than previously observed.

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Orderbook to fleet ratio development



Source: Drewry (TEU data and percentage refer to the beginning of the years)

The fleet growth for 100 to 5,300 TEU vessels are expected to be moderate, given the limited deliveries and the current older age of the vessels as described below:

- The orderbook to fleet ratio for vessels from 100 to 5,300 TEU was 7.9% based on the global containership fleet capacity as of January 1, 2024, which are expected to be delivered in 2024 (5.7%), 2025 (1.5%), 2026 (0.6%) and 2027 (0.2%), respectively.
- The global containership orderbook to fleet ratio as of January 1, 2024 was 24.7%, while the ratios for vessels from 5,300 to 10,000 and above 10,000 TEU were 17.3% and 41.8%, respectively.
- as of the beginning of 2024, the average age of existing fleets was 14.2 years, and the average age for vessels from 100 to 2,000 TEU, from 2,000 to 3,000 TEU and from 3,000 to 5,300 TEU was 16.0 years, 13.5 years and 15.0 years, respectively, which were all older than the larger vessels above 10,000 TEU, as illustrated in the table below. The older average age shows a higher likelihood of older vessels in the 100 to 5,300 TEU segment being demolished in the future, which could further constrain the supply of vessels in this segment.

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Container fleet scheduled delivery

Vessel size	Scheduled year of delivery								All ships on order		% of existing fleet	Average age	Typical deployment range
	2024E		2025E		2026E		2027+E						
TEU	No.	'000TEU	No.	'000TEU	No.	'000TEU	No.	'000TEU	No.	'000TEU	By TEU	Years old	
100-2,000	154	207	41	49	21	25	0	0	216	281	10.0%	16.0	Short haul
2,000-3,000	57	146	10	25	3	7	0	0	70	178	8.4%	13.5	Regional trade
3,000-5,300	42	148	16	56	6	21	6	21	70	246	6.2%	15.0	Regional trade
5,300-10,000	103	705	41	322	17	139	8	73	169	1,239	17.3%	14.8	Long haul
10,000-12,500	8	85	13	149	10	110	6	62	37	406	19.1%	8.6	Long haul
12,500-18,000	99	1,476	81	1,222	39	584	12	192	231	3,474	61.7%	7.3	Long haul
18,000+	17	405	3	72	8	192	16	384	44	1,053	27.1%	4.9	Long haul
Totals	480	3,173	205	1,894	104	1,078	48	732	837	6,877	24.7%	14.2	

Source: Drewry, as of January 1, 2024

Demolitions of older and smaller vessels

Demolition of vessels will reduce the container ship supply. Old- and small-sized vessels have been gradually and consistently demolished in the past decade. Due to aging, the container fleet of 100-5,300 TEU has consistently been the most demolished vessels every year. Between 2012 and 2023, 66.1% to 100% of the total scrapped fleet was vessels of 100-5,300 TEU, where 100% of the demolished fleet in 2021 was vessels of 100-5,300 TEU. In 2023, the global fleet experienced a scrapping rate of 0.6%, driven by a variety of factors including the weak demand prospect, newbuilding deliveries and the downturn in both freight rates and charter markets. The rate of containership demolitions has slowed down during the first two months of 2024 due to the Red Sea crisis which has necessitated considerably longer sailing distances for major Asia — Europe trade lanes. Consequently, carriers need more capacity to maintain the same frequency of service. However, the situation is subject to change. Should the Suez Canal transit operations return to normalcy, it is anticipated that carriers will be increasingly motivated to scrap vessels at a higher rate, particularly given the abundance of old and less energy-efficient vessels within the global fleet. As of January 1, 2024, containerships that were 25 years or older accounted for 3.0% of the world's total containership fleet capacity. The percentage of vessels aged 25 years or above in the small size segment of 100 to 2,000 TEU surged to 13.3% as of the same date. These vessels are beyond the typical working age and may be subject to demolitions. According to the Container Forecaster published by Drewry in the second quarter of 2024, approximately 0.3%, 1.3%, 1.9%, 2.1% and 2.1% of the global fleet capacity (based on the capacity as of the beginning of each year) are estimated to be demolished from 2024 to 2028, respectively.

International Maritime Organization (IMO) environmental standards

The stricter IMO environmental standards will limit vessel supply and demand environmentally-compliant vessels. Current IMO regulations include ballast water management and low sulfur fuel requirement. IMO also adopted decarbonization initiatives including Energy Efficiency Existing Ship Index (EEXI) and Carbon Intensity Indicator (CII), effective from January 1, 2023. All of these regulations are likely to have significant impact on shipping companies. To comply with IMO regulations, container shipping companies have

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to optimize their fleet operations by using low sulfur fuel oil, installing scrubbers or investing in new vessels which are powered by clean fuels such as liquefied natural gas, methanol, liquefied petroleum gas, or any other compliant fuels, or implementing other measures to improve vessel operational efficiency. Shipping companies may also choose to retrofit or demolish non-IMO compliant vessels. In addition, the European Union legislative bodies have implemented the EU Emissions Trading System (ETS) for the shipping sector on January 1, 2024. The EU ETS will generally affect the operations, costs and contractual agreements of shipping companies whose vessels operate to or from ports in the European Union. FuelEU Maritime, the proposed regulations aimed to promote the decarbonization of fuels used by vessels, sets requirements on annual average greenhouse gas intensity of energy used by vessels trading in the EU or European Economic Area (EEA) which is expected to come into effect on January 1, 2025. FuelEU Maritime is expected to influence the operating costs for vessels that rely on conventional fuel, which is anticipated to progressively increase over the years. Similarly, IMO is currently in the process of developing technical and economic measures which are expected to come into effect from 2027. These measures are likely to have a similar impact as that of European regulations, with the significant distinction that they will be enforced on a global scale. Consequently, it is expected that the environmental regulations governing shipping industry will become increasingly stringent in the coming years and have a mid-term impact on the supply of vessels.

Supply-demand balance

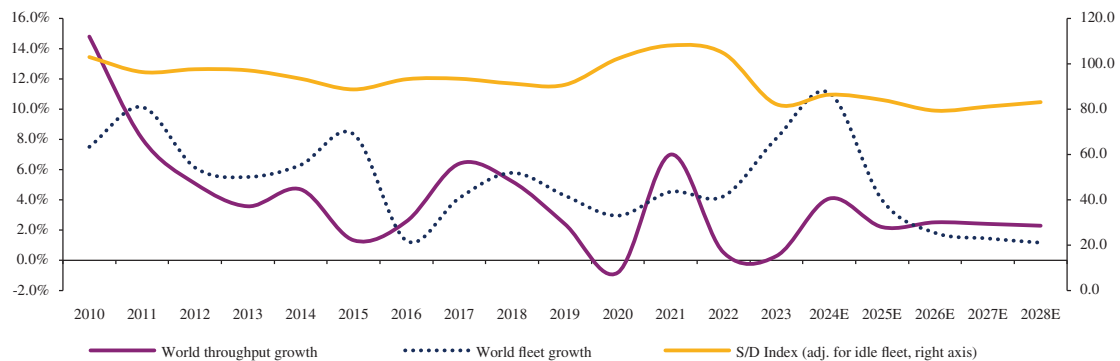
Container shipping supply and demand are impacted by many factors that lead to fluctuations in freight rates. For example, on the supply side, the COVID-19 pandemic caused a major disruption in the global supply chain, which substantially decreased the effective capacity in shipping and at ports, driving freight rates to historically high levels. On the demand side, the global lockdowns prompted a shift in consumer spending from services to goods, particularly consumer durables and the surge of e-commerce sales. The combination of heightened consumer demand and constrained shipping capacity caused freight rates to increase. Drewry's World Container Index peaked in September 2021 and the rates were more than four times higher than the pre-pandemic average.

As the world recovered gradually from the COVID-19 pandemic, with the easing of movement restrictions, consumers shifted their spending from the pandemic-induced physical goods demand to services expenditures. In the United States, the government's COVID-19 stimulus and relief measures were concluded in 2021. Subsequently, the Federal Reserve embarked on a phase of quantitative tightening since early 2022, aiming to address the unprecedented levels of inflation. All these factors resulted in a reduction in shipping demand. On the supply side, the relaxation of COVID-19-related social distancing has helped alleviate congestion at container terminal yards and ports, despite some interruptions due to regional labor disputes. The combination of diminishing cargo demand and the expansion of effective supply capacity has been instrumental in driving the correction of freight rates since early 2022.

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In addition to the above factors affecting container shipping supply and demand, the Houthi militants have initiated attacks on vessels traversing the Red Sea since the fourth quarter of 2023 which also affected the supply. As a result, most of major container shipping companies opted to sail their vessels via the Cape of Good Hope (commonly referred to Red Sea diversion) starting from mid-December 2023. This increases both the sailing time and distance for vessels bound for European destinations, leading to incurring additional bunker costs. Drewry estimated that if Suez Canal has to be bypassed for the entirety of 2024, assuming a 30% increase in trade distance for the roughly 30% of container shipping capacity that would have otherwise transited the Suez Canal, the global effective shipping capacity could be reduced by approximately 9%. The Red Sea diversions occurred simultaneously with the pre-Lunar New Year cargo rush in January 2024, which drove up the spot market rates. During the first quarter of 2024, the spot rates started to stabilize. In May 2024, the spot rates experienced another surge due to a number of factors, including a stronger-than-expected demand for consumer imports into the United States, preemptive ordering or shipping as a hedge against anticipated prolonged lead times and geopolitical tensions in the Middle East, constrained capacity supply from Asia to Europe, adverse meteorological conditions and congestion at key Asian ports, as well as container equipment shortage in major export regions. According to the Container Forecaster published by Drewry in the second quarter of 2024, the global average freight rate (referring to the weighted average freight rate, inclusive of fuel charges, covering both spot and contract markets) in 2024 is forecasted to increase by 27.0%, compared to that in 2023, which is 83% higher than that in 2019. The global average freight rate in 2025 is forecasted to further increase by 3.9% year-over-year.

Container shipping: supply-demand balance



Note: S/D Index of 100 represents equilibrium between supply and demand; S/D Index above 100 represents demand exceeds supply; S/D Index below 100 represents supply exceeds demand.

Source: Drewry Container Forecaster, 2Q2024

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KEY RELEVANT TRADE LANES ANALYSIS

The global container shipping industry consists of three main type of trade lanes: East-West, North-South and intra-regional. Major East-West trades include Asia-North America (“**Transpacific**”), Asia-Europe and Europe-North America (“**Transatlantic**”), Asia-Middle East and Asia-Indian Subcontinent. East-West trades are typically characterized by bigger market size with medium- to large-sized vessels deployed. North-South trades mainly include Asia-Africa, Asia-Latin America and Asia-Oceania, which generally utilize medium-sized vessels. Intra-regional trades are usually serviced by smaller vessels which provide express services. Typical main intra-regional trades are Intra-Asia and Intra-Europe. Due to the geographical proximity, intra-Asia, Asia-Oceania and Asia-Indian Subcontinent can be grouped as the Asia Pacific Region trade. We mainly operate services in the Asia Pacific Region.

Asia Pacific Region

The Asia Pacific Region is one of the fastest growing container shipping markets over past three decades, which is mainly driven by the high level of manufacturing activities of products and increasing consumption from the growing middle-class Asian population. Regional free-trade agreements, such as the Regional Comprehensive Economic Partnership (“**RCEP**”) and the China – ASEAN Free Trade Agreement (“**AFTA**”), also boost trade volume among relevant countries and regions.

Container port throughput in the Asia Pacific Region reached 535.3 million TEU in 2023, accounting for 61.6% of the global port throughput. Nine of the top 10 container ports in the world in 2023 in terms of container port throughput were located in Asia, and seven were in Greater China. ASEAN countries have been emerging and benefiting from the shift in manufacturing production lines to Southeast Asia countries. Container port throughput of the Indian Subcontinent grew at a CAGR of 3.2% from 2018 to 2023. Container port throughput of India increased at a CAGR of 5.6% from 2018 to 2023, being the main driver for Indian Subcontinent container port throughput growth. Australia and New Zealand collectively contribute more than 90% of the container port throughput in Oceania. Their combined container port throughput surged in 2021 and 2022 supported by the increased commodity demand and robust domestic spending. The throughput dropped in 2023 to around the 2019 level.

Asia Pacific Region container port throughput volume by country or region (‘000 TEU)

Asia Pacific Region	2018	2019	2020	2021	2022	2023	2018-2023 CAGR	2023-2028 CAGR (Forecast)
Asia	427,481	438,694	438,110	463,288	472,024	486,339	2.6%	2.2%
Greater China	262,544	270,149	272,021	289,649	299,596	310,615	3.4%	N.A.
Mainland China	230,980	239,797	242,846	258,900	270,377	282,312	4.1%	N.A.
North Asia	53,373	53,466	51,800	53,711	52,756	53,617	0.1%	N.A.
Southeast Asia	111,564	115,080	114,289	119,928	119,672	122,107	1.8%	N.A.
Indian Subcontinent	30,073	31,120	29,591	34,091	33,244	35,119	3.2%	5.4%
Oceania	14,059	13,943	13,750	14,646	14,797	13,838	-0.3%	3.8%
Total	471,614	483,757	481,450	512,025	520,065	535,295	2.6%	2.5%

Source: Drewry, forecasts from Drewry Container Forecaster, 2Q2024

Note: N/A is due to the unavailability of the forecasted data of sub-markets within Asia.

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Greater China is one of the most important markets with the most extensive shipping services. Regarding shipping services in the Asia Pacific Region, there were around 400 services operated by over 80 container shipping companies calling at ports in Greater China in December 2023.

Services data for Greater China related trade lanes in the Asia Pacific Region

Greater China related Asia Pacific Region Services by trade lanes	Number of services	Weekly capacity (TEU)	Number of ships deployed	Fleet nominal capacity (TEU)	Average vessel size (TEU)
Intra-Asia					
Greater China – North Asia	139	168,598	226	273,857	1,212
Greater China – Southeast Asia	88	185,544	244	608,320	2,493
Greater China – North Asia – Southeast Asia	93	200,445	355	826,091	2,327
Greater China within (excluding China domestic services)	29	39,242	39	49,472	1,269
Asia-Indian Subcontinent					
Greater China – Indian Subcontinent	32	127,629	174	786,424	4,520
Asia-Oceania					
Greater China – Oceania	18	54,689	82	367,890	4,486
Total	399	776,147	1,120	2,912,054	2,600

Source: Drewry, Alphaliner, in December 2023.

There are three major types of container shipping companies in the Asia Pacific Region: (i) global operators with long-haul focus, serving the Asia Pacific Region to support long-haul services or as service extension; (ii) global operators focusing on regional services but having significant presence in multiple continents; and (iii) Asia Pacific Region focused container shipping companies whose business focus is services in the Asia Pacific Region. We are one of the major Asia Pacific Region focused container shipping companies.

Rankings of container shipping companies globally (as of January 1, 2024)

Rank	Operator	Company type	Capacity (TEU)	Share
1	MSC	Long-haul focus	5,608,197	19.8%
2	Maersk	Long-haul focus	4,115,598	14.5%
3	CMA CGM	Long-haul focus	3,578,066	12.6%
4	COSCO Group	Long-haul focus	3,054,323	10.8%
5	Hapag Lloyd	Long-haul focus	1,963,934	6.9%
6	ONE	Long-haul focus	1,801,472	6.4%
7	Evergreen	Long-haul focus	1,644,883	5.8%
8	HMM	Long-haul focus	783,732	2.8%
9	YM Marine	Long-haul focus	707,423	2.5%
10	Zim	Long-haul focus	619,407	2.2%
.....				
21	Our Group	Asia Pacific Region focus	87,028	0.3%

Source: Alphaliner

Ranking of container shipping companies by capacity deployed in Asia Pacific Region (in December 2023)

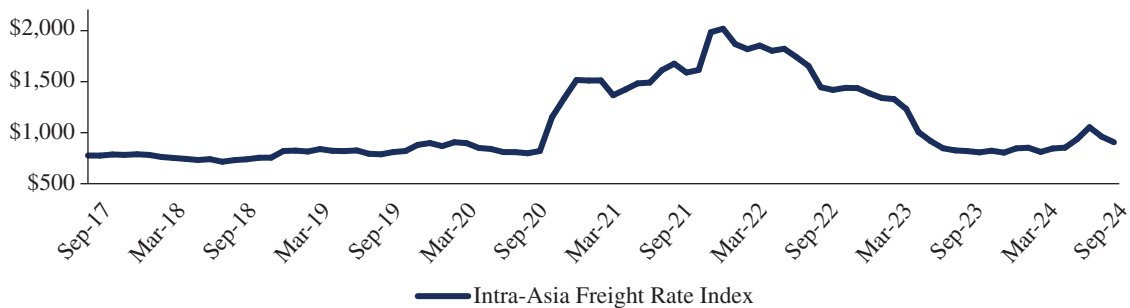
Rank	Company name	Company type	Capacity (teu)	Capacity share
1	COSCO	Long-haul focus	270,483	7.5%
2	OOCL	Long-haul focus	253,996	7.0%
3	Wan Hai	Asia Pacific Region focus	248,510	6.9%
4	Evergreen	Long-haul focus	248,084	6.8%
5	MSC	Long-haul focus	226,560	6.3%
6	Sealand	Global existence	215,759	6.0%
7	CNC	Asia Pacific Region focus	210,466	5.8%
8	ONE	Long-haul focus	189,184	5.2%
9	CMA CGM	Long-haul focus	164,102	4.5%
10	SITC	Asia Pacific Region focus	160,949	4.4%
11	KMTC	Asia Pacific Region focus	121,832	3.4%
12	Maersk	Long-haul focus	112,023	3.1%
13	Sinokor	Asia Pacific Region focus	84,644	2.3%
14	Yang Ming	Long-haul focus	83,396	2.3%
15	Our Group	Asia Pacific Region focus	82,665	2.3%

Source: Drewry, Alphaliner. *Asia Region focused container shipping companies are defined as companies in which the number of Asia Region services accounts for more than 70% of total number of services.

INDUSTRY OVERVIEW

Intra-Asia market's container shipping volume accounted for 15.0% of the global container shipping volume in 2023, which increased at a CAGR of 1.2% between 2018 and 2023, and was faster than the world average annual growth rate of 1.1%. Intra-Asia freight rate was steady before COVID-19. Drewry's Intra-Asia freight rate index ranged from US\$717 to US\$882 per FEU between 2017 and 2019, due to relatively balanced supply and demand dynamics. Since November 2020, freight rates increased sharply and peaked in January 2022, due to the global supply chain disruption, container box shortage, port congestion, and most importantly the re-assignment of vessels by container shipping companies to more profitable East-West trade lanes further reduced the capacity deployed in the Intra-Asia market. Following its peak, the freight rate index began a correction, returning to pre-pandemic levels in the second half of 2023. In September 2024, the freight rate index was at US\$908 per FEU, which is 10.3% higher than the average freight rate for the year 2019.

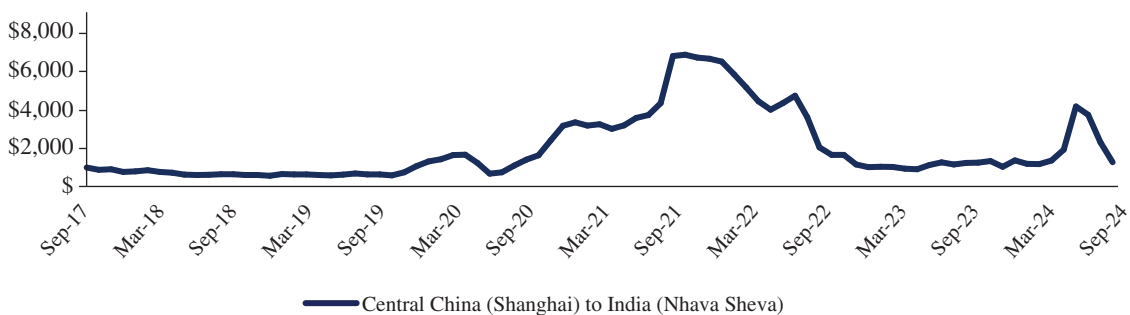
Intra-Asia freight rate index (US\$ per FEU)



Source: Drewry

The Asia-Indian Subcontinent container shipping volume accounted for 2.7% of world container shipping volume in 2023, increasing at a CAGR of 3.0% between 2018 and 2023. Drewry's Central China (Shanghai) to India (Nhava Sheva) average freight rate ranged from US\$570 to US\$1,290 per FEU between 2017 and 2019. The freight rate started increasing from the second half of 2020 and peaked in October 2021 due to the shortage of container boxes, as well as the reduced vessel supply. Since reaching its the peak, the freight rate has begun a correction until it reached a point of relative stability at the beginning of 2023. In September 2024, the freight rate was at US\$1,277 per FEU.

Central China (Shanghai) to India (Nhava Sheva) freight rate (US\$ per FEU)



Source: Drewry

INDUSTRY OVERVIEW

The shipping volume for Asia-Oceania accounted for 1.9% of the global container shipping volume in 2023. The shipping volume for this trade lane has maintained a relative stability, with the volume of 2023 returning to that of 2019. Drewry's Central China (Shanghai) to Australia (Melbourne) average freight rate ranged from US\$1,090 to US\$3,060 per FEU from 2017 to 2019. The benchmark rate started increasing from September 2020 and peaked in January 2022, supported by the strong demand in the Oceania region as well as the capacity reduction. Following the peak, the freight rate experienced a sustained correction, culminating in relative stability since the second quarter of 2023. Since October 2023, dockworkers at Australia's four largest ports, namely Melbourne, Sydney, Brisbane and Freemantle, had been striking in a pay dispute against port operator DP World Australia. Port operator and the Maritime Union of Australia finally reached an agreement in early February 2024, thereby concluding four months of strike action. The strike caused significant congestion at the affected Australian ports and resulted in delays in shipments, which also led to an increase in freight rates throughout the duration of the strike. In September 2024, the freight rate was at US\$5,102 per FEU.

Central China (Shanghai) to Australia (Melbourne) freight rate (US\$ per FEU)



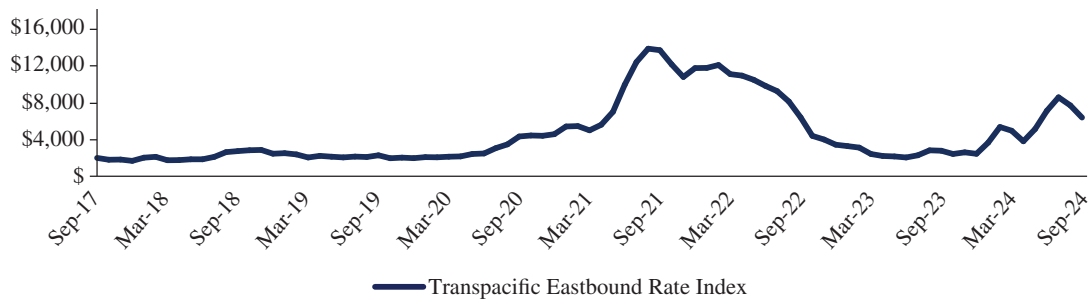
Source: Drewry

Other markets

The Transpacific shipping volume accounted for 12% of the global shipping volume in 2023. Eastbound is the head haul trade lane with rapid growth of container shipping volume after the COVID-19 outbreak, driven by strong demand from North American consumers for Asian-manufactured products. Drewry's Transpacific eastbound freight rate index ranged from US\$1,697 to US\$2,885 per FEU between 2017 and 2019. In September 2024, the freight rate was at US\$6,407 per FEU.

INDUSTRY OVERVIEW

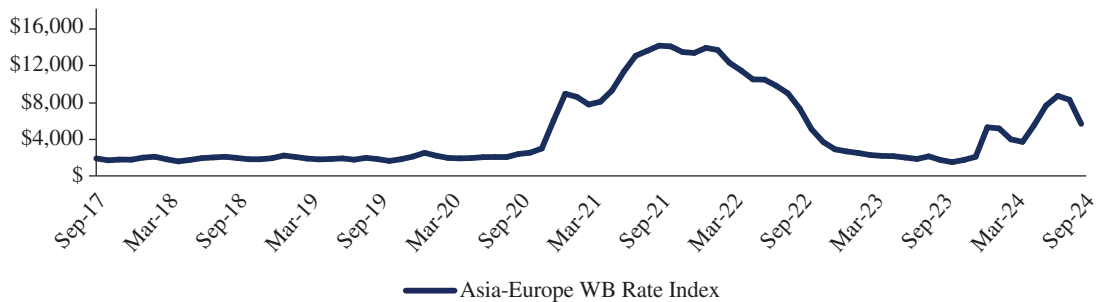
Transpacific eastbound freight rate index (US\$ per FEU)



Source: Drewry

Asia-Europe trade lane, which is segmented into Asia-North Europe trade lane and Asia-Mediterranean trade lane, accounted for approximately 9.6% of the global shipping volume in 2023. There was a notable increase in demand for the westbound head haul service after the COVID-19 outbreak in 2021. Drewry’s Asia-Europe westbound freight rate index ranged from US\$1,602 to US\$2,405 per FEU between 2017 and 2019. In September 2024, the freight rate was at US\$5,682 per FEU.

Asia-Europe westbound freight rate index (US\$ per FEU)



Source: Drewry

In 2023, Asia-Middle East trade lane accounted for approximately 2.3% of global shipping volume, with the westbound head haul service representing more than 70% of the trade volume. Drewry’s Central China (Shanghai) to UAE (Jebel Ali) average freight rate ranged from US\$740 to US\$2,550 per FEU from 2017 to 2019. The freight rate for this trade lane was in line with the market trend during the COVID-19 period, which saw a shift in capacity from this trade lane to the more profitable long-haul East-West trade lane, resulting in a capacity reduction for the Asia-Middle East trade lane. Exports from Asia to the Middle East had a prosperous 2023, with the Asia to Middle East westbound trade volume surged by an impressive 25%. In September 2024, the freight rate was at US\$2,470 per FEU.

INDUSTRY OVERVIEW

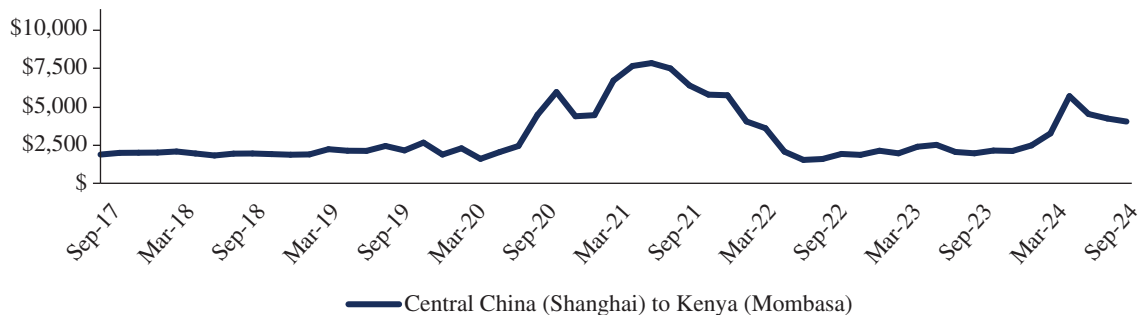
Central China (Shanghai) to U.A.E (Jebel Ali) freight rate (US\$ per FEU)



Source: Drewry

The key East African ports are Mombasa in Kenya and Dar es Salaam in Tanzania. The combined container port throughput for Kenya and Tanzania accounted for 46.7% of the total East Africa throughput in 2023. East Africa’s main importing goods include motor vehicles and spare parts, electrical appliances, and other consumer products, while the main exporting goods are agricultural products, raw materials, and other commodities. China is one of the main trading partners to both Kenya and Tanzania. In 2023, the container port throughput in East Africa increased remarkably by 20.5% compared to 2022. Drewry’s Central China (Shanghai) to Kenya (Mombasa) average freight rate ranged from US\$1,450 to US\$2,250 per FEU from 2017 to 2019. In September 2024, the freight rate was at US\$4,045 per FEU.

Central China (Shanghai) to Kenya (Mombasa) freight rate (US\$ per FEU)



Remark: Freight rates for this trade between 2017 and April 2023 were recorded bimonthly. The missing data points in the chart are filled with a smoothing curve.

Source: Drewry

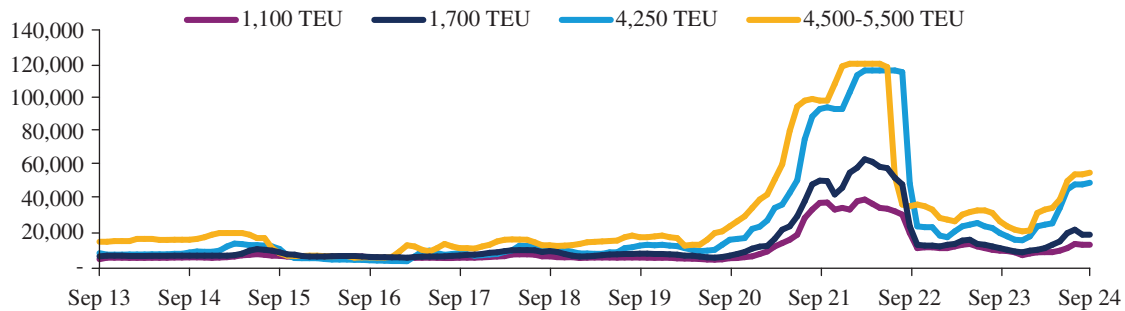
INDUSTRY OVERVIEW

CONTAINER SHIPPING ASSET PRICE, EARNINGS AND BUNKER PRICES

Time charter rate (“TC Rate”)

Charter rates are mainly dependent on the prevailing supply and demand dynamics in the market (especially for shorter charters). The COVID-19 pandemic brought significant adverse impact on the world’s container handling capacity, resulting in the low efficiency in many major ports globally, which in return further reduced the effective supply of container ships, and pushed up charter rates dramatically. In 2021, the charter rates increased along with the increase in freight rates. As container freight rate started falling since its peak in September 2021, TC Rates have followed the trend. TC Rate decreased sharply in the fourth quarter of 2022, due to the slowdown in port handling and the decrease in freight rates which have softened demand for container ships. The downturn in late 2023 was halted by a surge in demand for tonnage demand due to Red Sea diversion, leading to a notable increase in the early months of 2024. However, as the underlying conditions in the container shipping market indicate an excess of supply. Consequently, it is expected that the time charter rates will experience a downturn again in the near future.

One-year TC rate by vessel size (US\$ per day)



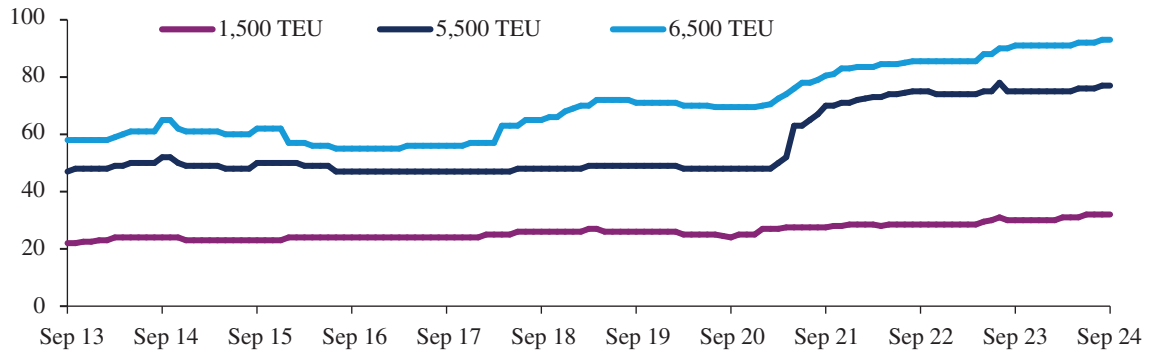
Source: Drewry

Vessel price market

The newbuilding prices and second-hand vessel prices remained at a low level from 2012 to 2020. Since 2021, the new orders for container ships have increased significantly, causing ship building capacity constraints globally. The high charter market rates have also driven the second-hand vessel market price to a much stronger level. Since August 2022, the second-hand vessel market started to weaken with declining charter rates. However, since 2020 there has been considerable newbuilding orders in container vessels and other vessel sectors. The shipyards are now highly utilized which is supporting the newbuilding prices.

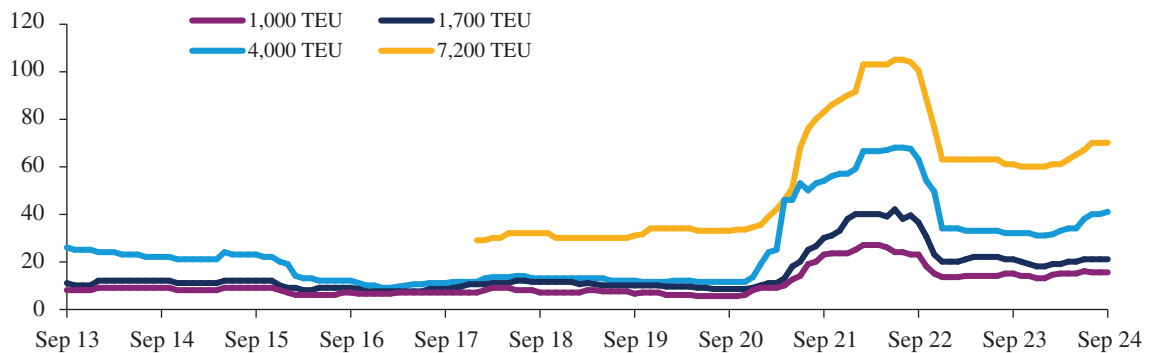
INDUSTRY OVERVIEW

Newbuilding price (million US\$)



Source: Drewry

Secondhand price (million US\$)



Source: Drewry

According to Drewry Container Forecaster published in second quarter of 2024, the forecast average price for a five-year-old 3,500 TEU vessel in 2024 is US\$33.6 million, compared to the average of US\$57.3 million in 2022 and US\$33.2 million in 2023. The average price in 2025 is expected to decline to US\$29.1 million, but it will still be twice of the level in 2019.

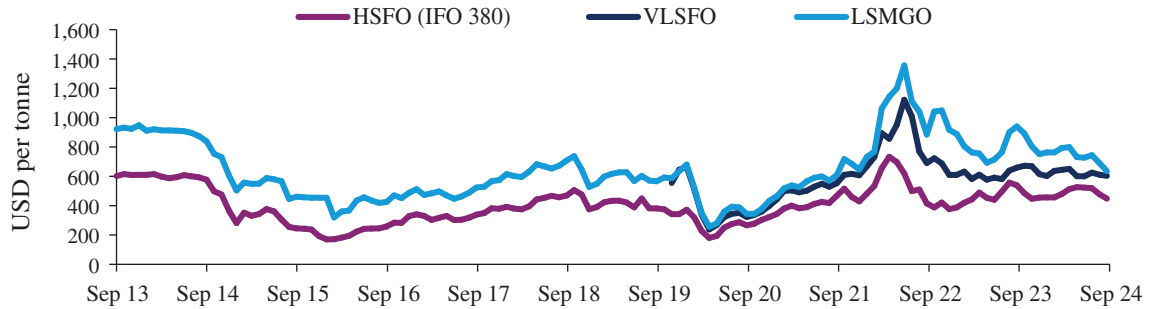
Bunker price analysis

Bunker price is highly correlated with global crude oil price. The bunker price maintained a relatively low level between the second half of 2014 and 2020. It remained low in 2020 due to the fall in global oil prices caused by the COVID-19 pandemic. Bunker prices recovered gradually in 2021 and rose sharply in the first half of 2022, due to the energy crisis situation caused by the Russia-Ukraine war and the recovery in demand for oil. Since the middle of 2022, the bunker price has decreased dramatically due to the rising concern of the global economy. The bunker prices have increased from the low levels experienced in the second quarter of 2023 primarily due to the voluntary production curbed by OPEC+ and increased geopolitical tensions, resulting in a strengthening of oil prices. Additionally, the ongoing Red Sea crisis is likely to maintain a heightened state of alert in the oil market. Any escalation in tension in the Middle East will pose a significant risk to the global supply of oil.

INDUSTRY OVERVIEW

The IMO introduced a new regulation to limit the fuel oil used by ships with a maximum sulfur content of 0.5% from the beginning of 2020. Ships need scrubbers if they want to burn high-sulfur fuel oil (HSFO, having a maximum sulfur content of 3.5%). Low sulfur marine gas oil (LSMGO) is also considered as low sulfur fuel oil as it usually has a maximum sulfur content of 0.1%. When the market price of VLSFO is remarkably higher than HSFO, scrubber-fitted vessels will enjoy cost benefits on bunker cost.

Average bunker price (US\$ per tonne)



Note: Historical average bunker prices in Singapore.

Source: Drewry

REGULATORY OVERVIEW

OVERVIEW

This section sets out a summary of the major relevant laws, regulations, rules and policies which may have a material impact on our business.

LAWS AND REGULATIONS RELATING TO OUR GROUP'S BUSINESS AND OPERATION IN HONG KONG

Common law

(a) Contract

As a freightliner, we offer services to our customers who seek to ship cargos across Asia, the Indian Subcontinent, Middle East and the Pacific. Upon formal engagement with respective clients, the contractual terms would govern our relationship with customers. The types of contract vary in accordance with our capacity when each contract is entered into:

- (i) where we engage with our customers as a carrier of goods by sea, we normally conclude our contracts with our customers pursuant to our standard terms and conditions contained in our bills of lading which are subject to the Hague-Visby Rules (see “— International law and regulations — International Conventions, Rules and Codes” in this section for further details);
- (ii) where our engagement with our customers is on a point-to-point basis, the terms in the combined transport contracts (in the case of multimodal transport) would govern the contractual relationship; or
- (iii) where we act as principal for the stage of carriage by sea and as agent for the customers to negotiate series of contracts of carriage for other stages, bills of lading as well as agency contracts would govern the contractual relationship.

We also provide shipping agent services to the carriers or operators of vessels. The terms of shipping agency services agreements govern our relationship with the carriers/operators of vessels.

There are also other types of contract material to our business including but not limited to charterparties, vessels sharing agreements, port agent agreements, agreements relating to containers and bunkers.

(b) Bailment

While cargos are on board or in our possession, we keep and maintain the cargos as bailee under a bailment arrangement with the cargo interests as bailor. The terms of the bailment agreements would usually govern relationship in such an arrangement. As bailee, we owe a duty to keep and maintain the goods on board the vessels or in our possession with reasonable care and skills. This general duty is modified by the Hague-Visby Rules which limit the extent of our liability.

REGULATORY OVERVIEW

(c) *Law of Tort*

In addition to contracts and bailments, we owe a duty of care to the cargo interests under the common law of tort for any loss or damage to the cargos due to negligence or conversion due to misdelivery. Such exposure is limited to the extent possible by the Hague-Visby Rules.

(d) *General Average*

General Average, codified by the York-Antwerp Rules 1890 is a principle of maritime law whereby all stakeholders in a maritime adventure will proportionately share any damages or losses that may occur as a voluntary sacrifice of part of the vessel or cargo to save the whole adventure.

Hong Kong Ordinances

(a) *Merchant Shipping Ordinance (Chapter 281 of the Laws of Hong Kong) (“MSO”)*

MSO primarily governs, amongst others, registration and licensing of ships, forfeiture of ships and detention of ships by the Director of the Marine Department of Hong Kong (the “**Director of Marine**”). The provisions of the MSO do not cover in full the legal requirements the law relating to registration. It shall be read together with other ordinances as stated below (see “— Laws and regulations relating to our Group’s business and operation in Hong Kong — Hong Kong Ordinances — (d) Merchant Shipping (Registration Ordinance (Chapter 415 of the Laws of Hong Kong)” (“**MSRO**”) in this section for further details).

(b) *Merchant Shipping (Safety) Ordinance (Chapter 369 of the Laws of Hong Kong) (“MSSO”)*

MSSO gives effect to a number of international conventions and codes in connection with vessels’ safety in Hong Kong which include the International Convention for the Safety of Life at Sea (“**SOLAS**”), the International Convention on Load Lines (“**Load Lines Convention**”) and the International Maritime Dangerous Goods Code (“**IMDG Code**”) (see “— International law and regulations—International Conventions, Rules and Codes” in this section for further details) published by the International Maritime Organization (“**IMO**”).

IMO is an international organization under the United Nations responsible for the safety and security of shipping as well as the prevention of pollution by ships. Since 1967, Hong Kong has been an associate member of the IMO.

As the Director of Marine is empowered under MSSO to detain any unsafe ships registered in Hong Kong or within Hong Kong waters, we are obliged to ensure that vessels under our operation, their hull, equipment and machinery, lifesaving appliances and load lines are all in compliant with MSSO and the regulations made by virtue of part IX of MSSO.

REGULATORY OVERVIEW

One of the regulations made by virtue of part IX of MSSO is the Merchant Shipping (Safety) (Signals of Distress and Prevention of Collisions) Regulations (Cap. 369N) (“**MSSSDPC Regulation N**”) concerning prevention of collisions of vessels. The regulation gives effect to the International Regulations for Preventing Collisions at Sea 1972 (“**COLREGS**”) (see “— International law and regulations—International Conventions, Rules and Codes” in this section for further details). Our operation of vessels requires compliance with this regulation.

(c) Merchant Shipping (Prevention and Control of Pollution) Ordinance (Chapter 413 of the Laws of Hong Kong) (“MSPCPO”)

MSPCPO gives effect to the International Convention for the Prevent of Pollution from Ships (“**MARPOL**”) and the related protocol in Hong Kong. The prevention and control of pollution from ships and other related matters are all relevant to our daily operation of business.

(d) Merchant Shipping (Registration Ordinance (Chapter 415 of the Laws of Hong Kong) (“MSRO”)

MSRO and its subsidiary regulations contain details of registration of ships as well as creation and registration of ship mortgages in Hong Kong. For ship registration, MSRO shall be read together with MSO.

Once vessels are registered in Hong Kong, they sail under the flag of Hong Kong such that matters pertinent to the vessels can be subject to the jurisdiction of Hong Kong, even if they sail outside Hong Kong waters.

(e) Carriage of Goods by Sea Ordinance (Chapter 462 of the Laws of Hong Kong) (“CGSO”)

CGSO gives effect to the Hague Visby Rules (“**Hague Visby Rules**”) in Hong Kong. The Hague Visby Rules govern the rights and liabilities of the carriers, shippers and cargo interests (see “— International law and regulations — International Conventions, Rules and Codes” in this section for further details).

In addition to the provisions of the Hague Visby Rules, the CGSO provides a framework of application of the Hague Visby Rules in the Hong Kong context. Section 3 of CGSO provides that (i) the Hague Visby Rules shall also apply to the carriage of goods by sea in ships where the port of shipment is in Hong Kong, whether or not the carriage is between ports in two different States within the meaning of the Hague Visby Rules, provided that the contract expressly or by implication provides for the issue of a bill of lading or any similar document of title; and (ii) the Hague Visby Rules also apply to any bills of lading and other non-negotiable documents if the contract contained in or evidenced by it expressly provides that the Hague Visby Rules shall govern the contract.

REGULATORY OVERVIEW

CGSO is relevant to our business in that a great deal of contracts concluded or to be concluded with our customers would be in form of a bill of lading.

(f) Freight Containers (Safety) Ordinance (Chapter 506 of the Laws of Hong Kong) (“FCSO”)

FCSO applies to any container in Hong Kong, whether it is manufactured in Hong Kong or elsewhere. We are under duty to ensure that the containers used, leased or possessed (as bailee) by us in Hong Kong fulfill the statutory requirements under FCSO. These include (i) valid approvals with the safety approval plates; (ii) markings on the containers showing maximum operating gross mass consistent with the maximum gross mass information on the safety approval plates; and (iii) proper maintenance and examination of containers in accordance with FCSO.

FCSO consists of other subsidiary regulations, namely the Freight Containers (Safety) Application for Approval of Container Regulation, Freight Container (Safety) (Fees) Regulation, Freight Containers (Safety) (Arrangement for Authorised Person) Order and Freight Container (Safety) (Examination Procedure) Order giving effect to the international standard of test and approval of containers according to the International Convention for Safe Containers 1972 (“**CSC 1972**”) (see “— International law and regulations — International Conventions, Rules and Codes” in this section for further details).

(g) Merchant Shipping (Collision Damage Liability and Salvage) Ordinance (Chapter 508 of the Laws of Hong Kong) (“MSCDLSO”)

MSCDLSO governs the liability of ship owners in the event of collision of vessels leading to damage or loss to one or more of those vessels, to their cargos or freight, or to any property on board, or personal injury or death. MSCDLSO also gives effect to the International Convention on Salvage 1989 (“**Salvage Convention 1989**”) concerning the international rules on the operations of salvage (see “— International law and regulations — International Conventions, Rules and Codes” in this section for further details).

Legal process efficacy in Hong Kong

Minority shareholder rights are protected under the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Hong Kong Codes on Takeovers and Mergers and Share Buy-Backs. In the event of prejudice of any such rights, a minority shareholder may take action under various sections of the Companies Ordinance.

Any judgment creditor who holds a court judgment from a foreign court may apply to the Court of First Instance in Hong Kong for recognition and enforcement of the judgment either pursuant to the Foreign Judgments (Reciprocal Enforcement) Ordinance (Cap. 319) or by way of a common law action. If the judgment creditor is a holder of a mainland Chinese judgment, the application will be made on the basis of the relevant arrangement between Hong Kong and mainland China in respect of the mutual enforcement of judgments. There are limited circumstances for resisting recognition and enforcement.

REGULATORY OVERVIEW

Save in respect of a winding up application, there is no generally known legal impediment or substantial legal inefficacy that would affect the Company's business operation in the event that shareholders were to bring an action to protect their rights. There is no impediment to shareholders bringing any action in a timely manner. There is no unusual delay in the court system.

INTERNATIONAL LAW AND REGULATIONS

International Conventions, Rules and Codes

These International Conventions, Rules and Codes are relevant to our day-to-day operation and the vessels under our operation.

(a) SOLAS

SOLAS sets out the minimum safety standards for which vessels shall meet in a number of aspects, such as construction, equipment, fire safety, life-saving, radiocommunications, navigation, carriage of cargos and operation, etc.

(b) Load Lines Convention

The Load Lines Convention concerns safety of vessels regarding the limitations on the draught to which vessels may be loaded. The compliance with Load Line Convention reduces of risk associated with the weight of vessels after loaded.

(c) IMDG Code

The IMDG Code governs the carriage of dangerous goods or substances in packaged form in order to enhance the safety of carriage on board and to prevent accidents and pollution.

(d) COLREGS

The COLREGS contain the navigation rules of vessels to prevent collisions between two or more vessels in international waters and all waters connected to international waters. They cover (i) steering and sailing; (ii) the use of lights during night time; and (iii) the use of sound and light signals.

(e) MARPOL

MARPOL sets out rules preventing and minimizing pollution of the sea by vessels resulting from daily operations or accidents. The type of pollution falls within the scope of the MARPOL ranging from oil, noxious liquid substances, harmful substances packaged form, sewage, garbage to air pollution.

REGULATORY OVERVIEW

(f) Hague Visby Rules

The Hague Visby Rules are a mandatory codified legal framework of rights and obligations among the carriers, the shippers and the cargo interests in respect of carriage of goods by sea covered by a bill of lading. Only contracts of carriage covered by a bill of lading (including a straight bill of lading) or any similar document of title related to the carriage of goods by sea are covered by the Hague Visby Rules so long as (i) the bill of lading is issued in a contracting state; (ii) the carriage is from a port in a contracting state; or (iii) the contract contained in or evidenced by the bill of lading provides that the rule, or legislation giving effect to them, are to govern the contract.

(g) CSC 1972

The CSC 1972 provides an international standard with respect to the transport, handling and maintaining of containers. Containers are subject to the test procedures and requirements laid down by the CSC 1972. The CSC 1972 also facilitates the international transport of containers by providing international safety regulations.

(h) Salvage Convention 1989

The Salvage Convention 1989 sets out the rules relating to salvage operations, an act to save a vessel, property or cargos on board in danger.

The Salvage Convention 1989 governs the duties of salvors, the shipowners and the masters of the ship in the event of salvage operations. It also provides that salvors who (i) successfully save a vessel or her cargos would be rewarded; and (ii) takes step to prevent or minimize damage to the environment would also be rewarded regardless of whether the vessel or her cargos are saved.

(i) The International Convention on Standards of Training, Certification and Watchkeeping for Seafarers (“STCW”)

The STCW sets minimum qualification for masters and crew members and establishes minimum requirements on training, certification and watchkeeping on an international standard. It is worth mentioning that the STCW applies to ships flying flags of non-party states when visiting ports of states which are parties to the convention.

(j) The International Safety Management Code (“ISM Code”)

The ISM Code was adopted by the IMO to provide an international standard for the safe management and operation of vessels and for prevention of pollution.

REGULATORY OVERVIEW

Pursuant to the ISM Code, shipowners are required to (i) establish a safety and environmental-protection policy; and (ii) designate a person or persons to monitor the safety and pollution prevention aspects of the operation of each ship. Shipowners and masters are also separately responsible for the furtherance of the safe management and operation of vessels and for prevention of pollution.

(k) International Ship and Port Facility Security Code (“ISPS Code”)

The ISPS Code was adopted by that IMO to provide an international framework so that contracting states, vessels and port authorities can cooperate to detect and deter security threats. Under the ISPS Code, shipowners are required to designate security officers on each ship.

(l) Maritime Labour Convention (“MLC Convention”)

The MLC Code aims at protection of seafarer’s right at work including (i) minimum requirements to work on a ship; (ii) employment condition; (iii) accommodation, recreational facilities, food and catering; and (iv) health protection, medical care, welfare and social security.

MLC Code was ratified by China in 2015 and was extended to Hong Kong in 2018.

(m) York-Antwerp Rules, 1890 (current version 2004)

Codification of the law of General Average incorporated into maritime contracts.

Other regulations

(a) Classification Society

Classification societies provide certification of ships in respect of the vessels’ safety and pollution control.

The objective of ship classification is to ensure that the structural parts, the hull, machinery, equipment and systems meet the standards and the rules of the particular classification society in order to maintain essential functions on board. The classification process consists of technical review of the design plans for new vessels, attendance at the construction of the vessel in the shipyard, attendance at the sea trials and other trials relating to the vessels. Once the classification society certifies that a vessel meets its standard and rules, the vessel is classed.

The ship classification society also takes part in verifying compliance with international and/or national regulations on behalf of the national authorities (i.e. flag administrations) where vessels are registered.

REGULATORY OVERVIEW

In order to maintain class, the classed vessels are required to undergo surveys regularly to verify that the vessels remain in compliance with those standard and rules. These surveys include:

- (i) class renewal/special surveys: throughout examinations and tests of different parts of the vessels for every 5 years from the date of the certificate of class (the “**Anniversary Date**”);
- (ii) intermediate surveys: examination and checks on the structure as specified in the rules between 3 months before the second Anniversary Date and 3 months after the third Anniversary Date;
- (iii) annual surveys: inspection of the hull, equipment and machinery between 3 months before to and 3 months after each Anniversary Date;
- (iv) bottom/docking surveys: examination of the outside of the vessel’s hull by way of dry dock or in-water;
- (v) tailshaft surveys: surveys of screwshafts and tube shafts and the stern bearing;
- (vi) boiler surveys: surveys of boilers and thermal oil heaters; and
- (vii) other surveys for the maintenance of additional class notations which may be granted to those vessels indicating that they comply with some additional voluntary criteria (if any).

There are 11 well-established classification societies globally which are members of the International Association of Classification Societies.

We are required to ensure that our vessels are built to and surveyed for compliance with the standard laid down by relevant classification societies.

(b) National Port Regulations

When our ships sail to the local ports, we are required to comply with the regulations and directions of the local port authorities or other authorities in respect of navigation, anchoring, berthing, health and hygiene control, pollution, etc.

(c) Port State Control

Port State Control inspects foreign ships in national ports to verify that the condition of the ship and its equipment comply with the requirements of international regulations and is manned and operated in compliance with those rules.

REGULATORY OVERVIEW

LAWS AND REGULATIONS RELATING TO OUR GROUP'S BUSINESS AND OPERATION IN TAIWAN

Forms of Business Organization

(a) Principal forms of business organization

The principal forms of business organization used by foreign entities investing or conducting business in Taiwan include companies incorporated in Taiwan (i.e., subsidiaries), branch offices of foreign-incorporated companies, and representative offices. Foreign entities may also conduct business through other types of business relationships with local entities, such as joint ventures, licensing, distributorships, or agency relationships.

(b) Comparison of subsidiary and branch

From a Taiwan law perspective (including the Company Act (公司法), the Income Tax Act (所得稅法), and associated rulings issued by the Ministry of Finance (財政部)), the main differences between a subsidiary and a branch are: (i) a branch is not subject to the 21% withholding tax on earning to be repatriated to its head office and is not subject to 5% undistributed earning tax, (ii) a branch has fewer administration matters to be attended to and bears lower maintenance costs, and yet (iii) a branch is viewed as the same legal entity as its head office and thus could not separate from the liabilities of its head office. A branch in general has lighter Taiwan tax burden than a subsidiary. For item (ii), a branch is not required to have a board of directors and meetings of the board and the shareholders, which are necessary for a subsidiary. As to item (iii), since a branch is not considered an independent legal person but a part of its foreign parent company, the liabilities of a branch theoretically will be extended to its foreign parent company if the assets of the branch in Taiwan is not sufficient to pay off such liabilities. In the case of a subsidiary which has its independent legal identity, unless the foreign parent company of the subsidiary would be jointly responsible with the subsidiary by laws or contracts, the liabilities of the subsidiary shall not extend to the foreign parent company.

Tax

(a) Business Tax

Business Tax is a form of VAT which is levied on the value of goods and services. According to the Value-added and Non-value-added Business Tax Act (加值型及非加值型營業稅法), the current VAT is 5% on businesses generally. With very few exceptions, VAT is applied on the sale of most kinds of goods and services by a profits-seeking entity ("PSE") and is paid by the purchaser. The VAT rate is 0% on the export of goods and services. VAT of 5% is applied on the import of goods and services and is paid by the importer.

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(b) Income Tax

Under the Income Tax Act (所得稅法), PSE income tax applies to any type of PSE regardless of the form of business, including a company, branch and job site office of foreign legal entities (although no PSE registration is available for a job site office) but with the exception of partnerships and sole proprietorships. A PSE established offshore is subject to income tax only on Taiwan-sourced income. A branch of an offshore PSE is subject to income tax not only on Taiwan-sourced income but also offshore income booked by the branch.

(c) Withholding Tax

According to the Income Tax Act (所得稅法) and the Standards of Withholding Rates for Various Incomes (各類所得扣繳率標準), the responsible person or accountant-in-charge of an entity (including government agencies) must withhold tax from certain payments. All payments of interest, and royalties to the foreign entity are subject to withholding tax at 20% and payments of dividends to the foreign entity are subject to withholding tax at 21% unless there is an applicable tax treaty that offers preferential withholding rates.

Exchange Control

Exchange controls in Taiwan are governed by the Foreign Exchange Control Act (管理外匯條例), which is administered by the Central Bank of Taiwan (“CBC”). The Regulations Governing the Declaration of Foreign Exchange Receipts, Disbursements or Transactions (外匯收支或交易申報辦法) requires each foreign exchange remittance exceeding NT\$500,000 should be declared to the CBC through the bank. Current regulations favor trade-related foreign exchange transactions. Consequently, foreign currency earned from exports of merchandise and services may now be retained and used freely by exporters, and all foreign currency needed for the importation of merchandise and services may be purchased freely from the designed foreign exchange banks. Trade aside, companies incorporated in Taiwan and resident individuals may, without CBC’s prior foreign exchange approval, remit outside Taiwan foreign currency of up to US\$50,000,000 (or its equivalent) and US\$5,000,000 (or its equivalent), respectively, in each calendar year. In addition, Taiwan companies and resident individuals may, without foreign exchange approval, remit into Taiwan foreign currency of up to US\$50,000,000 (or its equivalent) and US\$5,000,000 (or its equivalent), respectively, in each calendar year. Notwithstanding the above, CBC may, depending on the economic and financial situation and the need to maintain the order of the foreign exchange market, require that certain conversions exceeding a certain amount per year should be subject to the foreign exchange approval from the CBC.

REGULATORY OVERVIEW

In general, the CBC's prior foreign exchange approval is necessary in any of the following circumstances:

- (a) Essential remittances by a Taiwan company or a firm whose annual aggregate settlement amount of foreign exchange purchased or sold has exceeded US\$50,000,000 (or its equivalent); or essential remittances by a Taiwan association or an resident individual whose annual aggregate settlement amount of foreign exchange purchased or sold has exceeded US\$5,000,000 (or its equivalent).
- (b) A single remittance exceeding NT\$500,000 (or its equivalent) by a natural person under 18-year-old, bearing a ID Card, a relevant Taiwan Area Resident Certificate, or an Alien Resident Certificate with a validity of more than one year.
- (c) The following remittances where a single remittance by a non-resident exceeds US\$100,000 (or its equivalent) in foreign exchange purchased or sold:
 - (i) Revenue from contract construction within Taiwan;
 - (ii) Deposits of guarantees and arbitration fees for pending legal disputes within Taiwan;
 - (iii) Payment related to legally or approved by the competent authorities acquiring real estate for self-use within Taiwan;
 - (iv) Inheritance, insurance benefits, and pensions legally acquired within Taiwan.
- (d) Other essential remittances.

Expatriates

In accordance with the Employment Services Act (就業服務法) ("ESA") and the Qualifications and Criteria Standards for Foreigners Undertaking the Jobs Specified under Article 46.1.1 to 46.1.6 of the ESA (外國人從事就業服務法第四十六條第一項第一款至第六款工作資格及審查標準), the expatriates should obtain the work permit when working in Taiwan, even if he/she only works in Taiwan for a short period of time. For a branch manager who will work in Taiwan physically, the work permit is also required. To apply for the work permit, the employer should meet the following requirements:

- (a) *For a Taiwan subsidiary*
 - (i) established in Taiwan for less than one year: paid-in capital of more than NT\$5,000,000, annual revenue of at least NT\$10,000,000, import/export transactions of at least US\$1,000,000 or (agent) commissions of at least US\$400,000; or

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- (ii) established in Taiwan for more than one year: in the most recent year or the past three years, average annual revenue at least NT\$10,000,000, average import/export transactions of at least US\$1,000,000 or average (agent) commissions of at least US\$400,000.

(b) For a Taiwan branch of the foreign company

- (i) established in Taiwan for less than one year: working capital of more than NT\$5,000,000, annual revenue of at least NT\$10,000,000, import/export transactions of at least US\$1,000,000 or (agent) commissions of at least US\$400,000; or
- (ii) established in Taiwan for more than one year: in the most recent year or the past three years, average annual revenue at least NT\$10,000,000, average import/export transactions of at least US\$1,000,000 or average (agent) commissions of at least US\$400,000.

Employment

In Taiwan, the Labor Standards Law (勞動基準法) (“LSL”) is the fundamental law which sets up the minimum requirements and standards of employment terms and conditions, such as working hours, overtime pay, leaves and benefits, severance pay, etc. There is a requirement of minimum wage as determined by the Ministry of Labor (勞動部) (“MOL”). The current minimum wage is NT\$27,470 per month, or NT\$183 per hour. Employers must pay into the following social insurances for its employees (i) the labor pension plan (under either the LSL (the Old Pension Plan) or the Labor Pension Act (勞工退休金條例) (the New Pension Plan, described in more details below); (ii) national health insurance (under the National Health Insurance Act (全民健康保險法)); (iii) employment insurance (mainly for unemployment subsidy) (under the Employment Insurance Act (就業保險法)); and (iv) labor insurance (under the Labor Insurance Act (勞工保險條例)).

There are two separate statutory pension plans now operate in Taiwan – the Old Pension Plan and the New Pension Plan. The New Pension Plan is the scheme created under the Labor Pension Act (勞工退休金條例), which became effective on July 1, 2005, and applies to employees hired after July 1, 2005. Employees hired before July 1, 2005 can either elect to remain in the Old Pension Plan (a scheme under the LSL) or switch to the New Pension Plan.

Whereas the Old Pension Plan was based on centralized pension accounts, the New Pension Plan creates individual retirement accounts (“IRA”) and is a defined contribution program: employers contribute at least 6% of employees’ monthly salary to an IRA for each employees, and such IRAs follow employees when they transfer from one employer to another. Employees become eligible for benefits under their IRA upon retirement after reaching age of 60. When an employee covered by the New Pension Plan changes employment, the amount contributed by the previous employer remains in place under the same IRA. Consequently, the employment transfer has no effect on the pension fund already accrued under the New Pension Plan.

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Moreover, Taiwan is protective of employees (no at-will employment). Employers cannot unilaterally terminate an employment agreement unless they can clearly prove certain statutory requirements as set forth in the LSL. In most situations, the employer is required to pay statutory severance payment to the employee upon termination.

All employees in Taiwan, including expatriates, are covered by the LSL except those who work in industries or occupations specifically excluded by the MOL. The LSL also applies to expatriates unless they are employed in limited excluded industries or occupations. A manager is covered by the LSL except that he/she is an appointed/mandate manager, who meets the three elements as established by the courts: (i) signed an appointment or mandate agreement (instead of an employment agreement); (ii) been appointed by the company's board of directors to assume a manager's position under Company Act (公司法), or (iii) been registered as responsible person/manager in the company's corporate registration form filed with the MOEA. If one of the three elements above cannot be established, it might still be possible, but difficult, to establish that an individual is an appointed manager by proving that he or she has high authority and autonomy when performing his or her duties.

Privacy Laws

The Personal Data Protection Act (個人資料保護法) (“PDPA”) (formerly named as Computer-Processed Personal Data Protection Law (電腦處理個人資料保護法)) applies to all natural persons, business and non-business entities and the government agencies.

Personal data can only be collected, processed, and used when (i) the data collector has specific purpose(s) to do so; (ii) at least one of the statutorily specified circumstances (e.g., there is a contractual relationship between the parties) exists; (iii) the data collecting agency provides adequate notice to the data subject. The personal data collected must be processed and/or used within the scope of purposes identified upon collection.

Fair Trade Law

The Fair Trade Law (公平交易法) (“FTL”) targets restrictive business practices and unfair trade practices. With respect to business practices, the scope of the FTL's regulations govern the anti-competitive aspects of monopolies, mergers, concerted actions such as business cartels, and resale price maintenance. For unfair trade practices, the FTL seeks to prevent misleading advertising and labeling, misappropriation of trade secrets, copying of trade dress, and other anti-competitive practices in the field of intellectual property law. When it comes to prohibition of abuse of dominance, the FTL regulates companies with monopolistic positions in markets, and the prohibited activities include, for instance, preventing other players from competing by unfair means, improper pricing, preferential treatment to trading counterpart without justification, and other abusive conducts.

Intellectual Property

Intellectual property is accorded protection through laws relating to trademarks.

REGULATORY OVERVIEW

Based on the Trademark Act (商標法), a trademark is a sign recognized by ordinary consumers and capable of distinguishing the mark owner's goods from those of another. A trademark may consist of any word, device, symbol, color, sound, three-dimensional shape or any combination thereof. The mark must be distinctive and it may not be so similar to another mark as to be confusing or misleading to the public (including unregistered well-known foreign trademarks).

Once accepted, a mark is published in the Trademark Gazette. An opposition may be filed within three (3) months. A registered mark is protected for ten (10) years from the date of registration. However, a registered mark is subject to cancellation by the trademark authority, ex officio, or upon the application of an interested party, if the mark has not been used for at least three years. An application for renewal of a trademark registration for another 10-year period must be filed up to six months before or six months after expiry of the registration.

Under the current Trademark Act, there is no need to obtain prior approval of a trademark license from the authority. However, trademark licenses must be recorded with the trademark authority. Failure to record a trademark license will result in the inability of the parties to the trademark license to raise a defense against third parties.

Environment

According to the Environmental Impact Assessment Act (環境影響評估法), before engaging in development activities which may cause adverse impact on the environment, the enterprise shall conduct an environmental impact assessment and submit the environmental impact assessment statement (the "Statement") and environmental impact assessment report (the "Report") to competent authority for approval. If the competent authority deems that the development activity could cause material impact on the environment, it may request the enterprise to conduct a phase II assessment. No permission of the development activity shall be issued if the relevant Statement and/or Report is not approved. The enterprise shall also follow the content and conclusion of the Statement and Report while conducting the development activity. The competent authority may monitor and investigate such activities from time to time.

Operations of an enterprise (e.g., companies, factories, mines and quarries, substitute wastewater treatment enterprises, livestock enterprises and other enterprises designated by the central competent authority) shall also be subject to environmental laws such as Water Pollution Control Act (水污染防治法), the Air Pollution Control Act (空氣污染防治法), the Noise Control Act (噪音管制法), and Waste Disposal Act (廢棄物清理法). These laws and relevant regulations establish different standards in respect of water and waste discharge, air emissions, noise, etc., according to specially designated industry categories. An enterprise shall comply with the standards and requirements prescribed in relevant laws and regulations; otherwise, central or local government may impose a fine for violation.

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Investment in mainland China

The Act Governing Relations between the Peoples of the Taiwan Area and Mainland Area (臺灣地區與大陸地區人民關係條例) (“Relations Act”) covers a broad spectrum of cross-Taiwan Strait matters, including documentation, verification, employment, inheritance, communications, advertisements, business activities, and civil and criminal procedures.

On November 7, 2002, Taiwan lifted several restrictions on Taiwanese trade with and investments in mainland China. In 2002, the Taiwan government also removed its prohibition of direct investments in mainland China. Prior to 2002, permissible investments in or technical cooperation with parties in mainland China had to be indirect, i.e., via a third country or territory, with an exception of investments not exceeding US\$1 million.

The Relations Act authorized the MOEA to promulgate the Regulations Governing Permission of Investment or Technical Cooperation with mainland China (在大陸地區從事投資或技術合作許可辦法), and the Reviewing Principles of Investment or Technical Cooperation with mainland China (在大陸地區從事投資或技術合作審查原則) (collectively, “**Mainland China Investment Regulations**”). Among other things, the Mainland China Investment Regulations set forth a list of items in which Taiwanese or legal persons may or may not invest or cooperate with mainland China (“**Investment List**”). Currently, the Investment List is divided into two (2) categories: general items (一般類) and prohibited items (禁止類). “Prohibited items” are those items for which Taiwanese investment or technical cooperation is prohibited because of reasons linked to (i) international conventions, (ii) national security, (iii) major infrastructure projects, and (iv) industrial developments (such as core technologies and essential components). Items not identified as prohibited are “general items” for which investment is permitted with prior approval by the Taiwan Department of Investment Review of the MOEA.

The Investment Regulations prescribe that, except for limited exceptions (e.g., purchase of listed shares in mainland China), any Taiwanese, juridical person, organization, or other entity (“**Taiwan Investor**”) desiring to invest or engage in technical cooperation in mainland China must first apply to the Taiwan Department of Investment Review (except in the event that the investment is made to a certain enterprise in the mainland China with an aggregate amount of less than US\$1 million, in such situation only a post-investment filing (within six (6) months after the investment) with the Taiwan Department of Investment Review for record is required). As to the maximum aggregate investment quota, the Mainland China Investment Regulations establish the following:

- (i) The maximum aggregate investment quota in mainland China by any Taiwanese individual: US\$5 million per year;
- (ii) By a small and medium-sized enterprise: either (A) 60% of its net value or consolidated net value or (B) NT\$80 million, whichever is higher;
- (iii) By other enterprises: 60% of its net value or consolidated net value, whichever is higher.

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The abovementioned maximum aggregate investment amount or investment cap does not apply to (i) an enterprise that obtains a “Operational Headquarter Recognition Letter” (企業運總部認定函) issued by the Industrial Development Bureau, MOEA (經濟部工業局), or (ii) a Taiwan subsidiary of a multi-national corporation (跨國企業) (“MNC”). MNC referenced herein means an enterprise (i) whose worldwide revenues in the previous year reaches US\$100 million, (ii) has subsidiaries or branches in two or more countries, (iii) the parent company/head office exercises effective control and decision-making over those subsidiaries or branches to engage in cross-border production and operation, and (iv) the parent company/head office is located outside of Taiwan, but has subsidiaries or branches of economic entities in Taiwan.

In general, any additional investment in mainland China by each of our Taiwan Investor(s) in the future will be subject to prior approval by or post recordation with the Taiwan Department of Investment Review pursuant to Mainland China Investment Regulations. Our Taiwan Investors are also restricted by the maximum aggregate investment quota for their investments in mainland China as discussed above.

Based on our Taiwan Legal Advisors’ interpretation and its consultation with the Taiwan Department of Investment Review, we believe that the Taiwan Department of Investment Review would likely take the position that as long as our Taiwan Investors are interested in our Shares, certain equity capital increase by us into our subsidiary(ies) in mainland China will be considered as additional indirect investment by our Taiwan Investors. The amount of investment made by each Taiwan Investor will be determined with reference to their shareholding in our Company. If the Taiwan Department of Investment Review takes that position, each of our Taiwan Investors will be required to obtain a prior approval or consent to recordation from the Taiwan Department of Investment Review for such equity capital increase in our subsidiary(ies) in mainland China except for limited exceptions. As advised by our Taiwan Legal Advisors, based on the current practice and policy of the Taiwan Department of Investment Review, our Taiwan Investors are not expected to have any legal impediment in obtaining approval or consent to recordation from the Taiwan Department of Investment Review for equity capital increase into our mainland China subsidiaries in the future so long as each of our Taiwan Investors complies with the Mainland China Investment Regulations and the equity capital increase does not exceed the maximum aggregate investment quota for their investments in mainland China as discussed above. We cannot guarantee that the current practice and policy of the Taiwan Department of Investment Review will remain the same in the future.

Based on the FAQ published on the website of the Taiwan Department of Investment Review and our Taiwan Legal Advisors’ interpretation and its consultation with the Taiwan Department of Investment Review, nonetheless, for a company listed in a foreign stock exchange (“**Foreign-listed Company**”), with respect to the Foreign-listed Company’s equity capital increase into its subsidiary(ies) in mainland China, the equity capital increase into such mainland China subsidiary “indirectly” held by a Taiwan Investor who holds less than 10% of shares in such Foreign-listed Company and does not serve any position of directors, supervisors, managers or any equivalent positions in such Foreign-listed Company is exempted

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from the approval or recordation requirements under the Mainland China Investment Regulations, while the approval or recordation requirements under the Mainland China Investment Regulations are applicable to a Taiwan Investor who holds 10% or more of shares in such Foreign-listed Company or who serves as directors, supervisors, managers, or any equivalent positions of such Foreign-listed Company.

As advised by our Taiwan Legal Advisors, if our Company makes any equity capital increase into our subsidiary(ies) in mainland China after the completion of the Global Offering, our Taiwan Investors who are Directors, supervisors, or managers or any equivalent positions of our Company or who hold 10% or more of shares in our Company will also need to obtain the approval or consent to recordation from the Taiwan Department of Investment Review for such equity capital increase, while our Taiwan Investors who hold less than 10% of shares in our Company and do not serve any position of Directors, supervisors, or managers or any equivalent positions in our Company are exempted from such approval or recordation requirements under the Mainland China Investment Regulations for such equity capital increase in our subsidiary(ies) in mainland China after the completion of the Global Offering. When our Taiwan Investors report their investment in mainland China to the Taiwan Department of Investment Review to obtain its approval or consent to recordation, they shall substantiate source of fund used for the equity capital increase if the authority enquires.

Any inflow of capital from mainland China back into Taiwan will be deducted from the investment caps.

The Laws and Regulations Regarding Hong Kong & Macao Affairs (香港澳門關係條例) and the Guideline for the Review of Investment or Technical Cooperation in Hong Kong & Macao (對香港澳門投資或技術合作審核處理辦法) (collectively, the “**Hong Kong Investment Regulations**”) stipulate that any Taiwan Investor must first apply to the Taiwan Department of Investment Review in respect of its/his/her investment in a Hong Kong enterprise (including acquiring equity or shares in or providing loan with a term more than one year to a Hong Kong Enterprise) (except in the event that the investment is made to a certain Hong Kong enterprise with an aggregate amount of no more than US\$5 million (by an individual) or US\$50 million (by a legal entity), only a post-investment filing (within six months after the investment) with the Taiwan Department of Investment Review for record is required).

As advised by our Taiwan Legal Advisors, direct or indirect investments by Taiwan Investors in our subsidiaries in mainland China and Hong Kong are subject to the above Mainland China Investment Regulations and Hong Kong Investment Regulations. In October 2022, Mr. Chen, Mrs. Chen, Mr. James Chen and Ms. Christy Chen (who are our Controlling Shareholders and, except for Ms. Christy Chen, our executive Directors), Mr. Wu (an indirect Shareholder who was a then Director at the relevant time), and Mr. Hung Ying-Cheng (an Independent Third Party) each being a Taiwan Investor voluntarily reported to the Taiwan Department of Investment Review with respect to: (i) their historical direct or indirect investments in our Company and TS Shanghai which they did not obtain prior approval or make post-investment filing. The Taiwan Department of Investment Review issued interim decisions on April 17, 2023 imposing administrative fines against Mr. James Chen, Ms. Christy

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Chen and Mr. Hung Ying-Cheng for their respective historical direct or indirect investments in our Company and TS Shanghai which they did not obtain prior approval or make post-investment filing, each in the amount of NT\$50,000 (which is the lowest amount of the administrative fine prescribed by the applicable laws). Each of Mr. James Chen, Ms. Christy Chen and Mr. Hung Ying-Cheng has paid their respective administrative fine imposed in April 2023. No penalty was imposed by the Taiwan Department of Investment Review on Mr. Chen, Mrs. Chen (who are our Controlling Shareholders and our executive Directors) and Mr. Wu (an indirect Shareholder who was a then Director at the relevant time).

After the payment of the administrative fines, as corrective measures requested by the Taiwan Department of Investment Review, Mr. Chen, Mrs. Chen, Mr. James Chen and Ms. Christy Chen (who are our Controlling Shareholders and, except for Ms. Christy Chen, our executive Directors), Mr. Wu (an indirect Shareholder who was a Director at the relevant time), and Mr. Hung Ying-Cheng (an Independent Third Party), among other things, each being a Taiwan Investor, submitted applications in May 2023 for the final approvals by the Taiwan Department of Investment Review for their respective historical direct or indirect investments in our Company and TS Shanghai which they did not obtain prior approval or make post-investment filing and obtained the approvals on May 19, 2023.

As our Group members are not Taiwanese entities, they are not subject to the relevant penalties under Mainland China Investment Regulations and Hong Kong Investment Regulations. Therefore, our Taiwan Legal Advisors advised that no member of our Group (including our Company and TS Shanghai) will be subject to any penalty under the Mainland China Investment Regulations or the Hong Kong Investment Regulations in respect of the aforesaid investments by Taiwan Investors. Furthermore, our Taiwan Legal Advisors advised that, assuming relevant laws, including the Act Governing Relations between the Peoples of the Taiwan Area and Mainland Area (臺灣地區與大陸地區人民關係條例) and the Reviewing Principles of Investment or Technical Cooperation with mainland China (在大陸地區從事投資或技術合作許可辦法) (i.e., the “**Reviewing Principles**”), remain unchanged, there is no legal impediment for shareholders who are Taiwan passport holders to obtain approval from the Taiwan Department of Investment Review for their investments in the PRC relating to the Group in the future. However, our Taiwan Legal Advisors also indicated that the Taiwan Department of Investment Review has supervisory and regulatory authority for matters relating to, among other things, outbound investments by Taiwanese companies or individuals and we cannot be sure whether the Taiwan Department of Investment Review may propose to amend such laws and regulations in the future. If any such changes in laws occur, there is no assurance that our shareholders who are Taiwan passport holders will be able to continue to satisfy the requirements for, or otherwise obtain, permits or approvals for their investments in the PRC relating to the Group in the future.

For Taiwan Investors who hold shares in the Company before the Reorganization, Mr. Chen, Mrs. Chen, Mr. James Chen and Ms. Christy Chen (who are our Controlling Shareholders and, except for Ms. Christy Chen, our executive Directors), Mr. Wu (an indirect Shareholder who was a then Director at the relevant time), and Mr. Hung Ying-Cheng (an Independent Third Party) had filed their respective indirect investment in our operating

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subsidiary in Mainland China with, and obtained the approval thereof from the Taiwan Department of Investment Review. For completing the Reorganization, Mr. Chen, Mrs. Chen, Mr. James Chen and Ms. Christy Chen (who are our Controlling Shareholders and, except for Ms. Christy Chen, our executive Directors), Mr. Wu (an indirect Shareholder who was a then Director at the relevant time), Mr. Hung Ying-Cheng and Mr. Chow I-Chang, each being a Taiwan Investor, had obtained the approvals required for completing the Reorganization from the Taiwan Department of Investment Review.

As advised by our Taiwan Legal Advisors, subject to the recordation to be filed with the Taiwan Department of Investment Review after the completion of the relevant steps of the transactions under the Reorganization, all Taiwan Investors who hold or are expected to hold shares in the Company before and after the Reorganization but immediately prior to the Global Offering had fulfilled all relevant legal requirements in respect of their investment in our Group as required under the Mainland China Investment Regulations. As advised by our Taiwan Legal Advisors, under the Mainland China Investment Regulations, the post-transaction recordation is required to be filed with and accepted by the Taiwan Department of Investment Review within six-month following the completion of the relevant transactions under the Reorganization. The Reorganization is expected to be completed by mid-October 2024 and such recordation is expected to be filed with the Taiwan Department of Investment Review by the end of October 2024 as required by the Mainland China Investment Regulations.

LAWS AND REGULATIONS RELATING TO OUR GROUP'S BUSINESS AND OPERATION IN PRC

The following is a brief summary of the main PRC laws and regulations that are material to the operations of our Group in the PRC.

Foreign Investment

Companies incorporated in the PRC are governed by the PRC Company Law promulgated by the Standing Committee of the National People's Congress (the "SCNPC") on December 29, 1993 and came into effect on July 1, 1994. It was last amended on December 29, 2023 and came into effect on July 1, 2024. In addition, foreign-invested companies in the PRC are subject to the foreign investment laws and regulations including the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》), which was adopted by the NPC of the PRC on March 15, 2019 and came into effect on January 1, 2020, and the Implementing Rules of the Foreign Investment Law (《中華人民共和國外商投資法實施條例》, the "Implementing Rules"), which was adopted by the State Council of the PRC (the "State Council") on December 26, 2019 and came into effect on January 1, 2020. The Foreign Investment Law and the Implementing Rules replaced the Law of the PRC on Sino-foreign Equity Joint Ventures (《中華人民共和國中外合資經營企業法》), the Law of the PRC on Wholly Foreign-owned Enterprises (《中華人民共和國外資企業法》), the Law of the PRC on Sino-foreign Cooperative Joint Ventures (《中華人民共和國中外合作經營企業法》) and their respective implementing rules.

REGULATORY OVERVIEW

The Foreign Investment Law of the PRC provide that a system of pre-entry national treatment and negative list shall be applied for the administration of foreign investments, where “pre-entry national treatment” refers to that the treatment granted to foreign investors and their investments at market access stage shall be no less favorable than that granted to domestic investors and their investments, and “negative list” refers to the special administrative measures for foreign investors’ access to specific fields or industries in the PRC. Foreign investments beyond the negative list shall be granted national treatment. On December 27, 2021, the National Development and Reform Commission (the “**NDRC**”) and the Ministry of Commerce (the “**MOFCOM**”) jointly promulgated the Special Administrative Measures (Negative List) for the Access of Foreign Investment (2021 Version) (《外商投資准入特別管理措施(負面清單)(2021年版)》, the “**Negative List**”), which became effective on January 1, 2022. Foreign investors shall not invest in the fields for which foreign investment is prohibited in the Negative List. Investment in restricted fields of investment in the Negative List shall obtain foreign investment access permit. Unless otherwise specifically prohibited or restricted by the PRC laws and regulations, any industries not falling into any of the restricted or prohibited industries listed in the Negative List are generally deemed as permitted for foreign investment. The Catalog of Industries for Encouraged Foreign Investment (2022 Edition) (《鼓勵外商投資產業目錄(2022年版)》) was jointly promulgated by the NDRC and the MOFCOM on October 26, 2022 and came into effect on January 1, 2023. Foreign investment in the encouraged category is entitled to certain preferential treatment and incentives extended by the government.

International Maritime Transportation

Maritime Traffic Safety

The Maritime Traffic Safety Law of the PRC (《中華人民共和國海上交通安全法》) (the “**Maritime Traffic Safety Law**”), which was last amended and adopted by the SCNPC on April 29, 2021 and took effect on September 1, 2021, is applicable to the navigation, berthing, operation and other activities relating to maritime traffic safety in the sea areas under the jurisdiction of the PRC. According to the Maritime Traffic Safety Law, vessels shall hold the effective certificate of vessel nationality and other statutory certificates and documents, be equipped with nautical books and materials published according to the relevant provisions, hang the flags of the relevant countries, regions or organizations, and indicate the vessel name, vessel identification number, port of registry and load line marks. In addition, vessels shall meet the requirements for minimum safe manning and be staffed with crew members holding the valid certificate of conformity. No vessels of foreign nationality may enter the internal waters of the PRC unless with permission to enter the port or otherwise permitted in accordance with the Maritime Traffic Safety Law.

REGULATORY OVERVIEW

International Liner Shipping Service

According to the Regulations on International Maritime Transportation of the PRC (《中華人民共和國國際海運條例》) (the “**Regulations on International Maritime Transportation**”), which was last amended by the State Council and took effect on July 20, 2023, and the Implementation Rules of the Regulations on International Maritime Transportation of the PRC (《中華人民共和國國際海運條例實施細則》), which was last amended by the Ministry of Transport of the PRC (the “**Ministry of Transport**”) and took effect on November 10, 2023, if an international shipping service operator operates the international liner shipping business into or out of the ports in China, it is required to apply to the Ministry of Transport for registration of international liner shipping business. For new or suspended international liner shipping routes, or changes in vessels or schedules, announcements shall be made 15 days in advance and filings shall be made with the Ministry of Transport within 15 days. In addition, where the international liner shipping service operators make any liner conference agreement, operation agreement or freight rate agreement, etc. relating to the ports in the PRC between themselves, they shall file the copy of the agreement to the Ministry of Transport within 15 days from the day on which the agreement is made.

Freight Rate

Pursuant to the Regulations on International Maritime Transportation and its implementation rules, the freight rate is divided into published freight rate and agreed freight rate, both of which are required to be filed with the Ministry of Transport in the prescribed format before taking effect. The published freight rate is a freight rate contained in the freight book of international shipping service operators and non-vessel operating common carriers, which will take effect on the expiry of 30 days after the acceptance of filings by the Ministry of Transport. The agreed freight rate refers to a freight rate agreed in writing between international shipping service operators, the cargo owner and non-vessel operating common carriers, which will take effect on the expiry of 24 hours after the acceptance of filings by the Ministry of Transport. According to the Announcement of the Ministry of Transport on the Implementation Measures of Refined International Container Liner Freight Rate Filing (《交通運輸部關於國際集裝箱班輪運價精細化報備實施辦法的公告》), which was last amended by the Ministry of Transport on October 15, 2013 and became effective on November 15, 2013, the Shanghai Shipping Exchange has been designated as the receiving agency for container freight rate filings.

International Shipping Agency Service

Pursuant to the Regulations on International Maritime Transportation, its implementation rules, and relevant laws and regulations, foreign investors may invest to operate the international shipping agency service in the PRC. International shipping agency operators entrusted by the vessel owners, charterers, or vessel operators may engage in the following businesses: (i) handling the procedures for the entry and exit ports for vessels, contacting for and arranging for piloting, berthing and port handling; (ii) acting as an agent to endorse bills

REGULATORY OVERVIEW

of lading, sign shipping contracts, and accept booking for shipping space; (iii) handling the customs formalities of vessels, containers, and goods; (iv) contracting goods for shipping, organizing cargo, and handling the consignment and trans-shipment of goods and containers; (v) collecting freight charges and handling settlements as an agent; (vi) organizing passenger sources and handling relevant ocean passenger transport; and (vii) any other relevant businesses. The Ministry of Transport shall, on a regular basis, publish the names of qualified international shipping agencies at the designated website. International shipping agency operators shall also fill its basic information with Ministry of Transportation within 30 days after commencement of its business operation.

Cross-strait Shipping Operation

According to the Measures on the Administration of Cross-strait Shipping Operation (《台灣海峽兩岸間航運管理辦法》), which was promulgated by the Ministry of Transport on August 19, 1996 and became effective on August 20, 1996, and the Notice of the Ministry of Transport on Issues Concerning the Implementation of the ‘Measures on the Administration of Cross-strait Shipping Operation’ (《交通部關於實施<台灣海峽兩岸間航運管理辦法>有關問題的通知》), which was promulgated by the Ministry of Transport and became effective on October 31, 1996, shipping across the Taiwan Strait is classified as a specially regulated domestic transport. Only shipping companies incorporated in mainland China or Taiwan by mainland China investors, Taiwan investors or jointly by mainland China and Taiwan investors (大陸或台灣的獨資航運公司以及大陸及台灣的合資航運公司) may engage in Cross-strait shipping service. If a shipping company or a vessel operates two-way direct shipping service across the Taiwan Strait, the shipping company or the vessel is required to apply to the Ministry of Transport and obtain the License for Waterway Transport across Taiwan Strait or the Certificate of Ship Operation across Taiwan Strait separately in advance. The valid term of the License for Waterway Transport across Taiwan Strait is three years and the Certificate of Ship Operation across Taiwan Strait is 1 year. For continuous operation of Cross-strait shipping service after the expiration of the valid term, the relevant shipping company or vessel shall file a written application pursuant to the specified application procedures 40 days earlier.

Inspection and Quarantine of Containers

Pursuant to the Administrative Measures for the Inspection and Quarantine of Containers Entering and Exiting the PRC (《進出境集裝箱檢驗檢疫管理辦法》), which was last amended by the General Administration of Customs of the PRC on March 9, 2023 and became effective on April 15, 2023, the term “entry-exit containers” refers to containers specified by International Organization for Standardization, including filled and empty entry containers, exit containers and transit containers. Before or at such time as a container enters or leaves the PRC, or when it is in transit, the carrier, the cargo owner or the agent shall report to the customs for inspection and quarantine.

REGULATORY OVERVIEW

Transportation of Hazardous Goods

According to the Administrative Regulations on the Safety Supervision of Hazardous Goods Shipment (《船舶載運危險貨物安全監督管理規定》), which was last amended by the Ministry of Transport on July 31, 2018 and came into effect on September 15, 2018, a vessel carrying hazardous goods shall be inspected by a vessel examination agency approved by the state marine administration authority, shall obtain the corresponding examination certificates and documents, and shall remain in good condition. A vessel carrying hazardous goods shall, 24 hours before entering or leaving the port (or before leaving the previous port if the voyage is less than 24 hours), make a declaration of hazardous goods shipment to the marine administration authority. The entry and exit are subject to the approval of the marine administration authority. According to Maritime Traffic Safety Law, vessels and facilities that store, load, unload and transport hazardous goods must have safe and reliable equipment and conditions, and comply with the national regulations on the management and transportation of dangerous goods.

Foreign Exchange

The principal regulations governing foreign currency exchange in the PRC are the Foreign Exchange Administrative Regulations (《中華人民共和國外匯管理條例》), the “**SAFE Regulations**”), which was promulgated by the State Council on January 29, 1996 and last amended on August 5, 2008. According to the SAFE Regulations and Administrative Provisions on the Settlement, Sales and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》) promulgated by the People’s Bank of China on June 20, 1996 and came into effect on July 1, 1996, payments of current account items, such as profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from the State Administration of Foreign Exchange (the “SAFE”), by complying with certain procedural requirements. By contrast, approval from or registration with appropriate government authorities is required where RMB is to be converted into foreign currency and remitted out of China to pay capital account items, such as direct investments, repayment of foreign currency-denominated loans, repatriation of investments and investments in securities outside of China.

SAFE issued the Circular of the State Administration of Foreign Exchange on Reforming the Management Approach Regarding the Settlement of Foreign Capital of Foreign-invested Enterprise (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》), the “**SAFE Circular 19**”), which became effective on June 1, 2015. SAFE Circular 19 allows for the use of RMB converted from the foreign currency-denominated capital for equity investments in the PRC provided that such usage shall fall into the scope of business of the foreign-invested enterprise, which will be regarded as the reinvestment of foreign-invested enterprise.

REGULATORY OVERVIEW

On October 23, 2019, SAFE promulgated the Notice on Further Facilitating Cross-Board Trade and Investment (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》, the “SAFE Circular 28”), which became effective on the same date (except for Article 8.2, which became effective on January 1, 2020). The notice canceled restrictions on domestic equity investments made with capital funds by non-investing foreign-funded enterprises. In addition, restrictions on the use of funds for foreign exchange settlement of domestic accounts for the realization of assets have been removed and restrictions on the use and foreign exchange settlement of foreign investors’ security deposits have been relaxed. Eligible enterprises in the pilot area are also allowed to use revenue under capital accounts, such as capital funds, foreign debts and overseas listing revenue for domestic payments without providing materials to the bank in advance for authenticity verification on an item-by-item basis, while the use of funds should be true, in compliance with applicable rules and conforming to the current capital revenue management regulations.

Employment and Social Welfare

Employment

Pursuant to the Labor Law of the PRC (《中華人民共和國勞動法》), which was promulgated by the SCNPC on July 5, 1994 and amended on August 27, 2009 and December 29, 2018 respectively, the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》), which was promulgated by the SCNPC on June 29, 2007 and was last amended on December 28, 2012, and the Implementation Rules of the Labor Contract Law of the PRC (《中華人民共和國勞動合同法實施條例》), which was promulgated by the State Council and coming into effect on September 18, 2008, employers must execute written labor contracts with full-time employees. The employer shall strictly comply with the national standards, provide trainings to its employees, protect their labor rights and perform its labor obligations. The remuneration payable by an employer to its employees shall not be lower than the local minimum standard.

Social Insurance and Housing Provident Fund

Pursuant to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》), which was promulgated by the SCNPC on October 28, 2010 and last amended on December 29, 2018, the Administrative Regulations on Housing Provident Fund of the PRC (《中華人民共和國住房公積金管理條例》), which was promulgated by the State Council on April 3, 1999 and last amended on March 24, 2019, the Provisional Regulations on Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》), which was promulgated by the State Council on January 22, 1999 and last amended on March 24, 2019, and other applicable laws and regulations, a company shall pay premium for basic pension insurance, unemployment insurance, maternity insurance, work injury insurance, basic medical insurance and housing provident fund for its employees at the applicable rates. Failing to pay such premium to local administrative authorities on time or in full as required may lead to overdue settlement or fines.

REGULATORY OVERVIEW

Leases

Pursuant to the Administrative Measures for Commercial House Leasing (《商品房屋租賃管理辦法》), which was promulgated by the Ministry of Housing and Urban-Rural Development of the PRC on December 1, 2010 and came into effective on February 1, 2011, the parties to a housing lease shall file with the competent construction (real estate) authority within 30 days after the lease contract is signed. Enterprises failing to comply with such filing requirements and failing to rectify within the required time limits shall be subject to fines from RMB1,000 to RMB10,000. Notwithstanding the foregoing, according to the Civil Code of the PRC (《中華人民共和國民法典》), failure to file the lease contract in accordance with the requirements of relevant laws, regulations and rules does not affect the validity of the contract.

Intellectual Property Rights

Trademark

The Trademark Law of the PRC (《中華人民共和國商標法》), which was last amended by the SCNPC on April 23, 2019 and came into effect on November 1, 2019, protects registered trademarks including commodity trademarks, service trademarks, collective marks and certification marks. The trademark registrant shall enjoy an exclusive right to use the trademark on the goods or services for which the use of a trademark has been approved. The Trademark Office of the National Intellectual Property Administration handles the registration of trademarks, and the validity period of a registered trademark is 10 years from the date on which the trademark registration is approved.

Taxation

Enterprise Income Tax

According to the Enterprise Income Tax Law of the PRC (2018 Revision) (《中華人民共和國企業所得稅法(2018修正)》) (the “**EIT Law**”), which was promulgated by the SCNPC and became effective on December 29, 2018, and the Regulations on the Implementation of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》) (the “**EIT Regulations**”), which was promulgated by the State Council and became effective on April 23, 2019, enterprises are classified as either resident enterprises or non-resident enterprises. Resident enterprises refer to enterprises that are established in accordance with PRC laws, or that are established in accordance with the laws of foreign countries or regions but whose actual management bodies are within the PRC. Non-resident enterprises refer to enterprises that are set up in accordance with the laws of foreign countries or regions and whose actual management bodies are outside the PRC, but who (whether or not through the establishment of institutions in the PRC) derive income from the PRC. Under the EIT Law and EIT Regulations, the rate of enterprise income tax shall be 25%. In respect of the Non-resident enterprises that have not set up institutions or establishments in the PRC, or have set up institutions or establishments but the income obtained by the said enterprises has no actual connection with the set-up institutions or establishments, they shall pay enterprise income tax in relation to their income originating from the PRC, and the applicable tax rate shall be 20%.

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Value-Added Tax

According to the Temporary Regulations on Value-Added Tax of the PRC (《中華人民共和國增值稅暫行條例》), which was last amended by the State Council and became effective on November 19, 2017, and the Detailed Rules for the Implementation of the Provisional Regulations on Value-Added Tax of the PRC (《中華人民共和國增值稅暫行條例實施細則》), which was last amended by the Ministry of Finance on October 28, 2011 and became effective on November 1, 2011 (together with the Temporary Regulations on Value-Added Tax of the PRC, the “VAT Law”), taxpayers who are engaged in the sale of goods, or the provision of processing, repairing and replacement services, sell service, intangible assets or immovables or import goods within the territory of the PRC are value-added tax payers, and must pay value-added tax in accordance with the VAT Law. Other than those specified in the VAT Law, the tax rate of value-added tax payers for selling services or intangible assets is 9% or 6%.

According to the Appendix III (Provisions on Transitional Policies for the Pilot Program of the Collection of Value-added Tax in Lieu of Business Tax, 《營業稅改徵增值稅試點過度政策的規定》) of the Notice of the Ministry of Finance and the State Administration of Taxation on the Comprehensive Implementation of the Pilot Program for the Conversion of Business Tax to Value Added Tax (《財政部、國家稅務總局關於全面推開營業稅改徵增值稅試點的通知》), international freight transportation agency services provided by taxpayers directly or indirectly are exempted from Value-added Tax.

Dividend Withholding Tax

The EIT Law provides that since January 1, 2008, an income tax rate of 10% will normally be applicable to dividends declared to non-PRC resident investors that do not have an establishment or place of business in China, or that have such establishment or place of business but the relevant income is not effectively connected with the establishment or place of business, to the extent such dividends are derived from sources within China.

Pursuant to the Arrangement Between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income and Capital (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》), and other applicable PRC laws, if a Hong Kong resident enterprise is determined by the competent PRC tax authority to have met the relevant conditions and requirements under this arrangement and other applicable laws, the 10% withholding tax on the dividends the Hong Kong resident enterprise receives from a PRC resident enterprise may be reduced to 5%. However, based on the Circular on Certain Issues with Respect to the Enforcement of Dividend Provisions in Tax Treaties (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》) promulgated on February 20, 2009, if the relevant PRC tax authorities determine, in their discretions, that a company benefits from such reduced income tax rate due to a structure or arrangement that is primarily tax-driven, such PRC tax authorities may adjust the preferential tax treatment.

REGULATORY OVERVIEW

Pursuant to the Circular on Several Questions regarding the “Beneficial Owner” in Tax Treaties (《國家稅務總局關於稅收協定中「受益所有人」有關問題的公告》), which was promulgated on February 3, 2018 by the SAT and became effective on April 1, 2018, when determining the applicant’s status as the “beneficial owner” regarding tax treatments in connection with dividends, interests, or royalties in the tax treaties, several factors, including, without limitation, whether the applicant is obligated to pay more than 50% of his or her income in twelve months to residents in third country or region, whether the business operated by the applicant constitutes the actual business activities, and whether the counter party country or region to the tax treaties does not levy any tax or grant any tax exemption on relevant incomes or levy tax at an extremely low rate, will be taken into account, and such factors will be analyzed according to the actual circumstances of the specific cases. This circular further provides that an applicant who intends to prove his or her status as the “beneficial owner” must submit the relevant documents to the relevant tax bureau pursuant to the Announcement of State Taxation Administration on Promulgation of the Administrative Measures on Non-resident Taxpayers Enjoying Treaty Benefits (《國家稅務總局關於發布〈非居民納稅人享受稅收協定待遇管理辦法〉的公告》).

Tax on Indirect Transfer

On February 3, 2015, the SAT promulgated the Circular on Issues of Enterprise Income Tax on Indirect Transfers of Assets by Non-PRC Resident Enterprises (《國家稅務總局關於非居民企業間接轉讓財產企業所得稅若干問題的公告》), the “**SAT Circular 7**”). Pursuant to SAT Circular 7, an “indirect transfer” of assets, including equity interests in a PRC resident enterprise, by non-PRC resident enterprises, may be recharacterized and treated as a direct transfer of PRC taxable assets, if such arrangement does not have a reasonable commercial purpose and was established for the purpose of avoiding payment of PRC enterprise income tax. As a result, gains derived from such indirect transfer may be subject to PRC enterprise income tax. When determining whether there is a “reasonable commercial purpose” in the transaction arrangement, features to be taken into consideration include, inter alia, whether the main value of the equity interest of the relevant offshore enterprise derives directly or indirectly from PRC taxable assets; whether the assets of the relevant offshore enterprise mainly consists of direct or indirect investment in China or if its income is mainly derived from China; and whether the offshore enterprise and its subsidiaries directly or indirectly holding PRC taxable assets have a real commercial nature which is evidenced by their actual function and risk exposure. SAT Circular 7 does not apply to transactions of sale of shares by investors through a public stock exchange where such shares were acquired on a public stock exchange.

Overseas Listing

On February 17, 2023, the CSRC promulgated Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the “**Overseas Listing Trial Measures**”) and five supporting guidelines, which came into effect on March 31, 2023 and reform the existing regulatory regime for overseas securities offering and listing by PRC domestic companies. The Overseas Listing Trial Measures adopted a filing-based regulatory regime and regulate both direct and indirect offerings and listings in overseas markets by PRC domestic companies.

REGULATORY OVERVIEW

According to the Overseas Listing Trial Measures, any PRC domestic company seeking initial public offerings or listings in overseas markets, either directly or indirectly, are required to file with the CSRC within 3 working days after the relevant application is submitted overseas (the “**filing procedure**”). Pursuant to Article 15 of the Overseas Listing Trial Measures (the “**Article 15**”), if an issuer satisfies both of the following conditions, the overseas securities offering and listing conducted by such issuer will be deemed as indirect overseas listing by PRC domestic companies: (i) 50% or more of any of the issuer’s operating revenue, total profit, total assets or net assets as documented in its audited consolidated financial statements for the most recent fiscal year is accounted for by PRC domestic companies; and (ii) the main parts of the issuer’s business activities are conducted in the PRC, or its main place(s) of business are located in the PRC, or the majority of senior management staff in charge of its business operations and management are PRC citizens or are domiciled in the PRC. Article 15 further provides that a “substance over form” principle (the “**Principle**”) shall be followed when determining whether an issuer is subject the filing requirements under the Overseas Listing Trial Measures. Furthermore, pursuant to Article 4 of Guidelines for Application of Regulatory Rules – Overseas Offering and Listing No. 1 (監管規則適用指引– 境外發行上市類第1號), where an issuer does not fall within the circumstances stipulated in Article 15(i) and (ii), but submits the application for offering and listing in an overseas market in accordance with the relevant provisions on non-local issuers, and the risk factors disclosed are primarily related to the PRC, the securities company and the issuer’s PRC legal advisor shall follow the Principle and conduct comprehensive demonstration and identification of whether the issuer falls within the scope of the filing requirements.

Pursuant to the Overseas Listing Trial Measures, where a PRC domestic company fails to fulfill filing procedure, the CSRC shall order rectification, issue warnings to such domestic company and impose a fine of between RMB1,000,000 and RMB10,000,000. Directly liable persons-in-charge and other directly liable persons shall be warned and each imposed a fine of between RMB500,000 and RMB5,000,000. Controlling shareholders and actual controllers of the domestic company that organize the aforementioned violations shall be imposed a fine of RMB1,000,000 and RMB10,000,000, and directly liable persons-in-charge and other directly liable persons shall be warned and each imposed a fine of between RMB500,000 and RMB5,000,000. Securities companies and securities service providers that fail to duly urge compliance with the Overseas Listing Trial Measures by the domestic company shall be warned and imposed a fine of between RMB500,000 and RMB5,000,000, and directly liable persons-in-charge and other directly liable persons shall be warned and each imposed a fine of between RMB200,000 and RMB2,000,000.

SANCTIONS LAWS AND REGULATIONS

Hogan Lovells, our International Sanctions Legal Advisors, have provided the following summary of the sanctions regimes imposed by their respective jurisdictions. This summary does not intend to set out the laws and regulations relating to the U.S., the European Union, the United Nations and Australian sanctions in their entirety.

REGULATORY OVERVIEW

U.S.

Treasury regulations

OFAC is the primary agency responsible for administering U.S. sanctions programmes against targeted countries, entities, and individuals. “Primary” U.S. sanctions apply to “U.S. persons” or activities involving a U.S. nexus (e.g., funds transfers in U.S. currency even if performed by non-U.S. persons), and “secondary” U.S. sanctions apply extraterritorially to the activities of non-U.S. persons even when the transaction has no U.S. nexus. Generally, U.S. persons are defined as entities organized under U.S. law (such as companies and their U.S. subsidiaries); any U.S. entity’s domestic and foreign branches (sanctions against Iran and Cuba also apply to U.S. companies’ foreign subsidiaries or other non-U.S. entities owned or controlled by U.S. persons); U.S. citizens or permanent resident aliens (“green card” holders), regardless of their location in the world; individuals physically present in the United States; and U.S. branches or U.S. subsidiaries of non-U.S. companies.

Depending on the sanctions program and/or parties involved, U.S. law also may require a U.S. company or a U.S. person to “block” (freeze) any assets/property interests owned, controlled or held for the benefit of a sanctioned country, entity, or individual when such assets/property interests are in the United States or within the possession or control of a U.S. person. Upon such blocking, no transaction may be undertaken or effected with respect to the asset/property interest – no payments, benefits, provision of services or other dealings or other type of performance (in case of contracts/agreements) – except pursuant to an authorization or license from OFAC.

OFAC’s comprehensive sanctions programmes currently apply to Cuba, Iran, North Korea, Syria, the Crimea region of Russia/Ukraine, and the self-proclaimed Luhansk People’s Republic (LPR) and Donetsk People’s Republic (DPR) regions (the comprehensive OFAC sanctions programme against Sudan was terminated on October 12, 2017). OFAC also prohibits virtually all business dealings with persons and entities identified in the SDN List. Entities that a party on the SDN List owns (defined as a direct or indirect ownership interest of 50% or more, individually or in the aggregate) are also blocked, regardless of whether that entity is expressly named on the SDN List. Additionally, U.S. persons, wherever located, are prohibited from approving, financing, facilitating, or guaranteeing any transaction by a non-U.S. person where the transaction by that non-U.S. person would be prohibited if performed by a U.S. person or within the United States.

United Nations

The United Nations Security Council (the “UNSC”) can take action to maintain or restore international peace and security under Chapter VII of the United Nations Charter. Sanctions measures encompass a broad range of enforcement options that do not involve the use of armed force. Since 1966, the UNSC has established 30 sanctions regimes.

REGULATORY OVERVIEW

The UNSC sanctions have taken a number of different forms, in pursuit of a variety of goals. The measures have ranged from comprehensive economic and trade sanctions to more targeted measures such as arms embargoes, travel bans, and financial or commodity restrictions. The UNSC has applied sanctions to support peaceful transitions, deter non-constitutional changes, constrain terrorism, protect human rights and promote non-proliferation.

There are 14 ongoing sanctions regimes which focus on supporting political settlement of conflicts, nuclear non-proliferation, and counter-terrorism. Each regime is administered by a sanctions committee chaired by a non-permanent member of the UNSC. There are ten monitoring groups, teams and panels that support the work of the sanctions committees.

United Nations sanctions are imposed by the UNSC, usually acting under Chapter VII of the United Nations Charter. Decisions of the UNSC bind members of the United Nations and override other obligations of United Nations member states.

European Union

Under European Union sanction measures, there is no ‘blanket’ ban on doing business in or with a jurisdiction targeted by sanctions measures. It is not generally prohibited or otherwise restricted for a person or entity to do business (involving non-controlled or unrestricted items) with a counterparty in a country subject to European Union sanctions where that counterparty is not a Sanctioned Person and not engaged in prohibited activities, such as exporting, selling, transferring or making certain controlled or restricted products available (either directly or indirectly) to, or for use in a jurisdiction subject to sanctions measures, provided that no funds and economic resources are made available to the Sanctioned Persons.

United Kingdom and United Kingdom overseas territories

As of January 1, 2021, the United Kingdom is no longer an EU member state. EU law including EU sanctions measures continued to apply to and in the United Kingdom until December 31, 2020. EU sanctions measures had also been extended by the United Kingdom on a regime by regime basis to apply in the United Kingdom overseas territories, including the Cayman Islands. Starting from January 1, 2021, the United Kingdom applies its own sanctions programs and has extended its autonomous sanctions regimes to apply to and in the United Kingdom overseas territories.

Australia

The Australian restrictions and prohibitions arising from the sanctions laws apply broadly to any person in Australia, any Australian anywhere in the world, companies incorporated overseas that are owned or controlled by Australians or persons in Australia, and/or any person using an Australian flag vessel or aircraft to transport goods or transact services subject to United Nations sanctions.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

OVERVIEW

We are an Asia Pacific Region focused container shipping company. Our history can be traced back to 2001 when Mr. Chen (our chief executive officer, chairman of our Board, an executive Director, and a Controlling Shareholder who had accumulated a wealth of over 43 years' experience in the shipping industry) and Mrs. Chen (an executive Director, a Controlling Shareholder and the spouse of Mr. Chen) established our Company with a number of investors, including a company established in Cyprus and beneficially owned by Mr. Sharafuddin (whose background is set out in "Relationship with our Controlling Shareholders") ("**Sharafuddin Co**") and Mr. Wu (an operator of shipping agencies based in mainland China, Hong Kong and Taiwan), with the aim of developing and operating trade lanes among Hong Kong, Taiwan and Japan. Over the years of development, we have expanded into a container shipping company with over 40 trade lanes in the Intra-Asia market and other markets.

OUR BUSINESS MILESTONES

We set forth below our key business development and milestones:

Time	Milestone
2001	<ul style="list-style-type: none">• Established our Company• Commenced our trade lanes among Hong Kong, Taiwan and Japan
2002	<ul style="list-style-type: none">• Expanded our trade lanes to Korea, Singapore, Malaysia and Indonesia
2003	<ul style="list-style-type: none">• Commenced our trade lanes among Hong Kong and Ho Chi Minh• Commenced our express shipping services in Hong Kong, Cambodia, Thailand and Ho Chi Minh
2006	<ul style="list-style-type: none">• Commenced our trade lanes among the Middle East, mainland China and Japan• Established our subsidiary in Japan
2007	<ul style="list-style-type: none">• Expanded our trade lanes to East Africa

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

<u>Time</u>	<u>Milestone</u>
2008	<ul style="list-style-type: none">• Commenced our trade lanes among Korea and Indonesia• Expanded our trade lanes to Bangladesh
2010	<ul style="list-style-type: none">• Expanded our trade lanes to Australia and commenced our trans-Pacific service
2011	<ul style="list-style-type: none">• Expanded our trade lanes to Haiphong• Established our subsidiary in mainland China• Expanded our trade lanes to Yangon
2016	<ul style="list-style-type: none">• Established our subsidiaries in Vietnam
2017	<ul style="list-style-type: none">• Received the Gold Award of Maritime Cargo Information Forecast Plan (海運貨物資料預報計劃金獎) issued by the Hong Kong Customs, an award which we received for five consecutive years since 2017
2021	<ul style="list-style-type: none">• Expanded our trade lanes to New Zealand and Canada
2022	<ul style="list-style-type: none">• Expanded our trade lanes to the United Kingdom, Netherlands, Germany, Belgium and the east coast of the United States• Established our subsidiary in the Philippines
2023	<ul style="list-style-type: none">• Upgraded our vessels portfolio with 12 new vessels
2024	<ul style="list-style-type: none">• Established our subsidiary in Singapore

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

OUR CORPORATE DEVELOPMENTS

Our Company

Our Company was established in Hong Kong as a company with limited liability on March 2, 2001 and is principally engaged in the provision of container shipping services. On the date of its incorporation, one share was allotted and issued to each of our founders, namely Mr. Chen and Mrs. Chen, at par. On April 18, 2001, our Company allotted and issued further shares to Mr. Chen, as well as our investors, namely Sharafuddin Co and Mr. Wu, at the subscription price of approximately US\$2.7 million, US\$2.5 million and US\$1 million, respectively, upon completion of which the shareholding structure of our Company was as follows:

<u>Name of Shareholder</u>	<u>Approximate percentage shareholding</u>
Mr. Chen	43.55%
Mrs. Chen ^(Note)	0.00%
Sharafuddin Co	40.32%
Mr. Wu	16.13%
Total	100%

Note: Mrs. Chen held one ordinary share in our Company.

Our Company subsequently underwent the following share issuances and share transfers prior to the commencement of the Track Record Period, i.e. January 1, 2021:

- On January 30, 2002, Mr. Wu transferred 8.06% shareholding in our Company to Mr. Cheng Min-Cheng (“**Mr. Cheng**”), an Independent Third Party, at the consideration of US\$500,000;
- On February 15, 2002, our Company allotted and issued shares to Sharafuddin Co and United Logistics International Co., Ltd. (“**United Logistics**”), a company established in Taiwan controlled by Mr. Hung Ying-Cheng (“**Mr. Hung**”), representing approximately 3.06% and 2.44% of its enlarged issued share capital at the total subscription price of US\$200,000 and US\$160,000, respectively;
- On January 17, 2005, Mr. Cheng transferred his entire shareholding in our Company (representing 7.62% of its then total issued share capital) to Mr. Wu at the consideration of US\$500,000;

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

- On November 8, 2005, our Company allotted and issued a total of 9,060,000 shares to its then existing shareholders (namely, Mr. Chen, Mrs. Chen, Sharafuddin Co, Mr. Wu and United Logistics) at the total subscription price of US\$9,060,000 on a pro rata basis based on their then respective shareholding in our Company;
- On February 8, 2006, Sharafuddin Co transferred its entire shareholding in our Company (representing 41.16% of its then total issued share capital) to another company beneficially owned by Mr. Sharafuddin, namely Pentage Limited (“**Pentage**”), at the consideration of US\$6,428,963, which was determined based on the total par value of the relevant shares in our Company. The transfer was made such that Mr. Sharafuddin’s interests in our Company would be held through a company with a more neutral name, in terms of its geographical location, business nature or otherwise, as compared to the name of Sharafuddin Co, i.e. Emirates Shipping Company Limited;
- On September 20, 2006, Pentage transferred its entire shareholding in our Company (representing 41.16% of its then total issued share capital) to T.S. Shipping Co., Ltd. (“**TS Shipping**”), an investment holding company incorporated in Samoa on November 26, 2002 and wholly owned by Mrs. Chen at the time, at the consideration of US\$6,428,963, which was determined based on the total par value of the relevant shares in our Company. TS Shipping was legally owned by Mrs. Chen, who held the entire issued shares in TS Shipping for and on behalf of Mr. Sharafuddin. Immediately prior to the aforementioned share transfer to TS Shipping, our Company was beneficially owned as to 41.16% by the Chen Family Group, 41.16% by Mr. Sharafuddin and 17.68% by the remaining shareholders. As a passive investor of our Group (being a private company prior to the Listing) without involving in the daily operation and management, Mr. Sharafuddin decided to own his stake in our Group by way of a trust arrangement pursuant to which he could maintain his beneficial ownership without publicity. Such investment in the Company was a personal investment of Mr. Sharafuddin. As Mr. Sharafuddin owned various shipping agencies, whose target customers are primarily container shipping companies, it was not considered in his best interest to publicize his personal interests in a particular container shipping company. In light of the above, Mr. Sharafuddin and Mrs. Chen made the trust arrangement, which did not change the beneficial ownership, on the basis that Mr. Chen and his family had all along been leading the day-to-day management and operations of our Group (including with respect to external relationships such as communications with customers, business partners and other stakeholders) as the leading shareholder, while Mr. Sharafuddin had been maintaining his role as a passive investor in our Group. Such trust arrangement was terminated when TS Shipping subsequently transferred its entire shareholding in our Company to Vision Investments, a company beneficially owned by Mr. Sharafuddin, on December 28, 2021. Save for the stamp duty in connection with the transfer of aforesaid shares in the Company from Pentage to TS Shipping,

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

to the best knowledge of the Directors, there was no tax or transaction costs in relation to the such trust arrangement between Mr. Sharafuddin and Mrs. Chen in relation to the shares in TS Shipping.

- On January 12, 2009, our Company (i) made a bonus issue of a total of 3,905,000 shares to its then existing shareholders (namely, Mr. Chen, Mrs. Chen, TS Shipping, Mr. Wu and United Logistics); and (ii) further allotted and issued a total of 10,475,000 shares to such shareholders at the total subscription price of US\$10,475,000 on a pro rata basis based on their then respective shareholding in our Company;
- On December 17, 2009, our Company allotted and issued a total of 20,000,000 shares to its then existing shareholders (except Mr. Wu) (namely, Mr. Chen, Mrs. Chen, TS Shipping and United Logistics) at the total subscription price of US\$20,000,000 on a pro rata basis based on their then respective shareholding in our Company;
- On August 14, 2015, our Company allotted and issued a total of 20,000,000 shares to TS Shipping, Prevalence (a company wholly-owned by Mrs. Chen), Mr. Wu, Ms. Meng Sheng-Ling (the spouse of Mr. Chen's cousin) ("**Ms. Meng**") and United Logistics (representing approximately 12.6%, 10.5%, 2.6%, 2.2% and 0.7% of its enlarged issued share capital) at the subscription price of US\$8,841,463, US\$7,317,073, US\$1,829,269, US\$1,524,390 and US\$487,805, respectively;
- On May 30, 2016, Ms. Meng transferred her entire shareholding in our Company (representing 12.63% of its then total issued share capital) to Prevalence at the consideration of US\$1,829,269; and
- On December 23, 2020, Mr. Chen transferred 10% shareholding in our Company to each of Providence (a company wholly and beneficially owned by Mr. James Chen, the son of Mr. Chen and Mrs. Chen) and AM Holding (a company wholly and beneficially owned by Ms. Christy Chen, the daughter of Mr. Chen and Mrs. Chen) at a consideration of US\$7,000,000 and US\$7,000,000, respectively. On the same date, Mrs. Chen transferred seven shares in our Company to Prevalence, a company wholly and beneficially owned by her, at the total consideration of US\$7. The Chen Family Group, which consists of Mr. Chen, Mrs. Chen, Mr. James Chen and Ms. Christy Chen, by virtue of their family relationship, are parties acting in concert with each other in respect of our Company.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Following the share transfers and share issuances set out above, the shareholding structure of our Company as at the commencement of the Track Record Period (namely January 1, 2021) was as follows:

Name of Shareholder	Approximate percentage shareholding
Mr. Chen	11.58%
Prevalence ⁽¹⁾	12.63%
Providence	10%
AM Holding	10%
	<hr/>
The Chen Family Group	44.21%
	<hr/>
TS Shipping ⁽²⁾	44.21%
Mr. Wu ⁽³⁾	9.14%
United Logistics	2.44%
	<hr/>
Total	100%

Notes:

1. Prevalence is a company incorporated in Samoa and is wholly and beneficially owned by Mrs. Chen.
2. TS Shipping was wholly-owned by Mrs. Chen, who held the entire issued shares of TS Shipping for and on behalf of Mr. Sharafuddin at the relevant time.
3. As of the Latest Practicable Date, an individual (being an Independent Third Party) had brought a legal action against Mr. Wu in the courts of Hong Kong pursuant to which such individual alleged, among other things, that Mr. Wu held certain Shares in our Company (the “**Subject Shares**”), representing 2.14% of our total issued share capital as of the Latest Practicable Date, on trust for such individual. As of the Latest Practicable Date, such legal action is still ongoing and has not yet been settled. In light of the uncertainty over the beneficial ownership of the Subject Shares, Mr. Wu has agreed not to receive the interim dividends declared by our Company on April 28, 2023 in respect of the Subject Shares and any further dividends that may be declared by our Company in respect of the Subject Shares unless and until Mr. Wu has been finally adjudicated by a court of competent jurisdiction to be the beneficial owner of the Subject Shares as at the relevant dates. See “Risk Factors — Risks relating to our business and industry — We may be involved in litigation, legal disputes, claims or administrative proceedings which could be costly and time-consuming to resolve” for potential risks in relation to such dispute. Mr. Wu was previously a director of our Company but has resigned from such role on February 9, 2023 so as to devote sufficient time and resources to handle the potential matters arising from such dispute and other personal matters. He was not involved in the daily operations and management of our Group while he was a Director of our Company. The Subject Shares which represent 2.14% of our total issued share capital as of the Latest Practicable Date will be counted towards the public float.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

In view of the proposed Listing:

- (a) Mr. Sharafuddin agreed that Mrs. Chen shall no longer hold the indirect ownership of the shares in our Company for and on behalf of himself. As such, on December 28, 2021, TS Shipping transferred its entire 44.21% shareholding in our Company to Vision Investments (a company incorporated in Guernsey and beneficially owned by Mr. Sharafuddin) upon completion of which the trust arrangement between Mrs. Chen and Mr. Sharafuddin in relation to the shares in TS Shipping was terminated on December 28, 2021;

- (b) as part of United Logistics' internal corporate restructuring (the “**United Logistics Restructuring**”), in 2022, United Logistics decided to firstly transfer its entire 2.44% shareholding in our Company to its largest beneficial owner, namely Mr. Hung (who is the founder, chairman (up to June 2024) and a director of United Logistics, and has been the controlling shareholder of United Logistics since 1998) then subsequently allow other shareholders of United Logistics, such as Mr. Chow I-Chang (周宜強) (“**Mr. Chow**”) (a minority shareholder of United Logistics since 2008 and is beneficially interested in approximately 12.93% of United Logistics as of the Latest Practicable Date), to further purchase such Shares in proportion to their shareholding in United Logistics from Mr. Hung. Save for Mr. Chow, no other shareholders of United Logistics purchased such Shares from Mr. Hung. Pursuant to the United Logistics Restructuring:
 - (i) *Firstly*: United Logistics firstly transferred the entire 2.44% shareholding in our Company to Mr. Hung at a consideration of US\$9,783,865, which was determined after arm's length negotiations with reference to the net asset value of our Company attributable to our equity shareholders as of December 31, 2020 and was fully paid on January 25, 2022. Such transfer was completed on February 23, 2022, pursuant to which the aforesaid shareholding in our Company was firstly transferred by United Logistics to Mr. Hung and United Logistics ceased to be a Shareholder and Mr. Hung became directly interested in 2.44% of our Shares;

 - (ii) *Secondly*: On June 13, 2022, Crane Movement was incorporated in the BVI and has been wholly-owned by Mr. Hung since its incorporation. It was intended that the Shares held by Mr. Hung would be transferred to Crane Movement closer to the Listing Date. Accordingly, on October 10, 2024, Mr. Hung transferred his entire 2.44% shareholding in our Company to Crane Movement; and

 - (iii) *Thirdly*: Taking into account Mr. Chow's approximately 12.93% equity interest in United Logistics, subsequent to the completion of the aforementioned transfer of Shares from Mr. Hung to Crane Movement and after the approval from the Taiwan Department of Investment Review for the share transfer from Crane Movement to CICHK having been obtained, Mr. Hung would direct

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Crane Movement to transfer 449,074 Shares (being 0.32% of the shareholding in our Company) to CICHK (a company wholly-owned by Mr. Chow). For further information about this transfer and Mr. Chow’s shareholding in our Group, please refer to the paragraph headed “Reorganization — 2. Transfer of Shares in our Company to investment vehicles of shareholders — Crane Movement (Mr. Hung) and CICHK (Mr. Chow)” in this section below;

- (c) on October 10, 2024, Mr. Chen transferred his entire 11.58% shareholding in our Company to TS Investment (a company incorporated in the Marshall Islands and wholly-owned by Mr. Chen) for his own personal financial planning purpose; and
- (d) on October 10, 2024, Mr. Wu transferred his 6.98% shareholding in our Company to Kentship (a company incorporated in the BVI and wholly-owned by Mr. Wu) for his own personal financial planning purpose.

Therefore, the shareholding structure of our Company (prior to the transfer of Shares by Crane Movement to CICHK, the investment holding company of Mr. Chow) was as follows:

Name of Shareholder	Approximate percentage shareholding
TS Investment	11.58%
Prevalence	12.63%
Providence	10%
AM Holding	10%
 The Chen Family Group	 44.21%
Vision Investments ^(Note)	44.21%
Kentship	6.98%
Mr. Wu	2.16%
Crane Movement	2.44%
 Total	 100%

Note: As disclosed above, TS Shipping transferred 44.21% shareholding in our Company to Vision Investments on December 28, 2021. During the period from December 28, 2021 to April 10, 2022, the legal title to the entire issued shares of Vision Investments (an investment holding company incorporated in Guernsey) were held by First Court Limited (a professional trustee company incorporated in Guernsey) for his estate planning purposes whilst Mr. Sharafuddin held the beneficial ownership over entire issued shares of Vision Investments during such period. On April 11, 2022, First Court Limited transferred the entire issued shares in Vision Investments to Mr. Sharafuddin, upon completion of which the nominee arrangements as described above was terminated accordingly and Mr. Sharafuddin became the sole shareholder of Vision Investments. On February 28, 2024, Mr. Sharafuddin founded Nova Foundation in Guernsey for his estate planning purposes and since its incorporation, he has been and will remain to be the sole guardian of Nova Foundation until the earlier of (i) his death; (ii) the expiry of the period of twelve months from the Listing Date; or (iii) the date as unanimously

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

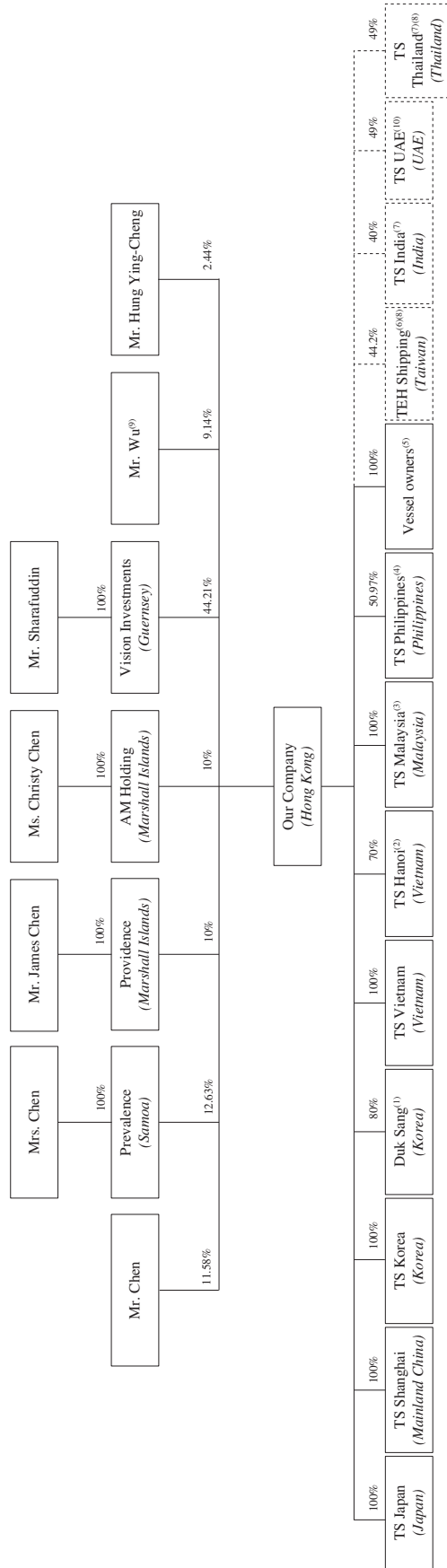
decided by the council (the “**Council**”) formed by the sole councillor of Nova Foundation, being an Independent Third Party, with the prior or contemporaneous consent of Mr. Sharafuddin (collectively, the “**Initial Period**”). Mr. Sharafuddin, as the sole guardian of Nova Foundation whose function is to enforce the estate planning purpose of Nova Foundation, is vested with various duties and powers including, amongst others, holding the Council accountable to him in relation to the administration of Nova Foundation’s assets (including Vision Investments) and sanctioning or authorizing certain actions to be taken by the Council that is in the best interests of Nova Foundation. On March 7, 2024, Mr. Sharafuddin transferred the entire issued shares in Vision Investments to Nova Foundation. Pursuant to the rules of Nova Foundation, (i) Vision Investments is beneficially held by Nova Foundation for its founder only, namely Mr. Sharafuddin, and shall not be beneficially held for any other beneficiary or person for a period expiring twelve months after the Listing Date; and (ii) the Council must ensure that Vision Investments does not dispose of its Shares during the Initial Period. For the avoidance of doubt, Mr. Sharafuddin has remained the sole ultimate beneficial owner of the aforesaid 44.21% shareholding in our Company from December 28, 2021 (the date on which such shares were transferred to Vision Investments) up to the Latest Practicable Date.

Our subsidiaries

As of the Latest Practicable Date, we had 32 subsidiaries and one branch office, comprising (i) 11 companies and one branch office principally engaged in marketing and sales activities and local liaison services of our Group in mainland China, Taiwan and in countries such as Japan, Korea, Vietnam, Malaysia, the Philippines, Singapore and the UAE; and (ii) 21 companies which were the registered owners of vessels owned by our Group (including five investment holding companies which were previously registered owners of vessels).

REORGANIZATION

The following chart sets forth our shareholding structure immediately before the Reorganization:



HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Notes:

1. Duk Sang was owned as to 80% by our Company and 20% by Mr. Choi Young Soo, a director of Duk Sang and our business partner for our business operation in Korea.
2. TS Hanoi was owned as to 70% by our Company and 30% by Container Vietnam JSC (Viconship), an Independent Third Party and our business partner for our business operation in Vietnam.
3. Mr. Chen and Mr. Wu transferred the entire equity interest in TS Malaysia to our Company on August 23, 2022. Prior to such transfers, Mr. Chen and Mr. Wu had been holding the entire equity interest in TS Malaysia for and on behalf of our Company since its incorporation. Our staff at the time inadvertently registered Mr. Chen and Mr. Wu (instead of our Company) as the registered shareholders of TS Malaysia at its incorporation. Due to administrative convenience, Mr. Chen and Mr. Wu held such shares in TS Malaysia on trust for our Company until the aforesaid transfer. In light of the Listing, our Company considered that it shall hold direct ownership in TS Malaysia and thus the trust arrangement was terminated upon completion of the transfers on August 23, 2022.
4. Prior to the Reorganization, TS Philippines was owned as to (i) 50.97% by our Company; (ii) 49.02% by five Independent Third Parties (comprising a local shipping agency and three directors/employees of such agency which held approximately 48.97%, 0.01%, 0.01% and 0.01% equity interests in TS Philippines, respectively); and (iii) 0.01% by a former director of TS Philippines who resigned from such role in February 2023.
5. These wholly-owned subsidiaries of our Company include registered owners of the vessels owned by our Group and five investment holding companies which were vessel owners prior to the Latest Practicable Date, namely T.S. Domain Limited, T.S. Dynasty Limited, T.S. Glory Limited, T.S. Majesty Limited (all companies incorporated in Hong Kong) and T.S. Hong Kong Shipping Corp. (a company incorporated in Panama). The details of such subsidiaries that are registered owners of vessels owned by our Group as of the Latest Practicable Date were as follows:

Name of vessel owner	Place of establishment/incorporation
TS Empire	Marshall Islands
TS Kingdom	Marshall Islands
Glory Shipping	Marshall Islands
Nobility Shipping	Marshall Islands
Royalty Shipping	Marshall Islands
Dignity Shipping	Marshall Islands
Authority Shipping	Marshall Islands
Primacy Shipping	Marshall Islands
Sovereignty Shipping	Marshall Islands
Abundance Shipping	Marshall Islands
Bravery Shipping	Marshall Islands
Magnificence Shipping	Marshall Islands
Splendor Shipping	Marshall Islands
Count Shipping	Marshall Islands
Viscount Shipping	Marshall Islands
Dux Shipping	Marshall Islands

6. Immediately prior to the Reorganization, the shares of TEH Shipping were held as to 44.2% by our Company and 55.8% by seven Taiwanese individuals/entities (namely, Mr. Chen, Mrs. Chen, Mr. Wu, Ms. Christy Chen, Mr. James Chen, United Logistics and Mr. Zhang Xi-Ming (an Independent Third Party) who held 20.7%, 18.8%, 7.7%, 2.6%, 2.2%, 2.4% and 1.4% of the total issued shares in TEH Shipping, respectively).
7. Each of TS Thailand and TS India is an associate of our Company.
8. Mr. Chen, Mr. Wu and Mr. Graham Norris (an employee of a company controlled by Mr. Sharafuddin) transferred their respective 21%, 7% and 21% equity interest in TS Thailand to our Company on July 15, 2022. Prior to such transfers, Mr. Chen, Mr. Wu and Mr. Graham Norris had been holding the aggregate 49% equity interest in TS Thailand for and on behalf of our Company. Our staff at the time inadvertently registered Mr. Chen, Mr. Wu and Mr. Graham Norris (instead of our Company) as the registered shareholders of TS Thailand at its incorporation. Due to administrative convenience, Mr. Chen, Mr. Wu and Mr. Graham Norris held such shares in TS Thailand on trust for our Company until the aforesaid transfer. Each of the shareholders of our Company has confirmed that save as disclosed in the prospectus, he/she had not entered into any trust arrangement in relation their shareholding interests in our Group. In light of the Listing, our Company considered that it shall hold direct ownership of the 49% equity interest in TS Thailand and thus the trust arrangement was terminated upon completion of the transfers on July 15, 2022. The remaining 51% equity interest in TS Thailand are held by two Independent Third Parties, namely Mr. Apiwat Pongsukharoenkul (holding 41% equity interest in TS Thailand) and Ms. Krongkaew Rapeepan (holding 10% equity interest in TS Thailand). These Independent Third Parties used to provide shipment tallying services (such as inspection of our cargos' condition upon arrival in Thailand) and they have become our business partners in forming TS Thailand as a joint venture for business development in Thailand. Save as disclosed above, to the best knowledge of the Directors, there are no past or present business and/or financing transactions between the Company and these two business partners, including their respective subsidiaries, shareholders, directors, senior management and associates.
9. See “— Our corporate developments — Our Company — note 3” in this section for further information in relation to certain shareholding interests held by Mr. Wu.
10. Prior to the Reorganization, TS UAE was an associate of our Company controlled as to 51% by Mr. Sharafuddin and owned as to 49% by our Company. Since July 3, 2024, TS UAE has become a joint venture of our Company and Sharaf Investment, LLC (a company ultimately controlled by Mr. Sharafuddin) and is owned as to 51% by our Company and indirectly owned as to 49% by Mr. Sharafuddin. TS UAE is not a subsidiary of our Company.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

1. Disposal of our stake in TEH Shipping

Immediately prior to the Reorganization, the shares of TEH Shipping were held as to 44.2% by our Company and 55.8% by seven Taiwanese individuals/entities (namely, Mr. Chen, Mrs. Chen, Mr. Wu, Ms. Christy Chen, Mr. James Chen, United Logistics and Mr. Zhang Xi-Ming, an Independent Third Party, who held 20.7%, 18.8%, 7.7%, 2.6%, 2.2%, 2.4% and 1.4% of the total issued shares in TEH Shipping, respectively).

In preparation for the Listing, on September 14, 2022, our Company transferred its 44.2% shareholding in TEH Shipping to TSSA (a company wholly-owned by the Chen Family Group) at an aggregate consideration of NT\$672,192,668, which was determined with reference to the net asset value of TEH Shipping as of June 30, 2022 based on its unaudited management accounts. The transfer was legally completed and settled on September 14, 2022. Upon completion of such equity transfer, our Group has ceased to hold any interest in TEH Shipping. See “Relationship with our Controlling Shareholders — Independence from Controlling Shareholders” for further details.

In October 2022, our Company established its Taiwan branch, TS TW Branch, which aims to support our business and operational needs in relation to our trade lanes between Taiwan and other locations (which do not constitute Cross-strait Trade Lanes). From November 2022 to January 2023, TS TW Branch, entered into employment agreements with 249 employees resigning from TEH Shipping. Such employees comprise planning, marine, engineering and marketing personnel experienced in the operation of trade lanes between Taiwan and other locations, and our Group recruited them to support our operations in Taiwan following the disposal of TEH Shipping. As of the Latest Practicable Date, save for the aforementioned 249 employees, no other employees had resigned from TEH Shipping and entered into employment agreements with our Group.

2. Transfer of Shares in our Company to investment vehicles of Shareholders

Chen Family Group

On October 10, 2024, Mr. Chen transferred the entire issued shares of TS Investment to Maritime Legacy (a company wholly-owned by the Chen Family Group), which was settled by Maritime Legacy allotting and issuing 2,619 shares to TS Chen Holding (a company wholly-owned by Mr. Chen).

On October 10, 2024, Mrs. Chen transferred the entire issued shares of Prevalence to Maritime Legacy (a company wholly-owned by the Chen Family Group), which was settled by Maritime Legacy allotting and issuing 2,857 shares to Search & Search (a company wholly-owned by Mrs. Chen).

On October 10, 2024, Mr. James Chen transferred the entire issued shares of Providence to Maritime Legacy (a company wholly-owned by the Chen Family Group), which was settled by Maritime Legacy allotting and issuing 2,262 shares to JC Righteous (a company wholly-owned by Mr. James Chen).

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

On October 10, 2024, Ms. Christy Chen transferred the entire issued shares of AM Holding to Maritime Legacy (a company wholly-owned by the Chen Family Group), which was settled by Maritime Legacy allotting and issuing 2,262 shares to Avermay (a company wholly-owned by Ms. Christy Chen).

Upon completion of the above share transfers on October 10, 2024, each of TS Investment, Prevalence, Providence and AM Holding became wholly-owned by Maritime Legacy.

Crane Movement (Mr. Hung) and CICHK (Mr. Chow)

Subsequent to the completion of the share transfer from Mr. Hung to Crane Movement, his wholly-owned investment holding company (as set out in the paragraph headed “Our Corporate Developments — Our Company” in this section and which was completed on October 10, 2024), and after the approval from the Taiwan Department of Investment Review for Mr. Hung and Mr. Chow having been obtained, Mr. Hung would direct Crane Movement to transfer 449,074 Shares (being 0.32% of the shareholding in our Company) to CICHK (a company wholly-owned by Mr. Chow). Such 0.32% stake is calculated based on approximately 12.93% (namely Mr. Chow’s beneficial stake in United Logistics) of the approximately 2.44% stake in the Company held by United Logistics (and subsequently by Crane Movement as described in the paragraph headed “Our Corporate Developments — Our Company” in this section). On November 17, 2023, Mr. Hung and Mr. Chow obtained such approval from the Taiwan Department of Investment Review.

On October 14, 2024, Crane Movement transferred approximately 0.32% of the total issued shares of our Company to CICHK at a consideration of US\$1,217,907, which was determined after arm’s length negotiations with reference to the net asset value of its Company attributable to our equity shareholders as of December 31, 2022. Upon completion of such transfer, Mr. Chow held the same corresponding beneficial stake in our Company through his own investment vehicle (namely, CICHK) instead of via United Logistics.

Please refer to the paragraph headed “Our Corporate Developments — Our Company” in this section for more information about the relationships between United Logistics and Mr. Hung and Mr. Chow, respectively. With United Logistics being a passive investor in our Company, Mr. Hung and Mr. Chow were not involved in the business operations of our Group and did not hold any role in our Group, save as being a direct or indirect investor, as the case may be. The aforementioned transfer of Shares to CICHK was made to reflect Mr. Chow’s effective interest in our Group through his beneficial shareholding in United Logistics (which held approximately 2.44% of the total issued shares of our Company prior to the transfer of such Shares to its founder and controlling shareholder, namely Mr. Hung, pursuant to the United Logistics Restructuring and subsequently to Crane Movement).

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Upon completion of the share transfers above, the shareholding structure of our Company is as follows:

Name of Shareholder	Number of Shares held	Approximate percentage of interest in our Company
TS Investment	16,207,302	11.58%
Prevalence	17,682,940	12.63%
Providence	14,000,000	10%
AM Holding	14,000,000	10%
The Chen Family Group ^(Note)	61,890,242	44.21%
Vision Investments	61,890,242	44.21%
Kentship	9,772,000	6.98%
Mr. Wu	3,032,882	2.16%
Crane Movement	2,965,560	2.12%
CICHK	449,074	0.32%
Total	140,000,000	100%

Note: Each of TS Investment, Prevalence, Providence and AM Holding is wholly-owned by Maritime Legacy, while Maritime Legacy is ultimately wholly-owned by the Chen Family Group.

The aforementioned transfers of Shares was completed on October 14, 2024.

Our PRC Legal Advisors confirmed that no prior approval is required from the relevant regulatory authorities in the PRC respect of the Reorganization. As advised by our Taiwan Legal Advisors: (i) the approvals from the Department of Investment Review of the Ministry of Economic Affairs of Taiwan regarding the disposal of shares in TEH Shipping have been obtained in September 2022; (ii) the approval from the Ministry of Economic Affairs of Taiwan for our Company to remit working capital for its Taiwan branch's operations in Taiwan has been obtained in October 2022; and (iii) the approval from the Ministry of Economic Affairs of Taiwan for TS Hong Kong's establishment of its new Taiwan branch, TS TW Branch, obtained in October 2022. Our Taiwan Legal Advisors confirmed that, save as disclosed herein, no prior approval is required by our Group from the relevant regulatory authorities in Taiwan in respect of the Reorganization. In respect of the direct or indirect investments of Mr. Chen, Mrs. Chen, Mr. James Chen and Ms. Christy Chen (who are our Controlling Shareholders and, except for Ms. Christy Chen, the executive Directors) as well as Mr. Wu, Mr. Hung and Mr. Chow (each of whom is an Independent Third Party) in our Company and TS Shanghai, the share transfers in our Company under the Reorganization has resulted in structural changes to such investments. Prior approvals from the Department of Investment Review of the Ministry of Economic Affairs of Taiwan required for Mr. Chen, Mrs. Chen, Mr. James Chen, Ms. Christy Chen, Mr. Wu, Mr. Hung and Mr. Chow to implement such structural changes has been obtained in May 2023, November 2023 and September 2024.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

As advised by our Taiwan Legal Advisors, subject to the recordation to be filed with the Taiwan Department of Investment Review after the completion of the relevant steps of the transactions under the Reorganization, all Taiwan Investors who hold or are expected to hold shares in the Company before and after the Reorganization but immediately prior to the Global Offering had fulfilled all relevant legal requirements in respect of their investment in our Group as required under the Mainland China Investment Regulations.

BONUS ISSUE

Pursuant to the resolutions of our Shareholders passed on October 15, 2024, our Directors were authorized to allot and issue 1,260,000,000 Shares ranking *pari passu* with the issued Shares at nil consideration under the Bonus Issue prior to completion of the Global Offering to our Shareholders whose names appear on the register of members of our Company on the date of passing such resolution.

Upon completion of the Bonus Issue, the shareholding structure of our Company is as follows:

<u>Name of Shareholder</u>	<u>Number of Shares held</u>	<u>Approximate percentage of interest in our Company</u>
TS Investment	162,073,020	11.58%
Prevalence	176,829,400	12.63%
Providence	140,000,000	10%
AM Holding	140,000,000	10%
Vision Investments	618,902,420	44.21%
Kentship	97,720,000	6.98%
Mr. Wu	30,328,820	2.16%
Crane Movement	29,655,600	2.12%
CICHK	4,490,740	0.32%
Total	1,400,000,000	100%

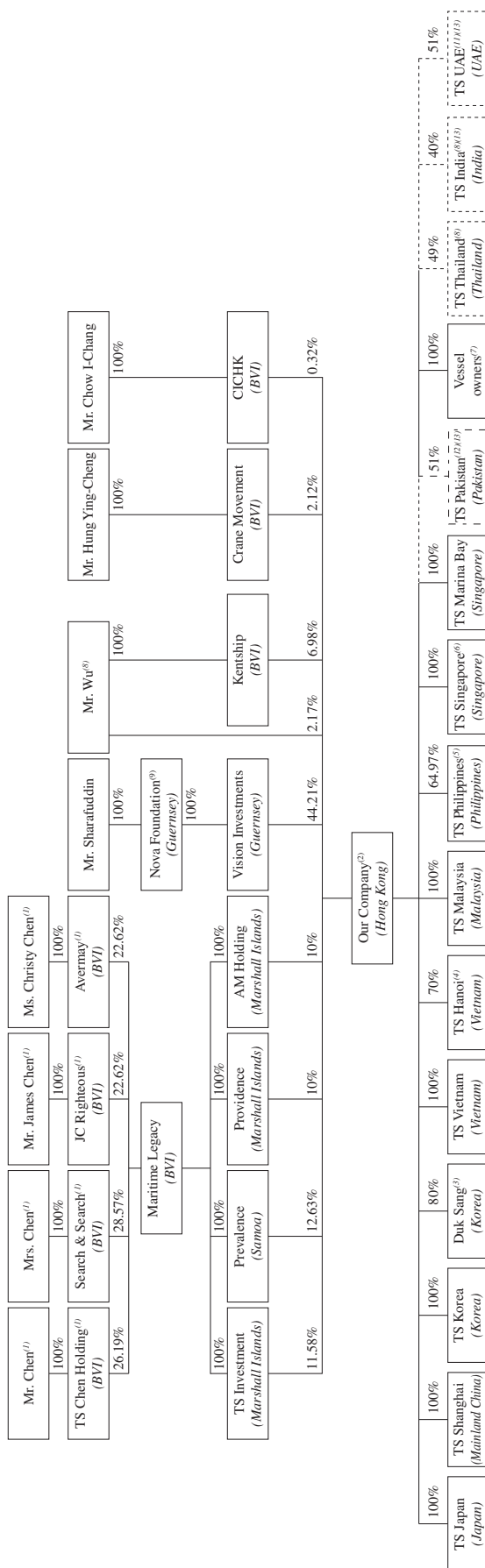
Note: Each of TS Investment, Prevalence, Providence and AM Holding is wholly-owned by Maritime Legacy, while Maritime Legacy is ultimately owned by the Chen Family Group. The Chen Family Group in aggregate held 61,890,242 Shares, representing approximately 44.21% interest in our Company.

CONVERSION INTO A PUBLIC COMPANY

Our Company was converted into a public company with limited liability with effect from October 15, 2024.

SHAREHOLDING AND CORPORATE STRUCTURE FOLLOWING THE REORGANIZATION AND IMMEDIATELY PRIOR TO THE GLOBAL OFFERING

The following chart sets forth the corporate structure of our Group following the Reorganization and immediately prior to the Global Offering:



HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Notes:

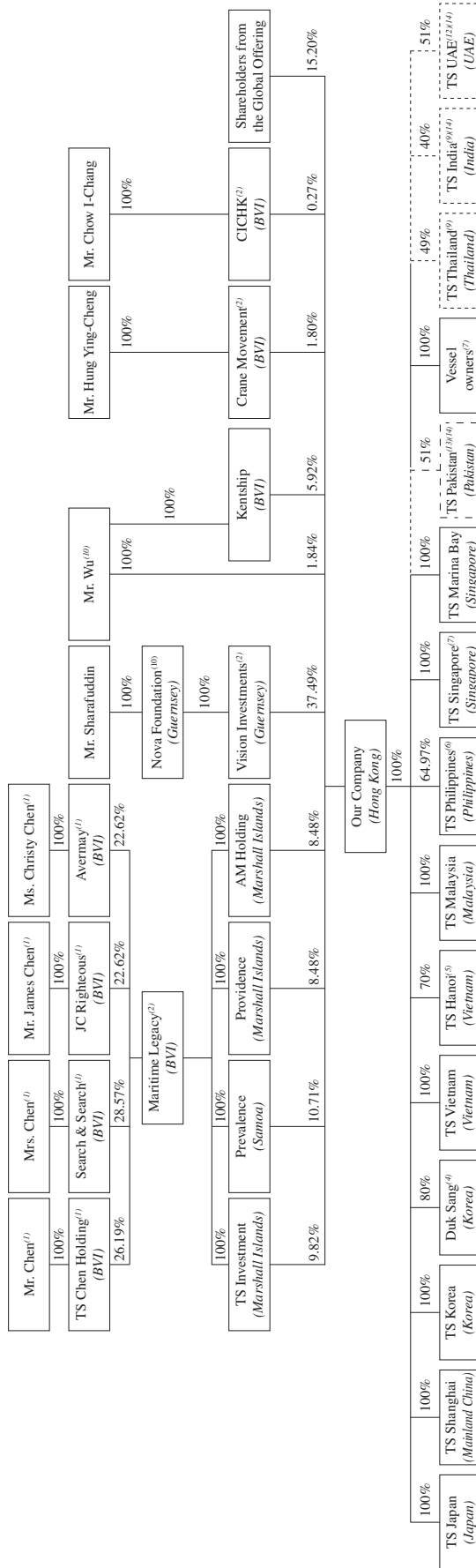
1. Maritime Legacy (a company wholly-owned by the Chen Family Group), TS Chen Holding (a company wholly owned by Mr. Chen), Search & Search (a company wholly owned by Mrs. Chen, the spouse of Mr. Chen), JC Righteous (a company wholly owned by Mr. James Chen, the son of Mr. Chen) and Avermay (a company wholly owned by Ms. Christy Chen, the daughter of Mr. Chen) are parties acting in concert with each other in respect of our Company.
2. Our Company has established a branch in Taiwan for its business operations in Taiwan, namely, TS TW Branch.
3. As of the Latest Practicable Date, Duk Sang was owned as to 80% by our Company and 20% by Mr. Choi Young Soo, a director of Duk Sang and our business partner for our business operation in Korea.
4. As of the Latest Practicable Date, TS Hanoi was owned as to 70% by our Company and 30% by Container-Vietnam JSC (Viconship), an Independent Third Party and our business partner for our business operation in Vietnam.
5. As of the Latest Practicable Date, TS Philippines was owned as to approximately (i) 64.97% by our Company; (ii) 34.98% by Ben Line Agencies Philippines Inc., an Independent Third Party and our business partner for our business operations in the Philippines; and (iii) 0.01% by each of the five directors of TS Philippines.
6. TS Singapore may be used as our Group's primary operating entity taking into account potential corporate efficiency.
7. These wholly-owned subsidiaries of our Company include registered owners of the vessels owned by our Group and five investment holding companies which were previously registered owners of vessels, namely T.S. Domain Limited, T.S. Dynasty Limited, T.S. Glory Limited, T.S. Majesty Limited (all companies incorporated in Hong Kong) and T.S. Hong Kong Shipping Corp. (a company incorporated in Panama). The details of such subsidiaries that are registered owners of vessels owned by our Group as of the Latest Practicable Date were as follows:

Name of vessel owner	Place of establishment/incorporation
TS Empire	Marshall Islands
TS Kingdom	Marshall Islands
Glory Shipping	Marshall Islands
Nobility Shipping	Marshall Islands
Royalty Shipping	Marshall Islands
Dignity Shipping	Marshall Islands
Authority Shipping	Marshall Islands
Primacy Shipping	Marshall Islands
Sovereignty Shipping	Marshall Islands
Abundance Shipping	Marshall Islands
Bravery Shipping	Marshall Islands
Magnificence Shipping	Marshall Islands
Splendor Shipping	Marshall Islands
Count Shipping	Marshall Islands
Viscount Shipping	Marshall Islands
Dux Shipping	Marshall Islands

8. Each of TS Thailand and TS India is an associate of our Company.
9. See “— Our corporate developments — Our Company — Note 3” in this section for further information in relation to certain shareholding interests held by Mr. Wu.
10. Nova Foundation is a foundation ultimately controlled by Mr. Sharafuddin for estate planning purposes.
11. TS UAE was an associate of our Company and has become a joint venture (but not consolidated as a subsidiary of our Company) of our Company and Sharaf Investment, LLC (a company ultimately controlled by Mr. Sharafuddin) since July 3, 2024. As of the Latest Practicable Date, TS UAE was owned as to 51% by our Company and indirectly owned as to 49% by Mr. Sharafuddin. TS UAE is not a subsidiary of our Company.
12. As of the Latest Practicable Date, a non-wholly owned subsidiary with a proposed name of “T.S. Lines Pak (Private) Limited” (“**TS Pakistan**”) was being incorporated in Pakistan to be owned as to 51% by our Company and 49% by Privilege Investment L.L.C, a company ultimately controlled by Mr. Sharafuddin.
13. Each of TS India, TS UAE and TS Pakistan is/will be a joint venture of our Company and Mr. Sharafuddin, one of our Controlling Shareholders.

SHAREHOLDING AND CORPORATE STRUCTURE IMMEDIATELY AFTER THE GLOBAL OFFERING

The following chart sets forth the corporate structure of our Group immediately after completion of the Global Offering (without taking into account any Shares which may be issued pursuant to the Offer Size Adjustment Option and the Over-allotment Option):



HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Notes:

1. Maritime Legacy (a company wholly-owned by the Chen Family Group), TS Chen Holding (a company wholly owned by Mr. Chen), Search & Search (a company wholly owned by Mrs. Chen, the spouse of Mr. Chen), JC Righteous (a company wholly owned by Mr. James Chen, the son of Mr. Chen) and Avermay (a company wholly owned by Ms. Christy Chen, the daughter of Mr. Chen) are parties acting in concert with each other in respect of our Company.
2. Upon completion of the Global Offering, the Shares held by TS Investment, Prevalence, Providence, AM Holding and Vision Investments (which are our Controlling Shareholders) will not be counted towards our public float. To the best knowledge, information and belief of our Directors, all of the Shares held by our other Shareholders upon Listing will be counted towards our public float, representing approximately 25.02% of our share capital immediately after the Global Offering.
3. Our Company has established a branch in Taiwan for its business operations in Taiwan, namely, TS TW Branch.
4. As of the Latest Practicable Date, Duk Sang was owned as to 80% by our Company and 20% by Mr. Choi Young Soo, a director of Duk Sang and our business partner for our business operation in Korea.
5. As of the Latest Practicable Date, TS Hanoi was owned as to 70% by our Company and 30% by Container Vietnam JSC (Viconship), an Independent Third Party and our business partner for our business operation in Vietnam.
6. As of the Latest Practicable Date, TS Philippines was owned as to approximately (i) 64.97% by our Company; (ii) 34.98% by Ben Line Agencies Philippines Inc., an Independent Third Party and our business partner for our business operations in the Philippines; and (iii) 0.01% by each of the five directors of TS Philippines.
7. TS Singapore may be used as our Group's primary operating entity taking into account potential corporate efficiency.
8. These wholly-owned subsidiaries of our Company are the registered owners of the vessels owned by our Group and five investment holding companies which were vessel owners prior to the Latest Practicable Date. See "— Shareholding and corporate structure following the Reorganization and immediately prior to the Global Offering" above for further details.
9. Each of TS Thailand and TS India is an associate of our Company.
10. See "— Our corporate developments — Our Company — Note 3" in this section for further information in relation to certain shareholding interests held by Mr. Wu.
11. Nova Foundation is a foundation ultimately controlled by Mr. Sharafuddin for estate planning purposes.
12. TS UAE was an associate of our Company and has become a joint venture of our Company and Sharaf Investment, LLC (a company ultimately controlled by Mr. Sharafuddin) since July 3, 2024 (but not consolidated as a subsidiary of our Company). As of the Latest Practicable Date, TS UAE was owned as to 51% by our Company and indirectly owned as to 49% by Mr. Sharafuddin. TS UAE is not a subsidiary of our Company.
13. As of the Latest Practicable Date, TS Pakistan was being incorporated to be owned as to 51% by our Company and 49% by Privilege Investment LLC, a company ultimately controlled by Mr. Sharafuddin.
14. Each of TS India, TS UAE and TS Pakistan is/will be a joint venture of our Company and Mr. Sharafuddin, one of our Controlling Shareholders.

BUSINESS

OVERVIEW

We are an Asia Pacific Region focused container shipping company. We ranked the 21st in terms of fleet size among the container shipping companies globally with a market share of 0.3% as of January 1, 2024 and ranked the sixth in terms of fleet size among the Asia Pacific Region focused container shipping companies with a market share of 2.3% in December 2023.

As of April 30, 2024, our container shipping network covered a total of 21 countries and regions, 56 major ports and 48 services globally. In the Asia Pacific Region, we operated 43 services covering 16 countries and regions as of April 30, 2024. Within the Asia Pacific Region, we have a strong focus on and provide frequent services originating from the Greater Bay Area in China, where we have had a presence for two decades.

We operate our shipping network independently by ourselves and also through arrangements with other carriers including joint services, slot exchange and slot chartering. Through joint services, we and other carriers each designate a specific number of vessels to jointly provide shipping services for specific trade lanes; while through slot chartering and slot exchange, we may use and pay for a certain amount of space or exchange slots on a vessel of another carrier.

Moreover, we have a flexible operating model that enables us to adapt to changing market demands through several ways such as launching new services to seize rising market opportunities or reduce the frequency of services or suspend services to address a drop in market demand. For example, as a complementary to our core services, we strategically expanded and adjusted certain trade lanes in accordance with prevailing market conditions. We commenced services in the Transpacific and Asia – Europe markets in September 2021 and December 2022, respectively, due to the surge in customer demand during COVID-19. To address the market condition that has affected long-haul services in the Transpacific and the Asia – Europe markets where deployment of smaller vessels became less profitable or even loss-making in light of the continued decline of freight rates, we suspended all services in the Transpacific and Asia – Europe markets in February and in March 2023, respectively. We then deployed the affected vessels to the markets in the Asia Pacific Region.

We currently perceive significant growth opportunities within the Middle East and East Africa regions. In November 2023, we launched a new service from Greater China to East Africa (Mombasa and Dar Es Salaam) by joint service. In April 2024, we launched a new service from Greater China to the Middle East (Jebel Ali and Sohar) by joint service and a new service from East Asia to the Middle East (Jebel Ali and Dammam) by slot chartering arrangement.

BUSINESS

The following table sets forth the shipping volume and the corresponding percentages (relative to our total shipping volume) of our container shipping network by market for the periods indicated:

	For the year ended December 31,						For the four months ended April 30,			
	2021		2022		2023		2023		2024	
	<i>Shipping volume</i>	<i>%</i>	<i>Shipping volume</i>	<i>%</i>	<i>Shipping volume</i>	<i>%</i>	<i>Shipping volume</i>	<i>%</i>	<i>Shipping volume</i>	<i>%</i>
	<i>(TEU, except percentage)</i>									
Asia Pacific Region	1,571,974	99.3	1,470,045	94.3	1,433,097	97.7	452,393	97.2	512,289	95.4
Greater China –										
North Asia	447,856	28.3	421,127	27.0	398,900	27.2	127,399	27.4	134,872	25.1
Greater China –										
Southeast Asia	710,582	44.9	489,069	31.4	528,193	36.0	161,580	34.7	191,908	35.7
Greater China	148,224	9.4	137,010	8.8	134,696	9.2	40,449	8.7	45,385	8.5
North Asia and										
Southeast Asia	110,238	7.0	74,563	4.8	113,992	7.8	32,823	7.0	44,303	8.3
Asia – Oceania	142,971	9.0	210,851	13.5	103,512	7.1	41,596	8.9	39,617	7.4
Asia – Indian										
Subcontinent	12,103	0.8	137,425	8.8	153,804	10.5	48,546	10.4	56,204	10.5
<i>Transpacific⁽¹⁾</i>	11,600	0.7	72,392	4.6	–	–	–	–	–	–
<i>Asia – Europe⁽¹⁾</i>	–	–	11,364	0.7	11	0.0	11	0.0	–	–
<i>Others⁽²⁾</i>	–	–	5,341	0.4	33,323	2.3	13,248	2.8	24,317	4.6
Total	1,583,574	100.0	1,559,142	100.0	1,466,431	100.0	465,652	100.0	536,606	100.0

Notes:

- (1) To address the market condition that has affected long-haul services in the Transpacific and the Asia – Europe markets where deployment of smaller vessels became less profitable or even loss-making in light of the continued decline of freight rates, we decided to suspend our services in the Transpacific and Asia – Europe markets in December 2022, and all services in the Transpacific and Asia – Europe markets had been suspended in February and in March 2023, respectively. See “– Our container shipping business – Our markets – Transpacific” and “– Our container shipping business – Our markets – Asia – Europe” in this section for more details.
- (2) Others mainly included the trade lane connecting North Asia, Greater China, Malaysia and the Middle East (Jebel Ali, Dammam and Sohar), the trade lane connecting Greater China and East Africa (Mombasa and Dar es Salaam), and the trade lane connecting India (Nhava Sheva and Mundra), Middle East (Jebel Ali and Khalifa) and East Africa (Mombasa and Dar es Salaam).

We were founded in 2001 by our chairman, Mr. Chen. Prior to founding our Group, from November 1981 to January 2000, he served in various positions at Wan Hai Lines, where he served for more than 10 years as its president and his last position was as a senior advisor, and was primarily responsible for overseeing the overall management of Wan Hai Lines. Mr. Chen is among the most experienced container shipping industry veterans, having over 36 years of management experience in container shipping across many industry cycles. We are led by a highly experienced senior management team, who have on average 26 years of shipping industry experience, most of whom have been with us since our inception.

BUSINESS

Over the past two decades, Mr. Chen and the senior management team grew our Group from a shipping company with only four services into an industry leader in the Asia Pacific Region with 43 services globally as of April 30, 2024. We started with one chartered-in vessel of 404 TEU in 2001 and successfully grew our fleet to 46 vessels (with the exclusion of any vessels which were chartered out by us) with a total capacity of 111,011 TEU as of April 30, 2024. During this same period, we have also created substantial shareholder value. We started with US\$10,000 share capital in 2001, and, through 20 years of expansion, we reached US\$1.8 billion of shareholders equity as of April 30, 2024.

Our strong financial performance for 2021 and 2022 mainly benefited from the market freight rate which increased from mid-2020 and peaked in September 2021 but has begun and continued to fall. The World Container Index reached its lowest point at US\$1,341.60 per FEU at the end of October 2023 before its recovery. The fluctuation of the market freight rate since 2020 was mainly due to port congestions and container equipment shortage. Our revenue decreased by 64.2% from US\$2,443.5 million for the year ended December 31, 2022 to US\$874.6 million for the year ended December 31, 2023 primarily due to the decrease in our freight rates and partially due to the slightly decreased shipping volume. Our revenue was US\$318.2 million and US\$318.0 million for the four months ended April 30, 2023 and 2024, respectively, and remained stable. Historically, the freight rate fluctuation was due to the volatile and cyclical nature of the container shipping industry. For more details on the risks we face in relation to market volatility and economic downturn, see “Risk Factors – Risks relating to our business and industry – The volatile and cyclical nature of the global container shipping industry could have a material and adverse effect on our business and results of operations.”

Gross loss for the year ended December 31, 2023 and gross profit for the four months ended April 30, 2024

We recorded a gross loss of US\$33.8 million for the year ended December 31, 2023, with a negative gross profit margin of 3.9%, primarily attributable to the decreases in (i) our average freight rates that declined at a pace faster than the decreases in our cost of sales and (ii) our shipping volume mainly as a result of our shipping capacity management.

Despite the shipping capacity management including returning 12 chartered-in vessels when their charters expired and disposing of 10 owned vessels, our cost of sales decreased at a slower rate than that of our revenue in 2023. It was mainly because the average cost of key components of cost of sales such as container handling expenses, bunker costs, and container rental and yard expenses, which by their natures were not charged based on or referring to market freight rate, did not fluctuate in line with the movement of our freight rate, and the resulting decrease in revenue did not lead to the same level of decrease in our cost of sales in 2023. In addition, while the long-term chartered-in vessels which we could not return before their leases expired as well as the deliveries of new vessels continued to generate depreciation expenses in 2023 even when our average freight rate has decreased significantly from US\$1,476 in 2022 to US\$547 in 2023.

BUSINESS

Partly due to our shipping capacity management since 2023, we turned into gross profit of US\$7.0 million for the four months ended April 30, 2024. See “Financial Information — Results of operations — Year ended December 31, 2023 compared to year ended December 31, 2022 — Gross loss and negative gross profit margin” for further details.

Our operating model

We operate scheduled shipping services through designated ports in rotation, which we refer to as a liner service model. We have developed a flexible shipping capacity allocation mechanism that allows us to quickly adjust our regular liner services in response to changes in market demand, freight rates and operating conditions. We achieve this by adjusting the ports we call at in our services or by reallocating shipping capacity among our service networks. For example, we usually formulate a capacity allocation schedule for various ports based on the shipping volume estimate, market analysis and freight rates development. We review the shipping volume estimate and freight rates level weekly based on the feedback from local markets and adjust the capacity allocation of each port to achieve better utilization. This mechanism has enabled us to enhance utilization and maximize profitability, by quickly reallocating shipping capacity. In addition, in order to increase our container shipping network coverage and frequency of services, we have entered into a number of cooperation agreements with other carriers which provide for the joint operation of container shipping services, the exchange of slot capacity and the charter of slots on vessels operated by other carriers. As of April 30, 2024, we operated nine independent services, 22 joint services, 15 services through slot exchange arrangements and two services through slot chartering arrangements.

Our fleet

Our owned vessels had an average age per vessel of approximately 3.5 years as of April 30, 2024. The deployment of newer vessels plays a vital role in reducing our unit operating costs, thereby enhancing our competitive edge in the market.

We manage our shipping capacity in accordance with prevailing market conditions. We can manage our additional shipping capacity through several ways such as selling owned vessels, returning chartered-in vessels when the charters expire or chartering out owned vessels or chartered-in vessels. As of April 30, 2024, we had a total of 46 vessels (with the exclusion of any vessels which were chartered out by us), consisting of 36 owned vessels and 10 chartered-in vessels, with a total capacity of 111,011 TEU. The majority of our fleet consists of small sized vessels each with capacity of less than 2,000 TEU, which are able to access most ports in the Asia Pacific Region and are therefore more versatile in deployment than larger vessels.

As of the Latest Practicable Date, we had ordered three 7,000 TEU vessels, one of which is expected to be delivered by the end of 2024 and the remaining two of which are expected to be delivered in 2026 and 2027, respectively. In addition, as of the same date, we had ordered two 4,300 TEU and three 14,000 TEU vessels, which are expected to be delivered in 2027. The vessels we have ordered are expected to be flexible in deployment across multiple trade lanes.

BUSINESS

As a way to optimize our vessels portfolio to address the adverse market condition, since the beginning of 2023, we have disposed of 10 of our owned vessels and returned 12 of the chartered-in vessels whose charters have expired. In the same period, we deployed 12 newbuildings to replace and upgrade some of the owned vessels we disposed of and chartered-in vessels we returned, achieving the benefit of long-term cost effectiveness, and becoming more environmentally friendly and complying with environmental regulations, such as IMO requirements.

Our customer base

We believe that our diversified customer base and distinct focus on shipping high value-added and time-sensitive cargos enable us to achieve higher freight rates. Our diversified customer base includes primarily small and medium-sized customers, including freight forwarders and BCO customers, who usually have moderate shipping demand and therefore command less volume discounts compared with larger customers, and who are more receptive to market freight rates or higher freight rates in case of shortage of supply or urgent shipping requests. While the majority of our customers enter into shipping contracts with us through freight forwarders, we have established long-term relationships with some of our BCO customers. In general, we believe BCO customers are more inclined to engage in long-term contracts with us after appreciating our service quality. Moreover, we focus on shipping high value-added and time-sensitive cargos, including consumer electronics, high-end machinery, auto products and cargos requiring reefer containers such as perishable goods. These cargos often require a combination of on-time delivery, specific container conditions and careful handling, and thus generally command higher freight rates than other cargos, according to the Drewry Report.

Besides, we provide service to large blue-chip customers from time to time with their tailored needs. We have undertaken large projects with specifically tailored needs for these customers with whom we have enjoyed long-term business relationships.

OUR STRENGTHS

We believe the following strengths have contributed towards our success and differentiate us from other container shipping companies.

Strong shareholder value creating capability

We are committed to delivering shareholder value. We have remained resilient and versatile and consistently generated net operating cashflow over the past 10 years across several shipping industry cycles, even during 2023, being one of the most challenging years during that period.

BUSINESS

We consistently generated positive operating cash flows for 10 consecutive years up to and including 2023, despite the cyclical nature of the container shipping industry. The above periods include the downcycle of 2016 to 2018 experienced by the container shipping industry according to the Drewry Report and the challenging period we experienced since 2023. This demonstrates our ability to consistently maintain positive operating cash flows.

Extensive Asia Pacific Region focused network with deep roots across various markets

We are an Asia Pacific Region focused container shipping company. According to the Drewry Report, the Asia Pacific Region is the largest and one of the fastest growing markets both in terms of shipping volume due to strong growth in consumption, increasing trade links within Asia and fast growing cross-border trade and e-commerce. Regional free-trade agreements, such as the Regional Comprehensive Economic Partnership (“RCEP”) and the China – ASEAN Free Trade Agreement (“AFTA”), also boost trade volume among relevant countries and regions within Asia. The ongoing supply chain reconfiguration also benefit us, thanks to our established networks in Southeast Asia and the Indian Subcontinent markets. The Asia Pacific Region is our core market and accounted for more than 90% of our total shipping volume in 2023. In the Asia Pacific Region, we operated 43 services covering 16 countries and regions, as of April 30, 2024. We have a long history of presence across various markets, including over 22 years in mainland China, Taiwan, Hong Kong, Japan, South Korea and ASEAN countries and over 13 years in Australia.

Within the Asia Pacific Region, we have a strong focus on and provide frequent services originating from the Greater Bay Area in China, where we have had a presence for two decades. Specifically, in December 2023, we operated five, five and three services from the Greater Bay Area to Japan, India and Oceania, ranking the second, the third and the second, respectively, in terms of number of services through either independent operation or joint services; we made 47 port calls per week calling in the Greater Bay Area and Japan, 10 port calls per week calling in the Greater Bay Area and the Philippines, 21 port calls per week calling in the Greater Bay Area and India and 19 port calls per week calling in the Greater Bay Area and Oceania, ranking the second, the third, the third, the third, respectively, in terms of number of port calls in related regions through either independent operation or joint services. Our frequent services, long-term presence and strong customer relationships form a strong competitive barrier in these core trade lanes.

Our flexible operating model supporting sustainable development

We dedicate a stable core of shipping capacity to our key services originating from the Greater Bay Area, while allocating the rest of shipping capacity to other regions. We have developed a flexible shipping capacity allocation mechanism that allows us to quickly adjust our regular liner services when market conditions require. We achieve this by adjusting ports called in a service or by reallocating shipping capacity among our service networks. This mechanism has enabled us to enhance utilization and maximize profitability, by quickly reallocating shipping capacity.

BUSINESS

Moreover, we have a flexible operating model that enables us to adapt to changing market demands through several ways such as launching new services to seize rising market opportunities or reduce the frequency of services or suspend services to address a drop in market demand. For example, as a complementary to our core services, we strategically expanded and adjusted certain trade lanes in accordance with prevailing market conditions. We commenced services in the Transpacific and Asia – Europe markets in September 2021 and December 2022, respectively, due to the surge in customer demand during COVID-19. To address the market condition that has affected long-haul services in the Transpacific and the Asia – Europe markets where deployment of smaller vessels became less profitable or even loss-making in light of the continued decline of freight rates, we suspended all services in the Transpacific and Asia – Europe markets in February and in March 2023, respectively. We deployed the affected vessels to the markets in the Asia Pacific Region.

We currently perceive significant growth opportunities within the Middle East and East Africa regions. In November 2023, we launched a new service from Greater China to East Africa (Mombasa and Dar Es Salaam) by joint service. In April 2024, we launched a new service from Greater China to the Middle East (Jebel Ali and Sohar) by joint service and a new service from East Asia to the Middle East (Jebel Ali and Dammam) by slot chartering arrangement.

Our owned vessels had an average age per vessel of approximately 3.5 years as of April 30, 2024. The deployment of newer vessels plays a vital role in reducing our unit operating costs, thereby enhancing our competitive edge in the market.

Our fleet also contributes to our operating model. As of April 30, 2024, we had a total of 46 vessels (with the exclusion of any vessels which were chartered out by us) consisting of 36 owned vessels and 10 chartered-in vessels, with a total capacity of 111,011 TEU. As of the Latest Practicable Date, we operated a fleet of 41 vessels (with the exclusion of any vessels which were chartered out by us) with a total capacity of 103,085 TEU, among which, 35 were our owned vessels and six were chartered-in vessels. The majority of our fleet consists of small sized vessels each with capacity of less than 2,000 TEU, which are able to access most ports in the Asia Pacific Region and are therefore more versatile in deployment than larger vessels. We seek to maintain flexibility between owned vessels and chartered-in vessels to adjust our vessel mix according to the ever-changing market conditions. During the Track Record Period, we increased the number of owned vessels which we believe provide a more stable support to our business in the long run compared to chartered-in vessels because they are not subject to any prescribed lease term or fluctuations of charter rates and they help to achieve a lower cost level in the long term compared to chartered-in vessels. To minimize any adverse environmental impact resulting from our air emissions and control our bunker cost level, we have generally installed scrubbers on our owned vessels of relatively larger sizes or younger ages because of the apparent bunker cost saving. Installing scrubbers enables us to reduce the emissions of sulphur oxides and other pollutants from our vessels and to use more economical HSFO, which enhances our cost efficiency. For example, as of the Latest Practicable Date, we installed scrubbers on 30 of our 40 owned vessels with a capacity of 94,736 TEU accounting for 85.2% of our total shipping capacity of owned vessels, being our larger sized or younger vessels. In June 2024, the industry average for the installation of scrubbers stands at 44.6% in terms of the capacity of vessels.

BUSINESS

Our operating model is also enabled by a flat management structure with few and short reporting lines, through which our senior management could stay very close to market developments and make decisions swiftly in response to changes in market and operating conditions.

Our planned vessel purchases driving cost advantage

We adhere to a planned approach to new vessels order and used vessels purchase because we generally order or purchase vessels when we believe vessel prices are relatively low, either at or close to the bottom of the market price cycle or at the early stage of an up-trending market, or when we need to upgrade our vessels pursuant to our deliberate and long-term vessel portfolio management plan. For newbuildings, we regularly communicate with major vessel suppliers and monitor relevant market indexes to understand the latest market trend. For used vessels, we gather market information of used vessel transactions weekly and exchange views with vessel brokers and dealers to learn the latest market development. The purchase prices of our newbuildings and used vessels were generally in line with or lower than the average market prices for comparable vessels at the time of our purchase, as confirmed by Drewry. When vessel prices and long-term charter rates are high, we choose instead to expand shipping capacity using short term charters. We believe this approach confers a significant cost advantage to us in the long run.

For example, we purchased 12 newbuildings between 2015 and 2019, where the purchase prices were in line with or on the lower end of the market prices at the time of purchasing according to Drewry. In 2020, we purchased four 1,900 TEU newbuildings at an average purchase price of US\$21.9 million, which was lower than the market price range of US\$23 million to US\$26 million for a 1,500 TEU vessel (which was smaller than our four newbuildings) in 2020.

In 2021, we purchased three used vessels which were delivered in the same year, including one 2,741 TEU vessel to replace the chartered-in vessel deployed in the Greater China — Southeast Asia market, one 1,756 TEU vessel to replace the chartered-in vessel deployed in the Transpacific market and one 4,957 TEU vessel to replace the chartered-in vessel deployed in the Asia — Indian Subcontinent market. In April 2024, we ordered two 7,000 TEU newbuildings, which are expected to be delivered in 2026 and 2027, respectively. We plan to deploy them in the Asia – Indian Subcontinent, Asia – Oceania and/or Middle East markets from 2026. In June 2024, we ordered three 14,000 TEU newbuildings which are expected to be delivered around 2027. We plan to deploy them in long-haul services in markets such as the East Asia – Indian Subcontinent, the East Asia – the Middle East market, the Transpacific market and/or the Asia – Latin America market where larger-size vessels are more economically justifiable. In September 2024, we ordered two 4,300 TEU newbuildings which are expected to be delivered in 2027. We plan to deploy the two newbuildings in long-haul services in markets such as the Asia — Indian Subcontinent and others markets and at the same time to upgrade the older vessels.

BUSINESS

Furthermore, thanks to our strong operating cash generating capabilities, we have been able to finance the expansion of our vessel fleet with readily available funds, and we also retain greater flexibility on the timing of making investments in new vessels including awaiting and seizing the right windows to acquire vessels at relatively lower cost.

Distinct customer focus and strong sales coverage

Focus on small and medium-sized customers. We primarily focus on small and medium-sized customers, including freight forwarders and BCO customers, who usually have only moderate shipping demand and therefore command less volume discounts compared with larger customers, and who are more receptive to market freight rates or higher freight rates in case of shortage of supply or urgent shipping requests.

Direct sales force. We have established an extensive in-house sales network covering our strategically important markets in the Asia Pacific Region, primarily consisting of our own local sales teams. As of April 30, 2024, we had a total of 22 offices worldwide, including 10 offices in mainland China and Hong Kong, two in Japan, two in South Korea, three in Vietnam, three in Malaysia, one in United Arab Emirates and one in the Philippines. We believe a strong local presence can bring us closer to market developments, directly covering a wider base of small and medium-size customers and build better customer relationships.

Focus on high value-added cargos. We focus on shipping high value-added and time-sensitive cargos including consumer electronics, high-end machinery, auto products and cargos requiring reefer containers such as perishable goods. These cargos often require a combination of on-time delivery, specific container conditions and careful handling, and thus generally command higher freight rates than other cargos, according to the Drewry Report.

Ability to serve large shippers. We from time to time also service large blue-chip customers with their tailored needs. We have undertaken large projects with specifically tailored needs for these customers with whom we have long-term business relationships.

A management team with extensive industry experience and proven track record

We are led by our chairman and founder, Mr. Chen and a senior management team that displays a combination of vision, experience, stability and entrepreneurial dynamism. Our senior management members have on average 26 years of container shipping industry experience. Most of them joined us at our inception and have remained with us ever since. The average tenure of our senior management members with our Group is 19 years. Our flat organizational structure enables us to remain dynamic and nimble even as we have grown significantly in scale.

Mr. Chen is among the most experienced container shipping industry veterans, having over 36 years management experience in container shipping. Prior to founding our Group, from November 1981 to January 2000, he served in various positions at Wan Hai Lines, where he served for more than 10 years as its president and his last position was as a senior advisor and

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was primarily responsible for overseeing the overall management of Wan Hai Lines. Our president, Mr. To Hung-Lin, has 27 years of experience in the operation and management of shipping companies, and joined us since our establishment in 2001 and has helped steer our Group through many industry cycles.

Over the past two decades, Mr. Chen and the senior management team grew our Group from a shipping company with only four services into an industry leader in the Asia Pacific Region with 48 services globally as of April 30, 2024.

OUR STRATEGIES

Our mission is to become a leading premium container shipping company promoting agile and seamless logistics solutions for international trades. In order to achieve our mission, we plan to pursue the following strategies.

Strengthen our advantageous position in the Asia Pacific Region and explore opportunities in other markets

The Asia Pacific Region is the largest and one of the fastest growing markets over past three decades in the global container shipping industry both in terms of shipping volume due to strong growth in consumption, increasing trade links within Asia and fast growing cross-border trade and e-commerce according to the Drewry Report. Regional free-trade agreements, such as the RCEP and the AFTA, also boost trade volume among relevant countries and regions within Asia. The Asia Pacific Region will remain our core market, where we aim to strengthen our advantageous positions in our key services through vessel allocation optimization and upgrade to larger and younger vessels, while allocating remaining shipping capacity to other services with a view to maximizing profitability.

The majority of our services in the Asia Pacific Region was short-haul services during the Track Record Period. We plan to enhance the frequency of our core services and upgrade the relevant vessels deployed in the Asia Pacific Region by deploying our newbuildings to be delivered in 2024. We are also exploring the opportunity to launch new liner services covering more ports in the Asia Pacific Region through independent-operation or cooperation with other carriers through joint services or slot exchange arrangements. To achieve better utilization and profitability, we will closely monitor and optimize the schedule and ports in rotation of our liner services as well as the proportion of owned vessels and chartered-in vessels.

Furthermore, we plan to explore opportunities in other markets which can demonstrate robust, enduring demand and offer long-term profitability. Currently, we see the potential growth in certain markets such as the Middle East and East Africa and we are considering operating additional services in collaboration with other carriers. For example, in November 2023, we launched a new service from Greater China to East Africa (Mombasa and Dar Es Salaam) by joint service. In April 2024, we launched a new service from Greater China to the Middle East (Jebel Ali and Sohar) by joint service and a new service from East Asia to the Middle East (Jebel Ali and Dammam) by slot chartering arrangement.

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In addition, to broaden our customer base, improve customer service capability and enhance customer loyalty, we intend to establish more offices in selected cities in the Asia Pacific Region. Our branch sales teams across different locations plan to acquire more BCO customers, thereby enhancing our market presence and increasing the proportion of our BCO cargos as well as mitigating the impact from freight rate fluctuations because in general we believe we may build up customer loyalty when dealing directly with BCO customers rather than through freight forwarders, and BCO customers are also more inclined to engage in long-term contracts with us after appreciating our service quality.

Continue to optimize and upgrade our vessels and containers portfolio

We plan to continue to optimize and upgrade our vessels and containers portfolio to further improve our cost structure. For example, our newbuildings to be delivered over time can further increase the proportion of owned vessels out of our entire vessels portfolio which will help to lower our cost level in the long term. Newbuildings can also increase our shipping capacity when the market demand supports, or upgrade our fleet by replacing older vessels.

Furthermore, vessel chartering is a flexible means for us to fine tune our vessel fleet size because we can select the type of vessel and charter term we prefer when the market demand supports, or return vessels when the charters expire if we have excess shipping capacity. Moreover, we can also dispose of owned vessels when we have excess shipping capacity. Through the aforementioned means we can respond to changing market conditions dynamically while improving our cost structure. We also plan to further optimize our fleet allocation by deploying new vessels with larger capacity in services with growing demand, reallocate certain existing vessels with smaller capacity to explore new services, and use joint services or slot exchange arrangements with other carriers to enhance our service capability.

For example, as a way to optimize our vessels portfolio to address the adverse market condition, since the beginning of 2023, we have disposed of 10 of our owned vessels and returned 12 of the chartered-in vessels whose charters have expired. In the same period, we deployed 12 newbuildings to replace and upgrade some of the owned vessels we disposed of and chartered-in vessels we returned, achieving the benefit of long-term cost effectiveness, and becoming more environmentally friendly and complying with environmental regulations such as IMO requirements. As of the Latest Practicable Date, we had ordered three 7,000 TEU vessels, one of which is expected to be delivered by the end of 2024 and the remaining two of which are expected to be delivered in 2026 and 2027, respectively. In addition, as of the same date, we had ordered two 4,300 TEU and three 14,000 TEU vessels, which are expected to be delivered in 2027.

In addition, we plan to increase the number of our containers through leasing and purchases to support our future business development. As of the Latest Practicable Date, we had leased containers with capacity of 192,173 TEUs under a contract term over one year. By purchasing containers to increase the proportion of our owned containers to support our growth, we believe it will help to lower our cost level in the long term compared to leased containers. We also plan to purchase additional special containers to meet the diverse needs of

our growing base of BCO customers. We intend to apply part of the proceeds from the Global Offering for purchasing new vessels, the vessel chartering contracts we entered into and container leasing. See “Future Plans and Use of Proceeds — Use of proceeds” for more details.

Continue to promote digitalization of our business

We believe operational excellence, cost-effectiveness and high-quality services are key to our success in the highly competitive container shipping industry. Digitalization is a critical measure to strengthen the resilience of the supply chain including the shipping industry, according to the Drewry Report, because digital technologies can improve service quality, operational efficiency and competitiveness of container shipping companies. Therefore, we plan to continuously invest in our digital transformation by deploying advanced IT solutions to enhance the coordination and communication across all of our branches and offices.

As our business expands globally, we intend to implement a next-generation internal operation system to ensure seamless coordination across our network. We believe the scalable and interactive new system can deliver a better user experience to our customers by monitoring all key processes through a single integrated platform. It will support our multi-dimensional analysis and decision making in services design, pricing, cost management and resource allocation. It will also provide strong tracking visibility of equipment and vessel performance.

To further this goal, we plan to continually upgrade our existing IT systems, including our existing internal operation systems, cloud servers, human resource systems, and E-service platform. In addition, in recognition of the substantial benefits Artificial Intelligence (AI), the Internet of Things (IoT), and other advanced technologies offer, we are committed to augmenting our investment in these areas. As a testament to this commitment, we are currently in the process of forging a partnership with a reputable third-party technology provider. This strategic alliance is aimed at integrating AI-powered customer service bots into our service framework, a move that is anticipated to significantly refine our customer interaction and response times. Furthermore, to support our digitalization, we will recruit and train in-house IT professionals and continually upgrade the IT infrastructure in our headquarters as well as our branches and offices.

Strengthen our strategic collaboration with other carriers and selectively pursue strategic investments in port operation

We have established cooperation and partnerships with a number of leading container shipping companies on joint services, slot exchange and slot charter arrangements. These partnerships have contributed to our advantageous position in the core Asia Pacific Region by increasing our service frequency, and have also significantly expanded our service network by successfully establishing our presence in new targeted markets while optimizing our fleet utilization and minimizing risk. Thus, we intend to further expand our strategic collaboration with our existing and potential partners, to further enhance our service coverage and capabilities, and achieve greater economies of scale in our services to further optimize our cost level.

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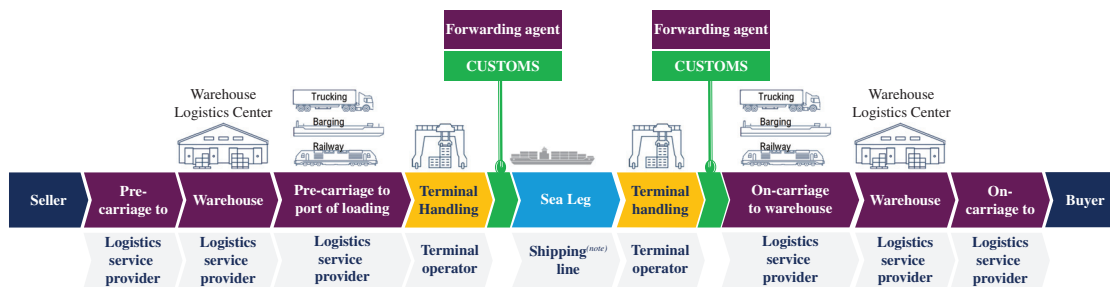
Having built one of the most extensive container shipping networks within the Asia Pacific Region with a well-established customer base, we will also explore attractive investment opportunities in certain complementary businesses, such as exclusive terminals, container depots and warehousing at selected ports. By participating in terminal operations, we can reduce the cost level of our existing operations, generate new revenue streams and also enhance profitability by providing more reliable services.

OUR CONTAINER SHIPPING BUSINESS

Our business model

The transportation of containerized cargos starts with the need to ship cargos from consignors. The containerized cargos are sent from origins to ports by various modes, including rail, truck or barge. The containerized cargos are then conveyed to their destination ports under different shipping networks by container vessels that load them at the origin ports. Upon discharge at the destination ports, the containerized cargos are transported to their final inland destinations by various modes. Container shipping is a vital element of global trade, according to Drewry, as it provides one of the most cost-effective means of moving large volumes of goods.

Typical container supply chain logistics, as illustrated below, consists of participants including container shipping lines, port and terminal operators as well as logistics service providers such as trucking companies, railways, barge operators, and warehousing companies.



Note: We are a container shipping line engaged in the provision of container shipping services.

We are engaged in the provision of container shipping services with our fleet of vessels consisting of both owned vessels and chartered-in vessels. We mainly serve the Asia Pacific Region, including the Greater China – North Asia, the Greater China – Southeast Asia, the Greater China, the North Asia and Southeast Asia, the Asia – Oceania and the Asia – Indian Subcontinent markets. We operate our shipping network independently by ourselves and also through arrangements with other carriers including joint services, slot exchange and slot chartering.

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We mainly contract with freight forwarders acting on behalf of BCO customers, namely, consignors, and to a lesser extent, we directly contract with BCO customers, to transport containerized cargos pursuant to their instructions. Our container shipping services primarily include transporting containers from origin ports to destination ports within our shipping network. In some cases, upon customers' requests, we also assist to arrange, among others, (i) transportation of containers to ports by rail, truck or barge from their inland points of origin, (ii) loading of containers onto container vessels at port, and (iii) discharging containers at destination ports, and onward transportation by rail, truck or barge to their final inland destination. Along the supply chain, our suppliers include port operators, container providers, bunker providers, vessel chartering companies and vessel manufacturers.

Our customer acquisition strategy is based on delivering reliable and high-quality shipping services that meet the diverse and changing needs of our customers. We actively promote our services to potential and existing customers through frequent visits by our dedicated and professional sales team, who are trained to understand our customers' businesses and offer tailored solutions. We also participate in competitive tenders from large blue-chip customers who require large-scale and long-term shipping contracts. We secure their cargos by offering superior service quality and customized terms and conditions. To expand our business, we may cross-sell new shipping services to existing customers in addition to tapping new customers.

Our container shipping services generally involves the following steps:

- Our customer makes a booking either online or via our branch office and agents worldwide at a price we quote mainly determined based on market freight rate;
- After our confirmation of the order, we issue the bill of lading detailing the terms of the shipment, and the customer arranges for an inland transport operator to pick up the empty container from the yard designated by us;
- Once the container is filled, the inland transport operator picks up and moves the container to the terminal in time, where it is loaded onto our scheduled ship;
- We are responsible for the transport of such containers from the port of departure to the port of destination according to a pre-set schedule; and
- Once the container arrives at the destination port, it will be offloaded and delivered to the recipient by an inland transport operator. The empty container is moved directly to an exporter's warehouse for reloading or to a depot to await future use.

We set forth the following procedures for launching and operating new services:

Launching new services

- Usually our planning department first collects information of the proposed new services such as shipping volume demand, freight rate, vessel daily cost, bunker consumption, bunker price and port charge from our marine department and operation department to assess the feasibility of the proposed new services through analyses on, among others, fixed cost, slot cost and variable cost, and the

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establishment of a profit and loss module to compare the variable cost with cargo revenue. We also hold meetings with the management involving the chairman, president, vice president and heads of relevant departments to discuss the proposed new routes, voyage per week, ports of call, execution plan, the choice of potential joint service partners if needed and other information internally. If the new services involve the development of a new market, we usually will select a local agent and our headquarter will provide trainings on our systems and policy to local agents;

- After we confirm the feasibility of the proposed new services, we will decide whether to operate through independent services, joint services or through other arrangements based on the following factors:
 - Independent service/joint service: We will operate through independent services if we have sufficient shipping capacity to satisfy the shipping demand for the proposed new services. Otherwise, we would consider joint services. We generally prefer to work with existing joint service partners in proposed new services.
 - Slot exchange: To enhance the utilization of our existing service, we may explore slot exchange opportunities with other carriers operating other similar routes in the market, through which we may also increase the frequency of our services.
 - Slot chartering: If the market demand cannot support independent service or joint service, or we have not gathered sufficient information of a certain market, we would evaluate the estimated shipping volume and freight rate to assess our potential profit in the market and operate through slot chartering.
- We will communicate with port operators on topics including terminal arrangement, customs declaration and charge rates, as well as whether there is demand for external storage yards, repair shops of containers, trailer/railway demand, etc. We will also conduct local surcharge survey and arrange seal/bill of lading delivery; and
- We will then allocate the shipping capacity according to the freight rate and shipping volume.

Operating new services

- Customer base: In addition to developing new customers through our local agents or branch offices, we may cross-sell new services to existing customers through follow-up meetings and calls, the provision of advertising materials and our updated website introducing our services;
- Bunker supply: We will discuss bunker arrangements with bunker suppliers;

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- **Reporting:** We need to report the launch of new services to the relevant transportation authorities including the Ministry of Transport of the PRC (mainland China), the Maritime Port Bureau of the Ministry of Transportation and Communications (Taiwan), the Ministry of Land, Infrastructure, Transport and Tourism (Japan) and the Department of Infrastructure, Transport, Regional Development and Communications (Australia);
- **Port customs clearance:** Our local agents/branches may handle port customs clearance, or we may designate a local professional shipping agency to handle port customs clearance; and
- **Container loading and unloading:** We will conduct research on terminal services and compare the berth, charge rates, service quality to decide which terminal operators we plan to engage.

During the Track Record Period and up to the Latest Practicable Date, our branch offices had obtained all material certificates, licenses, approvals and permits from relevant authorities for our operations in all material respects; and nothing has come to our attention that have caused us to believe that our local agents did not obtain any material certificates, licenses, approvals or permits from relevant authorities for their operations in all material respects.

During the Track Record Period, we derived revenue mainly from the provision of container shipping services and other container shipping related services, mainly including demurrage charges, detention charges, slottage revenue and other shipping surcharges. For the years ended December 31, 2021, 2022 and 2023 and the four months ended April 30, 2023 and 2024, we generated revenue of US\$1,837.4 million, US\$2,443.5 million, US\$874.6 million, US\$318.2 million and US\$318.0 million, respectively. See “Financial Information — Description of major components in our consolidated statements of profit or loss — Revenue” for further details. The following table sets forth our revenue by business line for the periods indicated:

	For the year ended December 31,						For the four months ended April 30,			
	2021		2022		2023		2023		2024	
	US\$'000	%	US\$'000	%	US\$'000	%	US\$'000	%	US\$'000	%
	<i>(Unaudited)</i>									
Provision of container shipping services	1,716,389	93.4	2,301,578	94.2	801,727	91.7	279,865	88.0	295,994	93.1
Other container shipping related services	121,047	6.6	141,892	5.8	72,875	8.3	38,323	12.0	22,033	6.9
Total	1,837,436	100.0	2,443,470	100.0	874,602	100.0	318,188	100.0	318,027	100.0

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As of December 31, 2021, 2022 and 2023 and April 30, 2024, we operated 34, 42, 43 and 48 services, respectively. Our services increased from 34 as of December 31, 2021 to 42 as of December 31, 2022 primarily because we launched additional services in the North Asia and Southeast Asia and the Asia – Indian Subcontinent markets. We operated 42 and 43 services, respectively, as of December 31, 2022 and 2023 which remained relatively stable. Our services increased from 43 as of December 31, 2023 to 48 as of April 30, 2024 primarily because we launched additional services in the Greater China – Southeast Asia and others markets. As of April 30, 2024, we had nine independent services, 22 joint services and 15 services through slot exchange arrangements, and two services through slot chartering. These services cover key ports in mainland China, Taiwan, Hong Kong, Japan, South Korea, Indonesia, Vietnam, Cambodia, Thailand, the Philippines, Malaysia, Singapore, India, Pakistan, Sri Lanka, United Arab Emirates, Saudi Arabia, Oman, Australia, Tanzania and Kenya. We particularly focus on the development of the Asia Pacific Region. In 2021, 2022, 2023 and for the four months ended April 30, 2023 and 2024, our aggregate shipping volume in the Asia Pacific Region was 1,571,974 TEU, 1,470,045 TEU, 1,433,097 TEU, 452,393 TEU and 512,289 TEU, respectively, representing 99.3%, 94.3%, 97.7%, 97.2% and 95.4% of our total shipping volume in the same periods.

Our liner services

In general, we adopt a liner service model whereby we operate scheduled shipping services along designated ports in rotation. When designing liner services, we determine the schedule and the ports in rotation for each service taking into account, among others, the demand for shipping services from port to port, freight rate levels and voyage lead time, with a view to maximizing shipping volume and profitability in each service.

Specifically, we focus on offering frequent and versatile container shipping services primarily in the Asia Pacific Region. Our liner services particularly suit the needs of customers that require regular shipping services for time-sensitive cargos because our services offer them the punctuality of our shipping schedule to ensure on-time delivery. Our comprehensive port coverage enables us to serve various popular destinations for our diversified customer base. As of April 30, 2024, we had 366 port calls per week and covered 50 major ports in the Asia Pacific Region. Moreover, we have also developed a flexible shipping capacity allocation mechanism that allows us to quickly adjust our regular liner services in response to changes in market demand, freight rates and operating conditions. We achieve this by adjusting the ports we call at in our services or by reallocating shipping capacity among our service networks. This mechanism has enabled us to enhance our overall vessel utilization and maximize profitability.

We have a flexible operating model that enables us to adapt to changing market demands. To achieve this and maintain the greatest flexibility, we operate our own independent services, as well as cooperating with other carriers through joint services, slot exchange and slot chartering arrangements. We believe joint services with other carriers are a beneficial way to manage our services and serve customer demand at the current stage because such services offer greater flexibility for our initial shipping resources commitment and risk sharing. We may consider to launch new independent services where we consider the market risk of operating independent services becomes manageable.

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Our markets

During the Track Record Period, our container shipping network mainly consisted of the Asia Pacific Region, the Transpacific market and the Asia – Europe market. The Asia Pacific Region can be further divided into six sub-markets: the Greater China – North Asia, the Greater China – Southeast Asia, the Greater China, the North Asia and Southeast Asia, the Asia – Oceania and the Asia – Indian Subcontinent markets. The following table sets forth the shipping volume and the corresponding percentages (relative to our total shipping volume) of our container shipping network by market for the periods indicated:

	For the year ended December 31,						For the four months ended April 30,			
	2021		2022		2023		2023		2024	
	<i>Shipping volume</i>	<i>%</i>	<i>Shipping volume</i>	<i>%</i>	<i>Shipping volume</i>	<i>%</i>	<i>Shipping volume</i>	<i>%</i>	<i>Shipping volume</i>	<i>%</i>
	<i>(TEU, except percentage)</i>									
Asia Pacific Region	1,571,974	99.3	1,470,045	94.3	1,433,097	97.7	452,393	97.2	512,289	95.4
Greater China – North Asia	447,856	28.3	421,127	27.0	398,900	27.2	127,399	27.4	134,872	25.1
Greater China – Southeast Asia	710,582	44.9	489,069	31.4	528,193	36.0	161,580	34.7	191,908	35.7
Greater China	148,224	9.4	137,010	8.8	134,696	9.2	40,449	8.7	45,385	8.5
North Asia and Southeast Asia	110,238	7.0	74,563	4.8	113,992	7.8	32,823	7.0	44,303	8.3
Asia – Oceania	142,971	9.0	210,851	13.5	103,512	7.1	41,596	8.9	39,617	7.4
Asia – Indian Subcontinent	12,103	0.8	137,425	8.8	153,804	10.5	48,546	10.4	56,204	10.5
Transpacific⁽¹⁾	11,600	0.7	72,392	4.6	–	–	–	–	–	–
Asia – Europe⁽¹⁾	–	–	11,364	0.7	11	0.0	11	0.0	–	–
Others⁽²⁾	–	–	5,341	0.4	33,323	2.3	13,248	2.8	24,317	4.6
Total	1,583,574	100.0	1,559,142	100.0	1,466,431	100.0	465,652	100.0	536,606	100.0

Notes:

- (1) To address the market condition that has affected long-haul services in the Transpacific and the Asia – Europe markets where deployment of smaller vessels became less profitable or even loss-making in light of the continued decline of freight rates, we decided to suspend our services in the Transpacific and Asia – Europe markets in December 2022, and all services in the Transpacific and Asia – Europe markets had been suspended in February and in March 2023, respectively. See “— Our container shipping business — Our markets — Transpacific” and “— Our container shipping business — Our markets — Asia – Europe” in this section for more details.
- (2) Others mainly included the trade lane connecting North Asia, Greater China, Malaysia and the Middle East (Jebel Ali, Dammam and Sohar), the trade lane connecting Greater China and East Africa (Mombasa and Dar es Salaam), and the trade lane connecting India (Nhava Sheva and Mundra), Middle East (Jebel Ali and Khalifa) and East Africa (Mombasa and Dar es Salaam).

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The following table sets forth our revenue generated from container shipping services and the corresponding percentages by market for the periods indicated:

	For the year ended December 31,						For the four months ended April 30,			
	2021		2022		2023		2023		2024	
	US\$'000	%	US\$'000	%	US\$'000	%	US\$'000	%	US\$'000	%
Asia Pacific Region	1,667,925	97.2	1,893,256	82.3	772,716	96.4	268,780	96.0	267,728	90.5
Greater China –										
North Asia	362,716	21.1	363,562	15.8	194,139	24.2	75,580	27.0	54,123	18.3
Greater China –										
Southeast Asia	592,486	34.5	476,007	20.7	247,909	30.9	78,295	28.0	88,556	29.9
Greater China	98,065	5.7	91,466	4.0	61,368	7.7	20,025	7.2	19,848	6.7
North Asia and										
Southeast Asia	93,164	5.4	73,022	3.2	54,422	6.8	19,427	6.9	17,213	5.8
Asia – Oceania	478,141	27.9	628,639	27.3	99,364	12.4	42,923	15.3	45,461	15.4
Asia – Indian										
Subcontinent	43,353	2.6	260,560	11.3	115,514	14.4	32,530	11.6	42,527	14.4
<i>Transpacific⁽¹⁾</i>	48,464	2.8	354,411	15.4	–	–	–	–	–	–
<i>Asia – Europe⁽¹⁾</i>	–	–	43,336	1.9	16	0.0	16	0.0	–	–
<i>Others⁽²⁾</i>	–	–	10,575	0.4	28,995	3.6	11,069	4.0	28,266	9.5
Total	1,716,389	100.0	2,301,578	100.0	801,727	100.0	279,865	100.0	295,994	100.0

Notes:

- (1) To address the market condition that has affected long-haul services in the Transpacific and the Asia – Europe markets where deployment of smaller vessels became less profitable or even loss-making in light of the continued decline of freight rates, we decided to suspend our services in the Transpacific and Asia – Europe markets in December 2022, and all services in the Transpacific and Asia – Europe markets had been suspended in February and in March 2023, respectively. See “— Our container shipping business — Our markets — Transpacific” and “— Our container shipping business — Our markets — Asia – Europe” in this section for more details.
- (2) Others mainly included the trade lane connecting North Asia, Greater China, Malaysia and the Middle East (Jebel Ali, Dammam and Sohar), the trade lane connecting Greater China and East Africa (Mombasa and Dar es Salaam), and the trade lane connecting India (Nhava Sheva and Mundra), Middle East (Jebel Ali and Khalifa) and East Africa (Mombasa and Dar es Salaam).

“Services” refer to container shipping services provided by one or multiple shipping companies going through regularly specific origin port, intermediate port(s) and destination port; for example, as of April 30, 2024 the Company had a service in the Greater China market, going through Hong Kong, Keelung, Taichung and Kaohsiung.

The following table sets forth the number of our container shipping services as of April 30, 2024, including independent services, joint services and services through slot exchange and slot chartering arrangements.

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Number of services	Asia Pacific Region	Others	Total
Independent services	9	0	9
Joint services	19	3	22
Slot exchange arrangements	14	1	15
Slot chartering arrangements	1	1	2
Total	43	5	48

As of April 30, 2024, our container shipping network covered a total of 21 countries and regions, 56 major ports and 48 services globally.

As of April 30, 2024, our container shipping services covered:

- 12 ports in mainland China, with 125 port calls per week;
- three ports in Taiwan, with 32 port calls per week;
- one port in Hong Kong, with 27 port calls per week;
- seven ports in Japan, with 44 port calls per week;
- three ports in South Korea, with 21 port calls per week;
- 15 ports in ASEAN countries, with 89 port calls per week;
- six ports in the Indian-Subcontinent, with 22 port calls per week;
- two ports in United Arab Emirates, with five port calls per week;
- three ports in Australia, with six port calls per week;
- one port in Saudi Arabia, with one port call per week;
- one port in Oman, with one port call per week; and
- two ports in East Africa, with four port calls per week.

Asia Pacific Region

We define the Asia Pacific Region to include the Greater China – North Asia, the Greater China – Southeast Asia, the Greater China, the North Asia and Southeast Asia, the Asia – Oceania and the Asia – Indian Subcontinent markets in which we operate.

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We began our container shipping services in the Asia Pacific Region in 2001. We ranked sixth in the Asia Pacific Region in terms of deployed capacity among the Asia Pacific Region focused players in December 2023, according to the Drewry Report. In the Asia Pacific Region, we called at ports such as those in mainland China, Taiwan, Hong Kong, Japan, South Korea, Indonesia, Vietnam, Cambodia, Thailand, the Philippines, Malaysia, Singapore, India, Pakistan, Sri Lanka, Australia, as of April 30, 2024. As of December 31, 2021, 2022 and 2023 and April 30, 2024, we operated 33, 37, 40 and 43 services in the Asia Pacific Region, respectively. For the years ended December 31, 2021, 2022, 2023 and the four months ended April 30, 2023 and 2024, our aggregate shipping volume in the Asia Pacific Region was 1,571,974 TEU, 1,470,045 TEU, 1,433,097 TEU, 452,393 TEU and 512,289 TEU, respectively. For the years ended December 31, 2021, 2022 and 2023 and the four months ended April 30, 2023 and 2024, our revenue generated from the Asia Pacific Region was approximately US\$1,667.9 million, US\$1,893.3 million, US\$772.7 million, US\$268.8 million and US\$267.7 million, representing approximately 97.2%, 82.3%, 96.4%, 96.0% and 90.5% of our total revenue for the same periods, respectively. Our average freight rate in the Asia Pacific Region was US\$1,061 per TEU, US\$1,288 per TEU, US\$539 per TEU, US\$594 per TEU and US\$523 per TEU for the years ended December 31, 2021, 2022 and 2023 and the four months ended April 30, 2023 and 2024, respectively.

According to the Drewry Report, the Asia Pacific Region is the largest and one of the fastest growing markets over past three decades both in terms of shipping volume due to strong growth in consumption, increasing trade links within Asia and fast growing cross-border trade and e-commerce. Regional free-trade agreements, such as the RCEP and the AFTA, also boost trade volume among relevant countries and regions. The Asia Pacific Region container ports throughput increased at a CAGR of 2.6% from 2018 to 2023, and reached 535.3 million TEU in 2023, accounting for 61.6% of the global container port throughput in 2023.

Greater China – North Asia

Our Greater China – North Asia market refers to the trade lane connecting Greater China and North Asia. We commenced container shipping services in the Greater China – North Asia market in 2001 when we operated our first service from Hong Kong to Japan and Taiwan.

As of April 30, 2024, we operated a total of 10 services in the Greater China – North Asia market, including two independent services, two joint services, five services through slot exchange arrangements and one service through slot chartering arrangement, with 48 port calls per week. The length of travel time on these services ranged from six days to 14 days per voyage. Our shipping volume in the Greater China – North Asia market was 447,856 TEU, 421,127 TEU, 398,900 TEU, 127,399 TEU and 134,872 TEU for the years ended December 31, 2021, 2022, 2023 and the four months ended April 30, 2023 and 2024, accounting for 28.3%, 27.0%, 27.2%, 27.4% and 25.1% of our total container shipping volume, respectively. The decrease in shipping volume in 2022 was mainly because we allocated certain shipping capacity from this market to markets with stronger revenue and profitability performance such as the Asia — Oceania, Asia – Indian Subcontinent and Transpacific markets. The decrease in shipping volume in 2023 was mainly because, to address the adverse market condition, we

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managed our shipping capacity in light of the scheduled delivery of newbuildings in 2023 by chartering out vessels, returning chartered-in vessels when their charters expired and disposing of owned vessels and this led to a reduction of our shipping capacity and hence a lower shipping volume. The increase in shipping volume for the four months ended April 30, 2024 in the Greater China – North Asia market was mainly because we deployed a number of larger vessels. For the years ended December 31, 2021, 2022 and 2023 and the four months ended April 30, 2023 and 2024, our average freight rate in the Greater China – North Asia market amounted to US\$810 per TEU, US\$863 per TEU, US\$487 per TEU, US\$593 per TEU and US\$401 per TEU, respectively. For further details, see “Financial Information — Description of major components in our consolidated statements of profit or loss — Revenue — Freight rates”. As of December 31, 2021, 2022, 2023 and April 30, 2024, we had 11, nine, nine and 10 services in the Greater China – North Asia market, respectively.

As of April 30, 2024, our container shipping network in the Greater China – North Asia market covered 10 major ports in North Asia, including Tokyo, Yokohama, Osaka, Kobe, Moji, Hakata, Nagoya, Incheon, Pusan and Kwangyang in addition to the ports in Greater China. For the Hong Kong – Japan trade lane, we have five services between Hong Kong and the Kanto region, six services between Hong Kong and the Kansai region and one service between Hong Kong and the Kyushu region. Similarly, for the Shanghai – Japan trade lane, we have three services between Shanghai and the Kanto region, three services between Shanghai and the Kansai region and one service between Shanghai and the Kyushu region. We provided seven voyages and seven voyages per week in the first four months in 2024 in the Shanghai – Japan and Hong Kong – Japan trade lanes, respectively. For the Japan – Taiwan trade lane and the South Korea – Taiwan trade lane, we provide seven services in the Japan – Taiwan trade lane and three services in the South Korea – Taiwan trade lane.

According to the Drewry Report, the container throughput in North Asia increased from 53.4 million TEU in 2018 to 53.6 million TEU in 2023, in which Japan and South Korea were two major countries with mature container markets. To continue to develop our Greater China – North Asia market, we plan to: (i) increase the frequency of the main trade lanes, such as between the Greater Bay Area and Japan, and at the same time further develop the joint services and slot exchange arrangements; (ii) expand business and increase container utilization through slot exchange and slot chartering arrangements, such as developing the round-trip routes between Greater China and Japan; (iii) further expand the trade lane between Japan and the Greater Bay Area and between Taiwan and Japan, and (iv) replace the smaller vessels with the larger vessels being cascaded down from other services and expand our joint services.

Greater China – Southeast Asia

Our Greater China – Southeast Asia market refers to the trade lane connecting Greater China and Southeast Asia. We commenced container shipping services in the Greater China – Southeast Asia market since 2002 when we operated our first service from Greater China to Singapore, Malaysia and Indonesia.

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As of April 30, 2024, we operated a total of 11 services in the Greater China – Southeast Asia market, including three independent services, four joint services and four services through slot exchange arrangements, with 75 port calls per week. The length of travel time on these services ranged from three to 21 per voyage. Our total shipping volume in the Greater China – Southeast Asia market was 710,582 TEU, 489,069 TEU, 528,193 TEU, 161,580 TEU and 191,908 TEU for the years ended December 31, 2021, 2022, 2023 and the four months ended April 30, 2023 and 2024, accounting for 44.9%, 31.4%, 36.0%, 34.7% and 35.7% of our total container shipping volume, respectively. The decrease in shipping volume in 2022 was mainly because we allocated certain shipping capacity from the Greater China – Southeast Asia market to markets with stronger revenue and profitability performance such as the Asia – Oceania, Asia – Indian Subcontinent and Transpacific markets. The increase in shipping volume in 2023 was mainly because we deployed new vessels delivered in 2023 and launched new services in the second half of 2023 such as the service from Greater China to Sihanoukville, Bangkok, Laem Chabang, Ho Chi Minh, Batangas and Manila and the service from Greater China to Jakarta and Surabaya, thereby increasing the shipping volume. Nonetheless, the increase in shipping volume in 2023 was partially offset by the reduction of our shipping capacity in 2023 and hence a lower shipping volume mainly as a result of our management of our shipping capacity including chartering out vessels, returning chartered-in vessels when their charters expired and disposing of owned vessels. The increase in shipping volume for the four months ended April 30, 2024 in the Greater China – Southeast Asia market was mainly because we launched six new services and upgraded smaller vessels with larger vessels. For the years ended December 31, 2021, 2022 and 2023 and the four months ended April 30, 2023 and 2024, our average freight rate in the Greater China – Southeast Asia market amounted to US\$834 per TEU, US\$973 per TEU, US\$469 per TEU and, US\$485 per TEU and US\$461 per TEU, respectively. For further details, see “Financial Information — Description of major components in our consolidated statements of profit or loss — Revenue — Freight rates”. As of December 31, 2021, 2022 and 2023 and April 30, 2024, we operated 13, 10, seven and 11 services in the Greater China – Southeast Asia market, respectively.

As of April 30, 2024, our container shipping network in the Greater China – Southeast Asia market covered 12 major ports in Southeast Asia, including Jakarta, Surabaya, Semarang, Manila, Ho Chi Minh, Haiphong, Sihanoukville, Bangkok, Laem Chabang, Batangas, Subic Bay and Port Klang in addition to the ports in Greater China. As of April 30, 2024, we provided three services along the Hong Kong, the Greater Bay Area and Manila trade lane. In addition, compared with some other carriers relying solely on Laem Chabang in Thailand, which needs barge and railway services to deliver cargos to Bangkok, we have chosen Bangkok as one of the ports we serve in Thailand to increase our network coverage, shorten cargos’ delivery time to Bangkok and save inland logistics costs. Furthermore, we provide six services along Hong Kong, the Greater Bay Area and Thailand trade lane and four services along Qingdao, Shanghai, Xiamen, Ningbo and Thailand, to meet customers’ demand. In Vietnam, we provide four services for Ho Chi Minh to service fruit traders who need frequent and fast service between Greater China and Vietnam. Additionally, we have our own branch offices in Thailand, Vietnam and Malaysia, providing attentive and quality customer services. We set up a branch in the Philippines which started its operation in the first quarter of 2023 to provide more direct and better services to customers in Metro Manila.

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According to the Drewry Report, ASEAN countries are emerging markets in the Asia Pacific Region, benefitting from the shifting trend of reallocating production lines to Southeast Asia countries. Vietnam, Malaysia, Thailand and the Philippines had recorded strong throughput recovery in 2021 from the lower levels experienced in 2020 due to COVID-19. The container throughput in Southeast Asia increased from 111.6 million TEU in 2018 to 122.1 million TEU in 2023. To continue to develop the Greater China – Southeast Asia market, we plan to (i) increase the frequency of our existing shipping services in selected trade lanes, such as from Greater China to the ports in Vietnam, Thailand and Malaysia; and (ii) develop trade lanes in underserved markets such as from Greater China to South Philippines.

Greater China

Our Greater China market refers to the trade lane within the Greater China region, mainly consisting of the trade lane between Taiwan and Hong Kong, which also covers, through barge and trailer services, Guangdong province and the Greater Bay Area (including Hong Kong, Macau, Guangzhou, Shenzhen, Zhuhai, Foshan, Huizhou, Dongguan, Zhongshan, Jiangmen and Zhaoqing). We commenced container shipping services in the Greater China market since 2001 when we operated our first service from Hong Kong to Keelung and Kaohsiung.

As of April 30, 2024, we operated one independent service in the Greater China market, with four port calls per week. The length of travel time on the service was seven days per voyage. Our shipping volume in the Greater China market was 148,224 TEU, 137,010 TEU and 134,696 TEU, 40,449 TEU and 45,385 TEU for the years ended December 31, 2021, 2022 and 2023 and the four months ended April 30, 2023 and 2024, accounting for 9.4%, 8.8%, 9.2%, 8.7% and 8.5% of our total container shipping volume, respectively. The decrease in shipping volume in the Greater China market in 2022 was mainly due to the port congestion at the port in Hong Kong. As Hong Kong implemented stringent coronavirus restrictions to contain local outbreaks, any suspected or confirmed active COVID-19 cases at ports on vessels may affect port operation and container and vessel traffic at ports, causing port congestion. Our shipping volume in the Greater China market in 2023 remained relatively stable. The increase in shipping volume for the four months ended April 30, 2024 in the Greater China market was mainly due to the increase in market demand. For the years ended December 31, 2021, 2022 and 2023 and the four months ended April 30, 2023 and 2024, our average freight rate in the Greater China market amounted to US\$662 per TEU, US\$668 per TEU, US\$456 per TEU, US\$495 per TEU and US\$437 per TEU, respectively. For further details, see “Financial Information — Description of major components in our consolidated statements of profit or loss — Revenue — Freight rates”. As of December 31, 2021, 2022 and 2023 and April 30, 2024, we had one service in the Greater China market.

As of April 30, 2024, our container shipping network in the Greater China market covered primarily four major ports in the region, including Hong Kong, Keelung, Taichung and Kaohsiung. We seek to offer comprehensive port coverage to provide our customers with greater scheduling flexibility. Also, we provide trailer services for the services from Hong Kong to Guangdong province and arrange barge and trailer services to the ports in the Greater Bay Area.

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According to the Drewry Report, among the top 10 container ports in the world in terms of container throughput, nine were in Asia including seven in Greater China in 2023. The container throughput in Greater China increased from 262.5 million TEU in 2018 to 310.6 million TEU in 2023, representing a CAGR of 3.4%. Greater China had the largest container throughput in the Asia Pacific Region, with a market share of 58.0% of the Asia Pacific Region container throughput in 2023. We plan to continue to provide frequent services in the Greater China market to maintain our competitiveness.

North Asia and Southeast Asia

Our North Asia and Southeast Asia market refers to the trade lane connecting North Asia and Southeast Asia, through Greater China and the trade lane within each of North Asia and Southeast Asia. We commenced container shipping services in the North Asia and Southeast Asia market since 2006 when we operated our first service from Osaka, Kobe, Yokohama, Tokyo, Keelung and Hong Kong to Laem Chabang and Bangkok.

As of April 30, 2024, we operated a total of 12 services in the North Asia and Southeast Asia market, including three independent services, five joint services and four services operated via slot exchange arrangements, with 130 port calls per week. The length of travel time on these services ranged from 14 days to 42 days per voyage. Our total shipping volume in the North Asia and Southeast Asia market was 110,238 TEU, 74,563 TEU, 113,992 TEU, 32,823 TEU and 44,303 TEU for the years ended December 31, 2021, 2022 and 2023 and the four months ended April 30, 2023 and 2024, accounting for 7.0%, 4.8%, 7.8%, 7.0% and 8.3% of our total container shipping volume, respectively. The decrease in shipping volume in 2022 was mainly because we allocated certain shipping capacity from this market to markets with stronger revenue and profitability performance such as the Asia – Oceania, Asia – Indian Subcontinent and Transpacific markets. The increase in shipping volume in 2023 was mainly because we deployed new vessels delivered in 2023 and launched new services such as the services from Pusan to Penang and Ho Chi Minh and from Pusan to Jakarta and Surabaya, thereby increasing the shipping volume. Nonetheless, the increase in shipping volume in 2023 was partially offset by the reduction of our shipping capacity in 2023 and hence a lower shipping volume mainly as a result of our management of our shipping capacity including chartering out vessels, returning chartered-in vessels when their charters expired and disposing of owned vessels. The increase in shipping volume for the four months ended April 30, 2024 in the North Asia and Southeast Asia market was mainly because we launched two new services and upgraded a smaller vessel with a larger vessel. For the years ended December 31, 2021, 2022 and 2023 and the four months ended April 30, 2023 and 2024, our average freight rate in the North Asia and Southeast Asia market amounted to US\$845 per TEU, US\$979 per TEU, US\$477 per TEU, US\$592 per TEU and US\$389 per TEU, respectively. For further details, see “Financial Information — Description of major components in our consolidated statements of profit or loss — Revenue — Freight rates”. As of December 31, 2021, 2022 and 2023 and April 30, 2024, we operated five, eight, 13 and 12 services in the North Asia and Southeast Asia market, respectively.

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As of April 30, 2024, our container shipping network in the North Asia and Southeast Asia market covered 31 major ports in the region, including Osaka, Kobe, Nagoya, Yokohama, Tokyo, Keelung, Taichung, Kaohsiung, Incheon, Pusan, Kwangyang, Hong Kong, Xiamen, Nansha, Shekou, Ningbo, Shanghai, Qingdao, Qinzhou, Bangkok, Laem Chabang, Jakarta, Surabaya, Ho Chi Minh, Haiphong, Port Kelang, Pasir Gudang, Penang, Singapore, Moji and Hakata. We provide non-stop services between Japan, Korea and Vietnam without any transshipment once per week, non-stop services between Japan, Malaysia and Singapore without any transshipment once per week as well as non-stop services between Korea, Malaysia and Singapore without any transshipment five times per week, which ensures on-time delivery of cargos and seeks to meet the surging demand in the Southeast Asia market.

According to the Drewry Report, the container throughput market share in North Asia and Southeast Asia reached 32.8% of the Asia Pacific Region in 2023. The container throughput in North Asia and Southeast Asia increased from 164.9 million TEU in 2018 to 175.7 million TEU in 2023. To continue to develop the North Asia and Southeast Asia market, we plan to: (i) start to operate the non-stop service between Japan and Thailand; (ii) replace the smaller vessels of 1,800 TEU with larger vessels ranging from 2,500 TEU to 2,700 TEU to be deployed in the services along the Japan, Malaysia and Vietnam trade lane; and (iii) further develop our network in the North Asia and Southeast Asia market by opening a non-stop service along North Asia, Singapore and Malaysia.

Asia – Oceania

Our Asia – Oceania market refers to the trade lane connecting Asia and Australia as well as New Zealand. We commenced container shipping services in the Asia – Oceania market since 2010 when we operated our first service from Ningbo, Shanghai, Hong Kong and Shekou to Australia. We suspended our service to New Zealand in August 2023 mainly due to the continued decline in the freight rate which made our independent service not economically justifiable.

As of April 30, 2024, we operated a total of two joint services in the Asia – Oceania market, with 15 port calls per week. The length of travel time on these services was from 42 days to 49 days per voyage. Our total shipping volume in the Asia – Oceania market was 142,971 TEU, 210,851 TEU, 103,512 TEU, 41,596 TEU and 39,617 TEU for the years ended December 31, 2021, 2022 and 2023 and the four months ended April 30, 2023 and 2024, accounting for 9.0%, 13.5%, 7.1%, 8.9% and 7.4% of our total container shipping volume, respectively. The significant increase from 2021 to 2022 was mainly due to the launch of one new service from Asia to Australia and one new service from Asia to New Zealand. The decrease in shipping volume in 2023 was mainly because we suspended one independent service to Australia in April 2023 and the only one independent service to New Zealand in August 2023 due to the continued decline in the freight rate which made our independent services not economically justifiable. Attributable to our flexible shipping capacity allocation mechanism, we later resumed one independent service to Australia in the fourth quarter of 2023, quickly responding to the increased freight rates and stronger market demand, largely driven by the port congestion and delays in shipments in Australia as a result of terminal union

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strikes. The decrease in shipping volume for the four months ended April 30, 2024 in the Asia – Oceania market was mainly because we suspended the only one independent service to New Zealand in August 2023 and the independent service to Australia in March 2024 due to the decline in the freight rate which made our independent services not economically justifiable. For the years ended December 31, 2021, 2022 and 2023 and the four months ended April 30, 2023 and 2024, our average freight rate in the Asia – Oceania market amounted to US\$3,344 per TEU, US\$2,981 per TEU, US\$960 per TEU, US\$1,032 per TEU and US\$1,148 per TEU, respectively. For further details, see “Financial Information — Description of major components in our consolidated statements of profit or loss — Revenue — Freight rates”. As of December 31, 2021, 2022 and 2023 and April 30, 2024, we operated three, four, three and two services in the Asia – Oceania market, respectively.

As of April 30, 2024, our container shipping network in the Asia – Oceania market covered nine major ports in the region, including Brisbane, Sydney, Melbourne, Shekou, Ningbo, Shanghai, Qingdao, Nansha and Kaohsiung. We connect our Asia – Oceania market with major ports in the Greater China market through frequent services.

According to the Drewry Report, Oceania countries’ overall port throughput is expected to increase at a CAGR of 3.5% from 2023 to 2028. To develop the Oceania market, we plan to: (i) operate new services to connect Asia to east Australia and west Australia; and (ii) replace the smaller vessels with larger vessels.

Asia – Indian Subcontinent

Our Asia – Indian Subcontinent market refers to the trade lane connecting North Asia and Southeast Asia as well as the Indian Subcontinent. We commenced container shipping services in the Asia – Indian Subcontinent market in 2003 through connecting carrier arrangements, the trade lanes of which were from between North Asia and/or Southeast Asia to Colombo in Sri Lanka and Nhava Sheva in India.

As of April 30, 2024, we had a total of seven services in the Asia – Indian Subcontinent market, including six joint services and one service operated via a slot exchange arrangement, with 70 port calls per week. The length of travel time on these services ranged from 35 days to 49 days per voyage. Our total shipping volume in the Asia – Indian Subcontinent market was 12,103 TEU, 137,425 TEU, 153,804 TEU, 48,546 TEU and 56,204 TEU for the years ended December 31, 2021, 2022 and 2023 and the four months ended April 30, 2023 and 2024, accounting for 0.8%, 8.8%, 10.5%, 10.4% and 10.5% of our total container shipping volume, respectively. The significant increase from 2021 to 2022 was mainly due to our focused development in this market as a result of the strong market demand and relatively higher freight rate. The further increase in shipping volume in 2023 was mainly because we launched a new service from East Asia to East India. The increase in shipping volume for the four months ended April 30, 2024 in the Asia – Indian Subcontinent market was mainly because we launched a new service and upgraded a smaller vessel with a larger vessel. For the years ended December 31, 2021, 2022 and 2023 and the four months ended April 30, 2023 and 2024, our average freight rate in the Asia – Indian Subcontinent market amounted to US\$3,582 per TEU,

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US\$1,896 per TEU, US\$751 per TEU, US\$670 per TEU and US\$757 per TEU, respectively. For further details, see “Financial Information — Description of major components in our consolidated statements of profit or loss — Revenue — Freight rates”.

As of April 30, 2024, our container shipping network in the Asia – Indian Subcontinent market covered 19 major ports, including Ho Chi Minh, Port Klang West, Nhava Sheva, Mundra, Colombo, Chennai, Visakhapatnam, Karachi, Singapore, Manila, Tianjin, Qingdao, Shanghai, Ningbo, Shekou, Hong Kong, Kaohsiung, Pusan and Kwangyang.

According to the Drewry Report, the container throughput for the Indian Subcontinent countries increased from 30.1 million TEU in 2018 to 35.1 million TEU in 2023, representing a CAGR of 3.2%, and is expected to increase at a CAGR of 5.4% from 2023 to 2028. To continue our growth in the Asia – Indian Subcontinent market, we plan to: (i) replace the smaller vessels ranging from 2,500 TEU to 5,000 TEU with 7,000 TEU when our new 7,000 TEU vessels are expected to be delivered in 2024; and (ii) explore joint services and slot exchange opportunities with other carriers to increase the frequency of our shipping services.

Transpacific

Our Transpacific market refers to the trade lane connecting Asia and North America market. For the Transpacific market, we commenced container shipping services from Greater China and Pusan to Vancouver from September 2021 due to the surge in customer demand in this market. We commenced shipping services via joint services from Asia to the U.S. East Coast in June 2022. According to the Drewry Report, the average vessel size was around 9,000 TEU for the Transpacific market in December 2022. When the Transpacific freight rate remains at a high level, smaller vessels enter into the market as they can also achieve profitability. However, when freight rates decline to certain points, smaller vessels become less profitable or even loss-making, as their unit cost is generally higher than that of larger vessels. To address the freight rate decline that has affected the services in the Transpacific market, we decided to suspend our services in the Transpacific market (generally operated through our vessels of 1,800 to 6,000 TEU) in December 2022, and all services in the Transpacific market had been suspended in February 2023.

Before the suspension in February 2023, we operated a total of two services in the Transpacific market, including one independent service and one joint service, with 18 port calls per week as of December 31, 2022. The length of travel time on these services ranged from 42 days to 77 days per voyage. Our total shipping volume in the Transpacific market was 11,600 TEU, 72,392 TEU and nil for the year ended December 31, 2021, 2022 and 2023, accounting for 0.7%, 4.6% and nil of our total container shipping volume, respectively. For the years ended December 31, 2021, 2022 and 2023, our average freight rate in the Transpacific market was US\$4,178 per TEU, US\$4,896 per TEU and nil, respectively. The increase in our average freight rate in the Transpacific market in 2022 was mainly because we commenced services from Asia to the U.S. East Coast in June 2022, the freight rate of which was higher than that of the services from Greater China and Pusan to Vancouver we commenced from September 2021. According to the Drewry Report, the freight rate of the Transpacific eastbound started

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to surge from the second half of 2020 and peaked in August 2021. Even though container shipping companies have placed more capacity in the Transpacific market, the severe congestion in U.S. ports drove many carriers to skip voyages to reduce vessel delays and improve schedule reliability. As a result, the freight rate was supported by the strong demand and insufficient supply. Due to the easing of port congestions which led to increases in effective capacities, the freight rate has declined gradually since the March 2022. For further details, see “Financial Information — Description of major components in our consolidated statements of profit or loss — Revenue — Freight rates”. When we encounter port congestion, we usually change the order of ports to reduce the impact of port congestion.

Before the suspension in February 2023, our container shipping network in the Transpacific market, as of December 31, 2022, covered 14 major ports, including Jacksonville, Charleston, Newark, Norfolk, Vancouver, Pusan, Port Klang, Kaohsiung, Hong Kong, Shekou, Nansha, Shanghai, Ningbo and Qingdao. In addition, we might also, upon customer request, liaise with the local railway service providers in Canada to arrange the cargos to be further delivered to Toronto and Montreal.

Asia – Europe

We commenced container shipping services in the Asia – Europe market since March 2022. According to the Drewry Report, the average vessel size was around 16,000 TEU for the Asia – Europe market in December 2022. When the Asia – Europe freight rate remains at a high level, smaller vessels enter into the market as they can also achieve profitability. However, when freight rates decline to certain points, vessels smaller than 12,000 TEU become less profitable or even loss-making, as their unit cost is generally higher than that of larger vessels. To address the freight rate decline that has affected the services in the Asia – Europe market, we decided to suspend our services in the Asia – Europe market (operated through TS Singapore and the capacity of which was 4,331 TEU) in December 2022, and the service in the Asia – Europe market had been suspended in March 2023.

Before the suspension in March 2023, we operated one service in the Asia – Europe market via joint services, with eight port calls per week as of December 31, 2022. The length of travel time on the service was approximately 70 days per voyage. Our shipping volume in the Asia – Europe market was 11,364 TEU and 11 TEU for the year ended December 31, 2022 and 2023, accounting for less than 1.0% of our total container shipping volume, respectively. For the years ended December 31, 2022 and 2023, our average freight rate in the Asia – Europe market was US\$3,813 per TEU and US\$1,455 per TEU, respectively. According to the Drewry Report, the freight rate in Asia – Europe market started to surge from January 2021 and peaked in September 2021. The production disruption in Asia, empty container box shortage, supply chain bottlenecks and port congestion in Europe, accompanied with strong demand in Europe all supported the freight rate increase. Due to the weakening demand as well as the easing of supply chain bottlenecks and port congestions, the freight rate has declined gradually since the March 2022. For further details, see “Financial Information — Description of major components in our consolidated statements of profit or loss — Revenue — Freight rates”.

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Before the suspension in March 2023, our container shipping network in the Asia – Europe market, as of December 31, 2022, covered eight major ports, including Ningbo, Shanghai, Xiamen, Shekou, and four ports in north Europe, consisting of Southampton, Rotterdam, Hamburg and Antwerp. In addition, our first port of call for Europe is Southampton, through which cargos can be delivered to London, which is one of the key destinations in Europe for e-commerce trades.

Others

Our others market mainly refers to the trade lane connecting North Asia, Greater China, Malaysia and the Middle East (Jebel Ali, Dammam and Sohar), the trade lane connecting Greater China and East Africa (Mombasa and Dar es Salaam), and the trade lane connecting India (Nhava Sheva and Mundra), Middle East (Jebel Ali and Khalifa) and East Africa (Mombasa and Dar es Salaam). As of April 30, 2024, we operated three joint services, one service through slot exchange arrangements and one service through slot chartering arrangement in the others market, with 35 port calls per week. Our total shipping volume in the others market was 5,341 TEU, 33,323 TEU, 13,248 TEU and 24,317 TEU for the year ended December 31, 2022 and 2023 and the four months ended April 30, 2023 and 2024, accounting for less than 1.0%, 2.3%, 2.8% and 4.6% of our total container shipping volume, respectively.

Our fleet

We manage our shipping capacity in accordance with prevailing market conditions. We can manage our additional shipping capacity through several ways such as selling our owned vessels, returning chartered-in vessels when the charters expire or chartering out our owned vessels or chartered-in vessels.

As of December 31, 2021, 2022 and 2023 and April 30, 2024, the total capacity of our fleet (with the exclusion of any vessels which were chartered out by us) was 97,945 TEU, 109,947 TEU, 89,818 TEU and 111,011 TEU, respectively. The majority of our fleet consists of small sized vessels each with capacity of less than 2,000 TEU, which are able to access most ports in the Asia Pacific Region and are therefore more flexible in deployment.

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The following table sets forth the number and capacity of our owned vessels and chartered-in vessels (including long-term (more than one year) and short-term (equal to or less than one year) charters), with the exclusion of any vessels which were chartered out by us, as of the dates indicated:

	As of December 31,						As of April 30,					
	2021		2022		2023		2024					
	<i>Number</i>	<i>% of</i>	<i>Number</i>	<i>% of</i>	<i>Number</i>	<i>% of</i>	<i>Number</i>	<i>% of</i>	<i>Number</i>	<i>% of</i>		
	<i>of</i>	<i>total</i>	<i>of</i>	<i>total</i>	<i>of</i>	<i>total</i>	<i>of</i>	<i>total</i>	<i>of</i>	<i>total</i>		
<i>vessels</i>	<i>Capacity</i>	<i>capacity</i>	<i>vessels</i>	<i>Capacity</i>	<i>capacity</i>	<i>vessels</i>	<i>Capacity</i>	<i>capacity</i>	<i>vessels</i>	<i>Capacity</i>	<i>capacity</i>	
	<i>TEU</i>	<i>%</i>		<i>TEU</i>	<i>%</i>		<i>TEU</i>	<i>%</i>		<i>TEU</i>	<i>%</i>	
Owned vessels	25	63,503	64.8	31	75,720	68.9	32	68,897	76.7	36	87,217	78.6
Chartered-in												
vessels	25	34,442	35.2	19	34,227	31.1	11	20,921	23.3	10	23,794	21.4
– long-term	11	17,622	18.0	14	29,016	26.4	3	8,879	9.9	2	7,171	6.5
– short-term	14	16,820	17.2	5	5,211	4.7	8	12,042	13.4	8	16,623	14.9
Total	50	97,945	100.0	50	109,947	100.0	43	89,818	100.0	46	111,011	100.0

Our vessel portfolio is versatile and consists of owned vessels and chartered-in vessels, which affords us greater flexibility to adjust our vessel mix and quickly adjust shipping capacity based on market conditions, together with our operating model. During the Track Record Period, we increased the number of owned vessels because we believe owned vessels provide a more stable support to our business in the long run compared to chartered-in vessels because they are not subject to any prescribed lease term and the fluctuations of charter rates and help to achieve a lower cost level in the long term.

The increase in the number and capacity of our owned vessels from December 31, 2021 to April 30, 2024 was due to the delivery of newbuildings, partially offset by the disposal of our owned vessels during the Track Record Period. The decrease in the number and capacity of our chartered-in vessels from December 31, 2021 to April 30, 2024 was due to our return of a number of chartered-in vessels when the charters expired.

As of the Latest Practicable Date, we operated a fleet of 41 vessels (with the exclusion of any vessels which were chartered out by us) with a total capacity of 103,085 TEU, among which, 35 were our owned vessels and six were chartered-in vessels.

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The following table sets forth the breakdown of our vessels (including both owned vessels and chartered-in vessels) by shipping capacity, with the exclusion of any vessels which were chartered out by us, as of April 30, 2024:

	As of April 30, 2024			
	<i>Number of vessels</i>	<i>% of total number of vessels</i>	<i>Capacity TEU</i>	<i>% of total capacity %</i>
1,000 - 2,000 TEU	29	63.1	44,659	40.2
2,000 - 4,000 TEU	10	21.7	28,386	25.6
>4,000 TEU	7	15.2	37,966	34.2
Total	46	100.0	111,011	100.0

Vessel addition and related procedures

We can add vessels through purchase or chartering. While we consider, compared to vessel chartering, new vessel purchases are generally more cost effective, whenever we plan to increase shipping capacity, we will weigh between vessel purchase and vessel chartering, and decide which option to pursue. Specifically, we will estimate the average daily operating cost after delivery (including depreciation, crew compensation, vessel management fee, maintenance cost, consumables, insurance, etc.) based on the estimated useful life, and then compare it with the vessel daily charter rate trend of the similar type of vessel in the market for five to 10 years. The estimated useful life of a vessel is 21 years or 25 years considering our business model and asset management policy, the industry practice, and factors like expected usage of each vessel, expected repair and maintenance, and technical or commercial obsolescence arising from changes or improvements in the shipping vessel market. See note 3(a) to the Accountants' Report in Appendix I to this prospectus for further details. If the estimated average daily operating cost of a new vessel after delivery in the long term is lower than the comparable market daily charter rates to some extent, our management team will submit the new vessel order proposal to our Board of Directors for determination. If the comparison shows vessel chartering is more favorable, our general manager will then consider among available options of vessel chartering. Similar research and decision-making process apply to the purchase of used vessels by comparing the estimated average daily operating cost of a used vessel after delivery with the comparable long-term market charter rates.

In terms of short-term vessel chartering, we will consider the business needs and the future market charter rate trend. For example, exports in China generally experience slow seasons during and after the Chinese New Year holidays and therefore we usually return chartered-in vessels when charters expire before the beginning of slow seasons to avoid operating losses or vessel idling. Generally, our general manager decides over short-term vessel chartering after discussing with various business units.

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The following table sets for further details of the procedures we follow for vessel order, used vessel purchase and vessel chartering including the control mechanism and management expertise:

Vessel order:

Our planning department notified the repair and maintenance department and the vessel department (consisting of qualified and experienced personnel with marine engineering and shipbuilding expertise, as well as marine technology and ship operation management skills) of the demand of ordering new vessels. Then the two departments seek the approvals from the general manager and the chairman and obtain quotations from at least three shipyards. The repair and maintenance department and the vessel department conducted the inquiries directly, or through brokers. The two departments, together with our planning department and the legal department assess whether the shipyards satisfy our requirements. The repair and maintenance department and the vessel department present the quotations to the general manager and the chairman for selection of the shipyard. The selected shipyard then enter into a contract with us, subject to the approval of the head of our legal department, the general manager and the chairman.

Used vessel purchase:

Our used vessel procurement process is overseen by a senior management committee comprising the chairman, the general manager, the senior vice president and the vice president. The senior vice president leads a team of qualified and experienced personnel with marine engineering and shipbuilding expertise as well as marine technology and ship operation management skills, to identify suitable used vessels through brokers. We appoint international professional ship surveyor to inspect the vessels and they will prepare and submit ship visit reports with detailed assessments of the vessel conditions to the senior management committee for approval. Based on the senior management committee's decisions, the team negotiates with the vessel seller on price and other key contract terms. The senior management committee then seeks the approval from our Board of Directors for determination.

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Vessel chartering: The planning department will assess if vessel chartering is needed and, if so, instructs the charter department to arrange vessel chartering as necessary. The charter department obtains a list of suitable vessels from brokers and selects those that match our specifications. It then initiates inquiries and negotiates the terms with the vessel providers. The negotiated terms are submitted to the vice president for review and then to the general manager for confirmation before obtaining the final approval from the chairman.

Our fleet profile

There are several key stages in the life cycle of our owned vessels, including order placing, vessel delivery, deployment to services and demolition when vessels are to be retired. Throughout the life of owned vessels, we perform regular vessel maintenance. During the life of owned vessels, we may sell or charter out them as part of our shipping capacity management.

The following tables set forth a summary of certain information for each owned vessel as of the dates indicated:

As of December 31, 2021:

<u>Owned vessel name</u>	<u>Capacity (TEU)</u>	<u>Flag state</u>	<u>Delivery time</u>
1. TS BANGKOK	1,787	Marshall Islands	July 21, 2017
2. TS HONGKONG	1,578	Panama	December 19, 2006
3. TS KAOHSIUNG	1,787	Marshall Islands	November 21, 2017
4. TS OSAKA	1,808	Marshall Islands	January 22, 2018
5. TS PUSAN	1,787	Hong Kong	December 27, 2019
6. TS QINGDAO	1,808	Hong Kong	October 28, 2019
7. TS SHANGHAI	1,096	Hong Kong	August 29, 2019
8. TS TOKYO	1,787	Marshall Islands	September 8, 2017
9. TS YOKOHAMA	1,096	Hong Kong	November 13, 2019
10. TS KOBE	1,081	Hong Kong	July 9, 2020
11. TS MANILA	2,553	Marshall Islands	September 1, 2020
12. TS NINGBO	4,253	Marshall Islands	December 4, 2020
13. TS SHENZHEN	1,081	Hong Kong	May 29, 2020
14. TS SINGAPORE	4,331	Marshall Islands	January 31, 2020
15. TS DALIAN	2,741	Marshall Islands	December 3, 2021
16. TS DUBAI	6,310	Marshall Islands	September 27, 2021
17. TS HAIPHONG	1,756	Marshall Islands	March 9, 2021
18. TS HOCHIMINH	2,693	Hong Kong	September 15, 2021

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<u>Owned vessel name</u>	<u>Capacity (TEU)</u>	<u>Flag state</u>	<u>Delivery time</u>
19. TS KELANG	4,363	Marshall Islands	February 8, 2021
20. TS KWANGYANG	1,756	Marshall Islands	July 19, 2021
21. TS LAEMCHABANG	1,756	Marshall Islands	January 7, 2021
22. TS MOJI	962	Marshall Islands	July 15, 2021
23. TS NANSHA	2,693	Hong Kong	July 20, 2021
24. TS MUMBAI	5,683	Marshall Islands	April 8, 2021
25. TS SYDNEY	4,957	Marshall Islands	March 24, 2021

As of December 31, 2022:

<u>Owned vessel name</u>	<u>Capacity (TEU)</u>	<u>Flag state</u>	<u>Delivery time</u>
1. TS BANGKOK	1,787	Marshall Islands	July 21, 2017
2. TS HONGKONG	1,578	Panama	December 19, 2006
3. TS KAOHSIUNG	1,787	Marshall Islands	November 21, 2017
4. TS OSAKA ⁽¹⁾	1,787	Marshall Islands	January 22, 2018
5. TS PUSAN	1,787	Hong Kong	December 27, 2019
6. TS QINGDAO	1,808	Hong Kong	October 28, 2019
7. TS SHANGHAI	1,096	Hong Kong	August 29, 2019
8. TS TOKYO	1,787	Marshall Islands	September 8, 2017
9. TS YOKOHAMA	1,096	Hong Kong	November 13, 2019
10. TS KOBE	1,081	Hong Kong	July 9, 2020
11. TS MANILA	2,553	Marshall Islands	September 1, 2020
12. TS NINGBO	4,253	Marshall Islands	December 4, 2020
13. TS SHENZHEN	1,081	Hong Kong	May 29, 2020
14. TS SINGAPORE	4,331	Marshall Islands	January 31, 2020
15. TS DALIAN	2,741	Marshall Islands	December 3, 2021
16. TS DUBAI	6,310	Marshall Islands	September 27, 2021
17. TS HAIPHONG	1,756	Marshall Islands	March 9, 2021
18. TS HOCHIMINH	2,693	Hong Kong	September 15, 2021
19. TS KELANG	4,363	Marshall Islands	February 8, 2021
20. TS KWANGYANG	1,756	Marshall Islands	July 19, 2021
21. TS LAEMCHABANG	1,756	Marshall Islands	January 7, 2021
22. TS MOJI	962	Marshall Islands	July 15, 2021
23. TS NANSHA ⁽²⁾	2,693	Marshall Islands	July 20, 2021
24. TS MUMBAI	5,683	Marshall Islands	April 8, 2021
25. TS SYDNEY	4,957	Marshall Islands	March 24, 2021
26. TS NAGOYA	1,909	Marshall Islands	April 8, 2022
27. TS XIAMEN	1,909	Marshall Islands	July 8, 2022
28. TS TIANJIN	1,909	Marshall Islands	August 22, 2022

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<u>Owned vessel name</u>	<u>Capacity (TEU)</u>	<u>Flag state</u>	<u>Delivery time</u>
29. TS JAKARTA	1,909	Marshall Islands	September 23, 2022
30. TS GUANGZHOU	1,909	Marshall Islands	November 17, 2022
31. TS SHEKOU	2,693	Marshall Islands	December 19, 2022

Note:

- (1) The capacity of TS OSAKA decreased from 1,808 TEU to 1,787 TEU due to scrubber installation in 2022.
- (2) The flag state of TS NANSHA changed from Hong Kong to Marshall Islands in September 2022.

As of December 31, 2023:

<u>Owned vessel name</u>	<u>Capacity (TEU)</u>	<u>Flag state</u>	<u>Delivery time</u>
1. TS BANGKOK	1,787	Marshall Islands	July 21, 2017
2. TS KAOHSIUNG	1,787	Marshall Islands	November 21, 2017
3. TS OSAKA ⁽¹⁾	1,787	Marshall Islands	January 22, 2018
4. TS PUSAN	1,787	Hong Kong	December 27, 2019
5. TS QINGDAO ⁽¹⁾	1,787	Marshall Islands	October 28, 2019
6. TS TOKYO	1,787	Marshall Islands	September 8, 2017
7. TS KOBE	1,081	Hong Kong	July 9, 2020
8. TS NINGBO	4,253	Marshall Islands	December 4, 2020
9. TS SHENZHEN	1,081	Hong Kong	May 29, 2020
10. TS SINGAPORE	4,331	Marshall Islands	January 31, 2020
11. TS DALIAN	2,741	Marshall Islands	December 3, 2021
12. TS HOCHIMINH	2,693	Hong Kong	September 15, 2021
13. TS KWANGYANG	1,756	Marshall Islands	July 19, 2021
14. TS NANSHA ⁽²⁾	2,693	Marshall Islands	July 20, 2021
15. TS SYDNEY	4,957	Marshall Islands	March 24, 2021
16. TS NAGOYA	1,909	Marshall Islands	April 8, 2022
17. TS XIAMEN	1,909	Marshall Islands	July 8, 2022
18. TS TIANJIN	1,909	Marshall Islands	August 22, 2022
19. TS JAKARTA	1,909	Marshall Islands	September 23, 2022
20. TS GUANGZHOU	1,909	Marshall Islands	November 17, 2022
21. TS SHEKOU	2,693	Marshall Islands	December 19, 2022
22. TS MAWEI	1,182	Marshall Islands	March 6, 2023
23. TS CHIBA	1,182	Marshall Islands	August 3, 2023
24. TS INCHEON	1,182	Marshall Islands	July 7, 2023
25. TS VANCOUVER	2,954	Marshall Islands	July 25, 2023
26. TS HAKATA	1,182	Marshall Islands	August 15, 2023
27. TS TACOMA	2,954	Marshall Islands	August 17, 2023

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<u>Owned vessel name</u>	<u>Capacity (TEU)</u>	<u>Flag state</u>	<u>Delivery time</u>
28. TS MELBOURNE	2,954	Marshall Islands	September 8, 2023
29. TS LIANYUNGNAG	1,182	Marshall Islands	August 22, 2023
30. TS JOHOR	1,182	Marshall Islands	November 3, 2023
31. TS CHENNAI	2,954	Marshall Islands	November 9, 2023
32. TS MUNDRA	2,954	Marshall Islands	October 8, 2023
33. TS PENANG	1,182	Marshall Islands	November 21, 2023

Notes:

- (1) The capacity of TS OSAKA and TS QINGDAO decreased from 1,808 TEU to 1,787 TEU in 2022 and 2023, respectively, due to scrubber installation.
- (2) TS NANSHA was chartered out as of December 31, 2023. For more details, please see the table below setting forth a summary of certain information for our chartered-out vessels during the Track Record Period.

As of April 30, 2024:

<u>Owned vessel name</u>	<u>Capacity (TEU)</u>	<u>Flag state</u>	<u>Delivery time</u>
1. TS BANGKOK	1,787	Marshall Islands	July 21, 2017
2. TS KAOHSIUNG	1,787	Marshall Islands	November 21, 2017
3. TS OSAKA ⁽¹⁾	1,787	Marshall Islands	January 22, 2018
4. TS PUSAN	1,787	Hong Kong	December 27, 2019
5. TS QINGDAO ⁽¹⁾	1,787	Marshall Islands	October 28, 2019
6. TS TOKYO	1,787	Marshall Islands	September 8, 2017
7. TS KOBE	1,081	Hong Kong	July 9, 2020
8. TS NINGBO	4,253	Marshall Islands	December 4, 2020
9. TS SHENZHEN	1,081	Hong Kong	May 29, 2020
10. TS SINGAPORE	4,331	Marshall Islands	January 31, 2020
11. TS DALIAN	2,741	Marshall Islands	December 3, 2021
12. TS HOCHIMINH	2,693	Hong Kong	September 15, 2021
13. TS KWANGYANG	1,756	Marshall Islands	July 19, 2021
14. TS NANSHA ⁽²⁾	2,693	Marshall Islands	July 20, 2021
15. TS SYDNEY	4,957	Marshall Islands	March 24, 2021
16. TS NAGOYA	1,909	Marshall Islands	April 8, 2022
17. TS XIAMEN	1,909	Marshall Islands	July 8, 2022
18. TS TIANJIN	1,909	Marshall Islands	August 22, 2022
19. TS JAKARTA	1,909	Marshall Islands	September 23, 2022
20. TS GUANGZHOU	1,909	Marshall Islands	November 17, 2022
21. TS SHEKOU	2,693	Marshall Islands	December 19, 2022
22. TS MAWEI	1,182	Marshall Islands	March 6, 2023
23. TS CHIBA	1,182	Marshall Islands	August 3, 2023

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Owned vessel name	Capacity (TEU)	Flag state	Delivery time
24. TS INCHEON	1,182	Marshall Islands	July 7, 2023
25. TS VANCOUVER	2,954	Marshall Islands	July 25, 2023
26. TS HAKATA	1,182	Marshall Islands	August 15, 2023
27. TS TACOMA	2,954	Marshall Islands	August 17, 2023
28. TS MELBOURNE	2,954	Marshall Islands	September 8, 2023
29. TS LIANYUNGNAO	1,182	Marshall Islands	August 22, 2023
30. TS JOHOR	1,182	Marshall Islands	November 3, 2023
31. TS CHENNAI	2,954	Marshall Islands	November 9, 2023
32. TS MUNDRA	2,954	Marshall Islands	October 8, 2023
33. TS PENANG	1,182	Marshall Islands	November 21, 2023
34. TS SURABAYA	1,182	Marshall Islands	January 16, 2024
35. TS COLOMBO	2,954	Marshall Islands	January 16, 2024
36. TS SHANGHAI ⁽³⁾	7,092	Marshall Islands	March 26, 2024
37. TS KEELUNG	7,092	Marshall Islands	April 11, 2024
38. TS HONGKONG	7,092	Marshall Islands	April 30, 2024

Notes:

- (1) The capacity of TS OSAKA and TS QINGDAO decreased from 1,808 TEU to 1,787 TEU in 2022 and 2023, respectively, due to scrubber installation.
- (2) TS NANSHA was chartered out as of April 30, 2024. For more details, please see the table below setting forth a summary of certain information for our chartered-out vessels during the Track Record Period.
- (3) TS SHANGHAI was charter out as of March 27, 2024. For more details, please see the table below setting forth a summary of certain information for our chartered-out vessels during the Track Record Period.

The following table sets forth certain information for each owned vessel as of the Latest Practicable Date:

Owned vessel name	Capacity (TEU)	Age	Remaining useful life & retirement plan	Short-haul/ semi long- haul/long- haul	Designated market
1. TS BANGKOK	1,787	7.2 years	13.8 years/ retired by 2038	Short-haul	Greater China – North Asia market
2. TS KAOHSIUNG	1,787	6.9 years	14.1 years/ retired by 2038	Short-haul	Greater China – Southeast Asia market
3. TS OSAKA ⁽²⁾	1,787	6.7 years	14.3 years/ retired by 2039	Short-haul	Greater China – Southeast Asia market

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<u>Owned vessel name</u>	<u>Capacity (TEU)</u>	<u>Age</u>	<u>Remaining useful life & retirement plan</u>	<u>Short-haul/ semi long- haul/long- haul</u>	<u>Designated market</u>
4. TS PUSAN	1,787	4.8 years	16.2 years/ retired by 2040	Short-haul	North Asia and Southeast Asia market
5. TS QINGDAO ⁽²⁾	1,787	5.0 years	16.0 years/ retired by 2040	Short-haul	North Asia and Southeast Asia market
6. TS TOKYO	1,787	7.1 years	13.9 years/ retired by 2038	Short-haul	Greater China – Southeast Asia market
7. TS KOBE	1,081	4.3 years	16.7 years/ retired by 2041	Short-haul	North Asia and Southeast Asia market
8. TS NINGBO ⁽⁶⁾	4,253	18.8 years	2.2 years/ retired by 2027	Semi long- haul	Sublet
9. TS SHENZHEN	1,081	4.4 years	16.6 years/ retired by 2041	Short-haul	North Asia and Southeast Asia market
10. TS SINGAPORE	4,331	14.8 years	6.2 years/ retired by 2031	Semi long- haul	Others
11. TS DALIAN ⁽⁶⁾	2,741	17.8 years	3.2 years/ retired by 2028	Semi long- haul	Sublet
12. TS HOCHIMINH	2,693	3.1 years	17.9 years/ retired by 2042	Semi long- haul	Others
13. TS KWANGYANG	1,756	6.8 years	14.2 years/ retired by 2039	Semi long- haul	Others
14. TS NANSHA	2,693	3.2 years	17.8 years/ retired by 2042	Short-haul	North Asia – Southeast Asia market
15. TS SYDNEY	4,957	11.8 years	9.2 years/ retired by 2034	Semi long- haul	Asia – Oceania market
16. TS NAGOYA	1,909	2.5 years	22.5 years/ retired by 2047	Short-haul	North Asia and Southeast Asia market
17. TS JAKARTA	1,909	2.1 years	22.9 years/ retired by 2047	Short-haul	North Asia and Southeast Asia market
18. TS XIAMEN	1,909	2.3 years	22.7 years/ retired by 2047	Short-haul	Greater China – Southeast Asia market
19. TS TIANJIN	1,909	2.2 years	22.8 years/ retired by 2047	Short-haul	Greater China – Southeast Asia market

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<u>Owned vessel name</u>	<u>Capacity (TEU)</u>	<u>Age</u>	<u>Remaining useful life & retirement plan</u>	<u>Short-haul/ semi long- haul/long- haul</u>	<u>Designated market</u>
20. TS GUANGZHOU	1,909	1.9 years	23.1 years/ retired by 2047	Short-haul	North Asia and Southeast Asia market
21. TS SHEKOU	2,693	1.8 years	23.2 years/ retired by 2047	Semi long- haul	Others
22. TS MAWEI	1,182	1.6 years	23.4 years/ retired by 2048	Short-haul	Greater China – Southeast Asia market
23. TS CHIBA	1,182	1.2 years	23.8 years/ retired by 2048	Short-haul	North Asia and Southeast Asia market
24. TS INCHEON	1,182	1.3 years	23.7 years/ retired by 2048	Short-haul	North Asia and Southeast Asia market
25. TS VANCOUVER	2,954	1.2 years	23.8 years/ retired by 2048	Semi long- haul	Asia-Indian Subcontinent market
26. TS HAKATA	1,182	1.2 years	23.8 years/ retired by 2048	Short-haul	North Asia and Southeast Asia market
27. TS TACOMA	2,954	1.2 years	23.8 years/ retired by 2048	Short-haul	North Asia and Southeast Asia market
28. TS LIANYUNGANG	1,182	1.2 years	23.8 years/ retired by 2048	Short-haul	North Asia and Southeast Asia market
29. TS MELBOURNE	2,954	1.1 years	23.9 years/ retired by 2048	Semi long- haul	Others
30. TS MUNDRA	2,954	1.0 years	24.0 years/ retired by 2048	Short-haul	North Asia and Southeast Asia market
31. TS JOHOR	1,182	1.0 years	24.0 years/ retired by 2048	Short-haul	Greater China – Southeast Asia market
32. TS CHENNAI	2,954	0.9 years	24.1 years/ retired by 2048	Semi long- haul	Asia – Oceania market
33. TS PENANG	1,182	0.9 years	24.1 years/ retired by 2048	Short-haul	North Asia and Southeast Asia market
34. TS COLOMBO	2,954	0.8 years	24.2 years/ retired by 2049	Semi long- haul	Others

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Owned vessel name	Capacity (TEU)	Age	Remaining useful life & retirement plan	Short-haul/ semi long- haul/long- haul	Designated market
35. TS SURABAYA	1,182	0.8 years	24.2 years/ retired by 2049	Short-haul	Greater China – Southeast Asia market
36. TS SHANGHAI ⁽³⁾⁽⁶⁾	7,092	0.6 years	24.4 years/ retired by 2049	Semi long- haul	Sublet
37. TS KEELUNG ⁽⁴⁾	7,092	0.5 years	24.5 years/ retired by 2049	Semi long- haul	Asia-Indian Subcontinent market
38. TS HONGKONG ⁽⁵⁾	7,092	0.5 years	24.5 years/ retired by 2049	Semi long- haul	Asia-Indian Subcontinent market
39. TS DUBAI ⁽⁶⁾	7,092	0.3 years	24.7 years/ retired by 2049	Semi long- haul	Sublet
40. KOTA CALLAO ⁽⁶⁾	7,092	0.2 years	24.8 years/ retired by 2049	Semi long- haul	Sublet

Notes:

- (1) The designated use for each vessel will mainly be for self-use. We may also charter out some of the vessels depending on our demand of shipping capacity and the market charter rates.
- (2) The capacity of TS OSAKA and TS QINGDAO decreased from 1,808 TEU to 1,787 TEU in 2022 and 2023, respectively, due to scrubber installation.
- (3) The vessel name, originally designated as TS ROTTERDAM, was changed to as TS SHANGHAI upon its delivery. We owned a vessel sharing the same name of TS Shanghai which was disposed of in 2023.
- (4) The vessel name, originally designated as TS KARACHI, was subsequently changed to as TS KEELUNG upon its delivery.
- (5) The vessel name, originally designated as TS HAMBURG, was subsequently changed to as TS HONGKONG upon its delivery. We owned a vessel sharing the same name of TS HONGKONG which was disposed of in 2023.
- (6) TS DALIAN, TS NINGBO, TS DUBAI, KOTA CALLAO and TS SHANGHAI were chartered out as of the Latest Practicable Date.

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We set forth below the details of the new vessels we ordered and to be delivered as of the Latest Practicable Date:

<u>New vessel name</u>	<u>Capacity (TEU)</u>	<u>Estimated delivery time</u>	<u>Designated usage</u>	<u>Purchase price/status</u>
1. KOTA VALPARAISO ⁽¹⁾	7,000	November 2024	Plan to charter out, and in the process of negotiating a long-term lease with another carrier	US\$77.9 million/ US\$29.8 million paid
2. To be determined	7,000	June 2026	Asia — Indian Subcontinent market, Asia — Oceania and/or Middle East markets	US\$88.8 million/ US\$17.8 million paid
3. To be determined	7,000	April 2027	Asia — Indian Subcontinent market, Asia — Oceania and/or Middle East markets	US\$88.8 million/ US\$17.8 million paid
4. To be determined	14,000	June 2027	Long-haul services in markets such as the East Asia – Indian	US\$145.0 million/ 29.0 million paid
5. To be determined	14,000	August 2027	Subcontinent, the East Asia – the Middle East market, the	US\$145.0 million/ 29.0 million paid
6. To be determined	14,000	October 2027	Transpacific market and/or the Asia – Latin America market where larger-size vessels are more economically justifiable	US\$145.0 million/ 29.0 million paid

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<u>New vessel name</u>	<u>Capacity Estimated (TEU)</u>	<u>delivery time</u>	<u>Designated usage</u>	<u>Purchase price/status</u>
7. To be determined	4,300	March 2027	Long-haul services in markets such as the Asia – Indian	US\$61.0 million/ nil paid
8. To be determined	4,300	May 2027	Subcontinent and others markets and at the same time to upgrade the older vessels	US\$61.0 million/ nil paid

Note:

- (1) The vessel name, originally designated as TS LONG BEACH, will be subsequently changed to as KOTA VALPARAISO upon its delivery.

During the Track Record Period, we disposed of certain owned vessels, further details of which are set forth in the following table:

<u>Owned vessel's name</u>	<u>Capacity (TEU)</u>	<u>Delivery date</u>
TS YOKOHAMA	1,096	March 24, 2023
TS SHANGHAI	1,096	March 31, 2023
TS MOJI	962	April 18, 2023
TS MANILA	2,553	March 23, 2023
TS DUBAI	6,310	March 22, 2023
TS MUMBAI	5,683	April 17, 2023
TS HONGKONG	1,578	May 10, 2023
TS HAIPHONG	1,756	July 6, 2023
TS LAEMCHABANG	1,756	August 29, 2023
TS KELANG	4,363	September 8, 2023

Note:

- (1) The total gains arising from disposals of those owned vessels are US\$34.4 million, which represents the sum of the excess of the sale price over the net book value of each vessel as of the date of the agreement, net of the commissions payable to the relevant brokers.

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The following tables set forth a summary of certain information for each chartered-in vessel as of the dates indicated:

As of December 31, 2021:

<u>Chartered-in vessel name</u>	<u>Capacity (TEU)</u>	<u>Flag state</u>
1. JAN	1,577	Antigua and Barbuda
2. A FUKU	1,049	Panama
3. A KIBO	1,708	Panama
4. ACACIA WA	704	Panama
5. CAPE FLINT	1,440	Marshall Islands
6. CAPITAINE DAMPIER	1,730	Singapore
7. CONTSHIP UNO	1,118	Liberia
8. EPONYMA	1,096	Bahamas
9. HANSA AUGSBURG	1,740	Liberia
10. HANSA DUBURG	1,740	Malta
11. HANSA FRESENBURG	1,740	Liberia
12. LALIT BHUM	1,668	Thailand
13. LANTAU BAY	1,049	Antigua and Barbuda
14. MARCLIFF	1,049	Antigua and Barbuda
15. MARCONNECTICUT	1,049	Antigua and Barbuda
16. MILLENNIUM BRIGHT	1,708	Panama
17. MITRA BHUM	1,108	Singapore
18. NITHI BHUM	928	Singapore
19. OPTIMA	1,024	Bahamas
20. OTANA BHUM	1,022	Singapore
21. PUTNAM	1,708	Liberia
22. SIRI BHUM	958	Thailand
23. SKY CHALLENGE	1,891	South Korea
24. ULTIMA	1,103	Bahamas
25. TS TAICHUNG	2,535	Taiwan

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As of December 31, 2022:

Chartered-in vessel name	Capacity (TEU)	Flag state
1. SHIMIN	5,047	Singapore
2. SIRI BHUM	958	Thailand
3. LALIT BHUM	1,668	Thailand
4. SUEZ CANAL	5,610	Liberia
5. INTRA BHUM	958	Thailand
6. HYPERION	1,102	Bahamas
7. CONSIGNIA	1,091	Marshall Islands
8. OKEE PIPER EX: MARCLIFF	1,049	Antigua and Barbuda
9. PACANDA EX: MARCONNECTICUT	1,049	Antigua and Barbuda
10. OPTIMA	1,024	Bahamas
11. HALCYON	1,102	Bahamas
12. CONTSHIP UNO	1,118	Liberia
13. SKY CHALLENGE	1,891	South Korea
14. ULTIMA	1,103	Bahamas
15. HANSA FRESENBURG ⁽¹⁾	1,738	Liberia
16. HANSA DUBURG ⁽¹⁾	1,738	Malta
17. HANSA AUGSBURG ⁽¹⁾	1,738	Liberia
18. MILLENNIUM BRIGHT	1,708	Panama
19. TS TAICHUNG	2,535	Taiwan

As of December 31, 2023:

Chartered-in vessel name	Capacity (TEU)	Flag state
1. OPTIMA	1,024	Bahamas
2. HALCYON	1,102	Bahamas
3. SKY CHALLENGE	1,891	South Korea
4. ULTIMA	1,103	Bahamas
5. HANSA FRESENBURG ⁽¹⁾	1,738	Liberia
6. HANSA DUBURG ⁽¹⁾	1,738	Malta
7. HANSA AUGSBURG ⁽¹⁾	1,738	Liberia
8. MILLENNIUM BRIGHT	1,708	Panama
9. WHITE DRAGON	1,708	Singapore
10. ZHONG GU JI NAN	4,636	China
11. TEH TAICHUNG EX: TS TAICHUNG	2,535	Marshall Islands

Note:

- (1) The capacity of HANSA FRESENBURG, HANSA DUBURG and HANSA AUGSBURG decreased from 1,740 TEU to 1,738 TEU in 2022 due to ballast water tank installation.

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As of April 30, 2024:

Chartered-in vessel name	Capacity (TEU)	Flag state
1. HALCYON	1,102	Bahamas
2. SKY CHALLENGE	1,891	South Korea
3. ULTIMA	1,103	Bahamas
4. HANSA FRESENBURG ⁽¹⁾	1,738	Liberia
5. HANSA DUBURG ⁽¹⁾	1,738	Malta
6. HANSA AUGSBURG ⁽¹⁾	1,738	Liberia
7. MILLENNIUM BRIGHT	1,708	Panama
8. ZHONG GU JI NAN	4,636	China
9. TEH TAICHUNG EX: TS TAICHUNG	2,535	Marshall Islands
10. CSL MANHATTAN	5,043	Liberia
11. ESL DACHAN BAY	5,605	Portugal

Note:

- (1) The capacity of HANSA FRESENBURG, HANSA DUBURG and HANSA AUGSBURG decreased from 1,740 TEU to 1,738 TEU in 2022 due to ballast water tank installation.

We set forth the details of our chartered-in vessels as of the Latest Practicable Date:

Vessel name	Capacity (TEU)	Contract charter term	Daily contract charter rate	Markets
1. MILLENNIUM BRIGHT	1,708	Minimum period: April 10, 2022 – April 10, 2025 Maximum period: April 10, 2022 – June 10, 2025	US\$34,000	North Asia and Southeast Asia market
2. TEH TAICHUNG	2,535	May 16, 2023 – September 1, 2025	US\$40,000	Greater China- North Asia market
3. ZHONG GU JI NAN	4,636	Minimum period: October 10, 2023 – May 10, 2025 Maximum period: October 10, 2023 – July 10, 2025	US\$30,800	Asia-Indian Subcontinent market
4. ZHONG GU HANG ZHOU	4,636	Minimum period: June 6, 2024 – April 22, 2025 Maximum period: June 6, 2024 – May 30, 2025	US\$32,850	Asia-Indian Subcontinent market
5. ESL DACHAN BAY	5,605	Minimum period: March 29, 2024 – March 29, 2025 Maximum period: March 29, 2024 – March 29, 2026	US\$34,500	Asia-Indian Subcontinent market
6. ASIATIC SUN	1,049	Minimum period: October 16, 2024 – October 24, 2024 Maximum period: October 16, 2024 – October 30, 2024	US\$13,750	Greater China- North Asia market

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Note:

- (1) Such services only represent the deployment of our chartered-in vessels as of the Latest Practicable Date, as our vessels are interchangeable between services and do not necessarily commit to single specific service or market.

During the Track Record Period, we chartered out some of our owned and chartered-in vessels depending on our capacity demand and market charter rate. The following table sets forth a summary of certain information for our chartered-out vessels during the Track Record Period:

Vessel's name (owned/ chartered-in)	Capacity (TEU)	Flag state	Contract charter term	Daily contract charter rate
1. TS SHANGHAI	7,092	Marshall Islands	Minimum period: March 27, 2024 – March 27, 2025 Maximum period: March 27, 2024 – March 27, 2026	US\$44,750 for the minimum period Option period US\$49,500
2. OKEE Piper (chartered-in)	1,049	Antigua and Barbuda	Minimum period: May 30, 2023 – October 31, 2023 Maximum period: May 30, 2023 – November 5, 2023	US\$13,500
3. CONSIGNIA (chartered-in)	1,091	Marshall Islands	Minimum period: May 27, 2023 – August 25, 2023 Maximum period: May 27, 2023 – September 2, 2023	US\$12,800
4. OPTIMA (chartered-in)	1,024	Bahamas	Minimum period: June 22, 2023 – October 25, 2023 Maximum period: June 22, 2023 – November 25, 2023	US\$13,500
5. TS NANSHA (owned)	2,693	Marshall Islands	Minimum period: October 17, 2023 – April 17, 2024 Maximum period: October 17, 2023 – June 17, 2024	US\$17,600
6. PACANDA EX: MARCONNECTICUT (chartered-in)	1,049	Antigua and Barbuda	Minimum period: December 11, 2022 – March 11, 2023 Maximum period: December 11, 2022 – May 11, 2023	US\$12,000
7. CONSIGNIA (chartered-in)	1,091	Marshall Islands	Minimum period: November 23, 2022 – March 23, 2023 Maximum period: November 23, 2022 – May 23, 2023	US\$11,850

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Vessel's name (owned/ chartered-in)	Capacity (TEU)	Flag state	Contract charter term	Daily contract charter rate
8. TS OSAKA (owned)	1,808	Marshall Islands	Minimum period: October 9, 2021 – October 29, 2021 Maximum period: October 9, 2021 – November 18, 2021	US\$110,000
9. TS QINGDAO (owned)	1,808	Hong Kong	Minimum period: August 31, 2021 – September 20, 2021 Maximum period: August 31, 2021 – October 10, 2021	US\$110,000
10. TS SYDNEY (owned)	4,957	Marshall Islands	Minimum period: January 1, 2022 – January 31, 2022 Maximum period: January 1, 2022 – February 20, 2022	US\$150,000
11. TS MUMBAI (owned)	5,683	Marshall Islands	Minimum period: January 1, 2022 – January 31, 2022 Maximum period: January 1, 2022 – April 11, 2022	US\$145,000
12. TS SYDNEY (owned)	4,957	Marshall Islands	Minimum period: October 1, 2021 – October 31, 2021 Maximum period: October 1, 2021 – January 9, 2022	US\$250,000
13. TS SINGAPORE (owned)	4,331	Marshall Islands	Minimum period: October 1, 2021 – October 31, 2021 Maximum period: October 1, 2021 – January 9, 2022	US\$160,000
14. TS MUMBAI (owned)	5,683	Marshall Islands	Minimum period: October 1, 2021 – October 31, 2021 Maximum period: October 1, 2021 – January 9, 2022	US\$270,000
15. SHIMIN (chartered-in)	5,047	Singapore	Minimum period: January 1, 2022 – January 31, 2022 Maximum period: January 1, 2022 – February 20, 2022	US\$150,000
16. SHIMIN (chartered-in)	5,047	Singapore	Minimum period: August 28, 2021 – October 9, 2021 Maximum period: August 28, 2021 – January 5, 2022	US\$180,000
17. TS MANILA (owned)	2,553	Marshall Islands	Minimum period: August 22, 2021 – October 1, 2021 Maximum period: August 22, 2021 – October 16, 2021	US\$150,000

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Vessel's name (owned/ chartered-in)	Capacity (TEU)	Flag state	Contract charter term	Daily contract charter rate
18. TS SYDNEY (owned)	4,957	Marshall Islands	Minimum period: July 1, 2021 – July 31, 2021 Maximum period: July 1, 2021 – October 9, 2021	US\$130,000
19. TS SINGAPORE (Owned)	4,331	Marshall Islands	Minimum period: July 1, 2021 – July 31, 2021 Maximum period: July 1, 2021 – October 9, 2021	US\$120,000
20. TS MUMBAI (owned)	5,683	Marshall Islands	Minimum period: July 1, 2021 – July 31, 2021 Maximum period: July 1, 2021 – October 9, 2021	US\$135,000
21. TS SYDNEY (owned)	4,957	Marshall Islands	Minimum period: June 1, 2021 – July 1, 2021 Maximum period: June 1, 2021 – September 1, 2021	US\$39,000
22. TS MUMBAI (owned)	5,683	Marshall Islands	Minimum period: April 8, 2021 – July 1, 2021 Maximum period: April 8, 2021 – September 1, 2021	US\$35,000
23. TS SINGAPORE (Owned)	4,331	Marshall Islands	Minimum period: March 1, 2021 – July 1, 2021 Maximum period: March 1, 2021 – September 1, 2021	US\$27,000
24. SEGARA MAS (chartered-in)	2,702	Indonesia	Minimum period: January 24, 2021 – February 21, 2021 Maximum period: January 24, 2021 – March 5, 2021	US\$30,000

The following table sets forth a summary of certain information for our chartered-out vessels as of the Latest Practicable Date. As of the Latest Practicable Date, all our chartered-out vessels were owned vessels:

Vessel's name	Capacity (TEU)	Flag state	Contract charter term	Daily contract charter rate
1. TS DALIAN	2,741	Marshall Islands	Minimum period: May 13, 2024 – May 13, 2025 Maximum period: May 13, 2024 – September 13, 2025	US\$17,250

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Vessel's name	Capacity (TEU)	Flag state	Contract charter term	Daily contract charter rate
2. TS SHANGHAI	7,092	Marshall Islands	Minimum period: March 27, 2024 – March 26, 2025 Maximum period: March 27, 2024 – March 26, 2026	US\$44,750 for the minimum period Option period US\$49,500
3. TS NINGBO	4,253	Marshall Islands	Minimum period: May 31, 2024 – July 31, 2025 Maximum period: May 31, 2024 – October 31, 2025	US\$24,500
4. TS DUBAI ⁽¹⁾	7,092	Marshall Islands	Minimum period: October 20, 2024 – December 25, 2024 Maximum period: October 20, 2024 – December 28, 2024	US\$150,000
5. KOTA CALLAO	7,092	Marshall Islands	Minimum period: July 30, 2024 – October 19, 2024 Maximum period: July 30, 2024 – October 30, 2024	US\$105,000

Note:

(1) As of the Latest Practicable Date, TS DUBAI was sailing to the charterer's delivery destination.

Our owned vessels had an average age of approximately 3.5 years as of April 30, 2024. For the years ended December 31, 2021, 2022 and 2023 and the four months ended April 30, 2024, we had incurred US\$369.5 million, US\$237.1 million, US\$335.6 million and US\$223.3 million, respectively, in vessel purchases from vessel suppliers, all of which were Independent Third Parties. As of the Latest Practicable Date, we had ordered three 7,000 TEU vessels, one of which is expected to be delivered by the end of 2024 and the remaining two of which are expected to be delivered in 2026 and 2027, respectively. In addition, as of the same date, we had ordered two 4,300 TEU and three 14,000 TEU vessels, which are expected to be delivered in 2027. We expect we will have a younger fleet in the next few years based on our newbuildings delivery timetable. According to our internal vessel purchasing guidelines, we will consider the purchase of both new and second-hand vessels that are in a favorable condition. We generally purchase vessels with a speed of at least 18 knots and for second-hand vessels, an average age of around 10 years, with good maintenance and repair records, fuel efficiency and a good condition of the hull, main engine and navigation equipment. We take a disciplined approach to the order of new vessels and purchase used vessels because we generally order or purchase vessels when we believe vessel prices are relatively low, either at or close to the bottom of the market price cycle or at the early stage of an up-trending market. For newbuildings, we regularly communicate with major vessel suppliers and monitor relevant market indexes to understand the market trend. For used vessels, we gather market information of used vessel transactions weekly and exchange views with vessel brokers and dealers to learn

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the latest market development. The purchase prices of our newbuildings and used vessels were generally in line with or lower than the average market prices at the time of our purchase, according to the Drewry Report. When vessel prices and long-term charter rates are high, we choose instead to expand shipping capacity using short term charters. We believe this approach confers a significant cost advantage to us to maintain a lower-cost fleet in the long run.

We intend to apply part of the proceeds from the Global Offering for newbuildings we ordered and the vessel chartering contracts we entered into. See “Future Plans and Use of Proceeds — Use of proceeds” for further details.

Vessel fleet management policies

To optimize the utilization of vessels and maximize profitability, we adhere to the following principal policies to effectively manage the vessel fleet.

- Demand projection: We utilize historical data, market trends, and customer forecasts to predict demand on a regular basis. We also collaborate with sales and marketing teams to gather insights on expected cargo volumes.
- Shipping capacity planning: Based on the above demand projection, we further plan our shipping capacity, taking into account the existing number of vessels, vessel size and ages and the markets and services vessels serve, and the expiry of chartered-in vessel and charter hire rate level, etc., we plan on increasing or decreasing our shipping capacity.
- Short-term shipping capacity management: When we need to increase shipping capacity in the near term including expanding into new markets, we generally consider to charter in vessels if the charter hire rate is commercially reasonable. When the shipping volume becomes stable, we will use owned vessels including ordering newbuildings to serve the demand. When we need to reduce shipping capacity in the near term, we generally consider to return chartered-in vessels when their charters expire or charter out vessels.
- Long-term shipping capacity management: When we need to increase shipping capacity in the long term or for mature markets, we tend to order newbuildings or purchase used vessels because the unit operating cost of owned vessels is generally lower than that of chartered-in vessels. We will take into account the suitable vessel sizes, vessel size trend in the foreseeable future and the vessel sizes comparable to those of potential joint service partners’ vessels. When we need to reduce shipping capacity in the long term, we generally consider to dispose of older owned vessels either when we can record a gain from the disposal or record a loss which is commercially reasonable than retaining the vessel.

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As part of our long-term shipping capacity management, we also need to plan on vessel upgrade and vessel replacement because our owned vessels continue to age, their sizes do not meet the existing or future trend for certain markets, or we need to make our owned vessels more compliant with current or future environment requirements.

In addition, we expect our average operating cost will be lower as a result of the replacement of old vessels with newer vessels because (i) the unit cost is generally lower for larger vessels compared to that of smaller vessels, and (ii) newer vessels generally consume less fuel than older vessels of similar size.

Our older owned vessels reaching the age of 15 may be considered to be replaced based on the freight market, asset market as well as the vessels' conditions such as strength, performance, wear and tear and future repair and maintenance costs, which is also in line with the industry normal practice according to the Drewry Report.

Furthermore, the IMO's new regulation, Carbon Intensity Indicator (CII), requires ships to reduce carbon intensity from operational perspective. As a result, container ship operators will have to invest in new technologies and adopt other operational practices to reduce their carbon emissions, such as adopting alternative fuels, optimizing routes and speeds, and retrofitting existing vessels with energy-efficient technologies. The regulation may also increase the demand for more fuel-efficient ships and accelerate the vessel upgrade even when vessel age is under 15.

Moreover, as of the Latest Practicable Date, we had six chartered-in vessels with charters to expire potentially by the end of 2025. Thus, we consider newbuildings orders can effectively achieve the purpose of vessel upgrade and replacement of chartered-in vessels with newbuildings.

Vessel capacity management

We set forth below the details of our vessel capacity management during the Track Record Period, which was conducted in accordance with our fleet management policies:

2021:

Short-term shipping capacity management:

- During the year, we chartered in 10 vessels with a total shipping capacity of 12,256 TEU for the Asia Pacific Region.
- During the year, we returned six chartered-in vessels with a total shipping capacity of 15,244 TEU when their charters expired, which were later replaced by used vessels we purchased and newbuildings delivered in 2021.

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Long-term shipping capacity management:

- During the year, we purchased three used vessels, including one 2,741 TEU vessel to replace the chartered-in vessel deployed in the Greater China — Southeast Asia market, one 1,756 TEU vessel to replace the chartered-in vessel deployed in the Transpacific market and one 4,957 TEU vessel to replace the chartered-in vessel deployed in the Asia — Indian Subcontinent market.
- We deployed two 2,693 TEU newbuildings delivered in 2021 in the Asia – Oceania market to replace the two 2,702 TEU chartered-in vessels which were returned in 2021.

2022:

Short-term shipping capacity management:

- During the year, we chartered in three vessels with a total shipping capacity of 3,295 TEU for the Asia Pacific Region.
- During the year, we returned the six chartered-in vessels with a total shipping capacity of 7,560 TEU when their charters expired, which were later replaced by newbuildings delivered in 2022.

Long-term shipping capacity management:

- We deployed three 1,909 TEU newbuildings delivered in 2022 in the Asia — Oceania market. In addition, we deployed one 1,909 TEU newbuilding delivered in 2022 in the Greater China — Southeast Asia market, one 1,909 TEU newbuilding delivered in 2022 in the North Asia — Southeast Asia market and one 2,693 TEU newbuilding delivered in 2022 in the Greater China — Southeast Asia market. All the six newbuildings were to replace the chartered-in vessels in the relevant markets.

2023:

Short-term shipping capacity management:

- During the year, we chartered in four vessels with a total shipping capacity of 8,449 TEU for the Asia Pacific Region.
- During the year, we returned 12 chartered-in vessels with a total shipping capacity of 21,755 TEU when their charters expired.

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Long-term shipping capacity management:

- During the year, we deployed five 2,900 TEU newbuildings delivered in 2023 in our new joint services, including one joint service in the North Asia and Southeast Asia market, two joint services in the Asia — Indian Subcontinent market, one joint service in the Greater China — Southeast Asia market and one joint service between East Asia and East Africa.
- During the year, we disposed of certain owned vessels. See “— Our container shipping business — Our fleet — Our fleet profile” in this section for further details.
- During the year, we deployed seven 1,182 TEU newbuildings delivered in 2023 to the services in the Greater China — North Asia, Greater China — Southeast Asia and North Asia and Southeast Asia markets in the Asia Pacific Region, replacing the chartered-in vessels that we returned when their charters expired.

For the four months ended April 30, 2024:

Short-term shipping capacity management:

- During the four months ended April 30, 2024, we chartered in two vessels with a total shipping capacity of 10,648 TEU for the Asia – Indian Subcontinent market.
- During the four months ended April 30, 2024, we returned two chartered-in vessels with a total shipping capacity of 2,732 TEU when their charters expired.
- During the four months ended April 30, 2024, we chartered out one 7,000 TEU newbuilding delivered in 2024 to, and concurrently chartered in a 5,605 TEU vessel from, the same carrier. We deployed the chartered-in 5,605 TEU vessel in the Aisa — Indian Subcontinent market, aligning with our joint service partners who operate vessels of similar size in this market.

Long-term shipping capacity management:

- In April 2024, we ordered two 7,000 TEU newbuildings, which we plan to deploy in the Asia — Indian Subcontinent, Asia — Oceania and/or Middle East markets from 2026 as we believe 7,000 TEU vessels are a suitable size to be deployed in the Asia — Indian Subcontinent and Asia — Oceania and/or Middle East markets, and the trend of mainstream vessel size in the Asia — Oceania market is also 7,000 TEU.
- During the four months ended April 30, 2024, we deployed two 7,092 TEU newbuildings delivered in 2024 in the Asia — Indian Subcontinent market to replace two vessels, with a shipping capacity of 4,331 TEU and 4,253 TEU, respectively. The replaced 4,331 TEU vessel was then cascaded down to a newly launched joint service between East Asia and Middle East, and we plan to charter out the 4,253 TEU vessel.

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- During the four months ended April 30, 2024, we deployed one 2,900 TEU newbuildings delivered in January 2024 to replace an 1,800 TEU vessel in the Greater China — North Asia market. The replaced 1,800 TEU vessel was cascaded to replace a 1,100 TEU vessel in the North Asia and Southeast Asia market, which was further cascaded to other services.

Fleet management

During the Track Record Period, we engaged a fleet management company, Fleet Ship Management Inc. (“**Fleet Management Company A**”), an Independent Third Party, to manage our own vessels and crew members onboard, including crew management, technical management, insurance arrangements (if upon our request), accounting services, etc. The Fleet Management Company A, established in 1994 and headquartered in Hong Kong, was the second largest professional vessel manager in the world in 2023 in terms of the number of vessels it managed according to Lloyd’s List Intelligence, a specialist business incorporated with information service dedicated to the global maritime community. Fleet Management Company A is an affiliate of Fleet Management Limited, the beneficial owner of which is the Caravel Group. As confirmed by Fleet Management Company A, it managed over 660 vessels, and operated on a global scale with 27 offices in 12 countries in the same year. Its client base spans over 100 international vessel owners, including Fortune 500 companies from China, Greece, India, Japan, Korea, Netherlands, Norway, Turkey and the United States, etc. As of December 31, 2021, 2022 and 2023 and April 30, 2024, the number of our vessels managed by it accounted for approximately 4.2%, 4.8%, 3.3% and 3.5% of the total number of vessels it managed, respectively. For the years ended December 31, 2021, 2022 and 2023 and the four months ended April 30, 2024, our transaction amount with Fleet Management Company A was US\$34.8 million, US\$54.9 million, US\$45.1 million and US\$12.2 million, respectively. The following table sets forth the key terms of the ship management agreement:

Term:	One year.
Crew management:	Fleet Management Company A shall: (i) select and engage the crew, including handling payroll arrangements, pension administration, and insurances for the crew; (ii) ensure the applicable requirements of the law of the vessel flag and of the places/ports/berths where the vessel trades are complied with in respect of manning levels, rank, qualification and certification of the crew and employment regulations including crew’s tax, social insurance, discipline and other requirements; and (iii) provide training to the crew and supervise their efficiency, etc.

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- Technical management:** Fleet Management Company A shall: (i) provide competent personnel to supervise the maintenance and general efficiency of the vessel; (ii) arrange and supervise dry dockings, repairs, alterations and the upkeep of the vessel to the standards required by us to ensure that the vessel complies with the relevant laws and requirements; (iii) regularly and timely arrange sufficient supply of necessary stores, spares and lubricating oil at our expense; (iv) appoint surveyors and technical consultants from time to time when necessary; and (v) develop, implement and maintain the International Ship and Port Facility Security Code (the “**ISPS Code**”) and a safety management system in accordance with the International Safety Management Code (the “**ISM Code**”).
- Accounting services:** Fleet Management Company A shall establish an accounting system which meets our requirements and provide regular accounting services, monthly supply reports and records to us, and maintain the records of all costs and expenditures incurred as well as data necessary or proper for the settlement of accounts between the parties.
- Annual management fee:** Annual management fee in general shall be payable by equal monthly instalments in advance while the first installment and pre-delivery management fees being payable on the commencement of the ship management agreement. The management fee shall be subject to an annual review on the anniversary date of the ship management agreement.
- Termination:** Each party may terminate the ship management agreement in the event of, among others, (i) any material breach by the other party; or (ii) any other breach by the other party that is not remedied within a prescribed time-period.
- Renewal:** We should inform Fleet Management Company A of our intention to renew the agreement within 60 days before the expiry date of the agreement.

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As confirmed by Drewry, for the benefits of cost control and risk management, it is not uncommon for container shipping companies to outsource the management of its owned vessels to fleet management companies, and we engaged Fleet Management Company A for the same reason. Before engaging Fleet Management Company A since 2017, we managed our owned vessels and crew members by ourselves. Before we decided to outsource fleet management, we invited a number of service providers to pitch during which we became acquainted with Fleet Management Company A.

We regularly benchmark and review management fee and operating costs by inviting quotes from different fleet management companies. The management fee and operating costs of Fleet Management Company A was competitive compared to other service providers. We negotiate the management fee with Fleet Management Company A before we decide to renew the agreement annually. The amount of management fee is generally charged equally per vessel and Fleet Management Company A offers a discount if we provide a larger pool of vessels under management. We did not encounter, or anticipate, any difficulty for us in procuring another service provider on similar terms. As confirmed by Fleet Management Company A, the pricing and other terms of the transactions with us are generally in line with those of similar services that it provided to other container shipping companies. According to Drewry, the pricing offered by Fleet Management Company A to us is generally in line with the market price, considering the services provided by Fleet Management Company A.

To diversify our vessel management service providers, in March 2023 we engaged another fleet management company, V.Ships Asia Group Pte. Ltd., (“**Fleet Management Company B**”), an Independent Third Party, to manage our own vessel and crew members onboard, including crew management, technical management, etc. Fleet Management Company B, established in 2011 and headquartered in Singapore, was a subsidiary of V. Group which was the fourth largest professional manager in the world in 2023 in terms of the number of vessels it managed according to Lloyd’s List Intelligence. The majority of shares of Fleet Management Company B are indirectly owned by the GPE VIII, a private equity fund managed by Advent International Corporation. As confirmed by Fleet Management Company B, it managed over 550 vessels, and operated on a global scale with 60 offices in 30 countries in the same year. We approached Fleet Management Company B knowing its parent company, V. Group, was one of the top five global fleet management companies in terms of the number of vessels under its management in 2022. For the year ended December 31, 2023 and the four months ended April 30, 2024, our transaction amount with Fleet Management Company B was US\$6.8 million and US\$4.5 million, respectively. The following table sets forth the key terms of the ship management agreement between us and Fleet Management Company B:

Term:	One year.
Crew management:	Fleet Management Company B shall: (i) select and engage the crew, including handling payroll arrangements, pension administration, and other mandatory dues as applicable; (ii) ensure the applicable requirements of the law of the vessel flag in respect of rank, qualification and certification of the crew and employment regulations including crew’s tax, social insurance, discipline and other requirements; and (iii) provide training to the crew and supervise their efficiency, etc.

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Technical management:	Fleet Management Company B shall: (i) ensure that the vessel complies with the requirements of the law of flag state; (ii) ensure compliance with the ISPS Code the ISM Code; (iii) provide competent personnel to supervise the maintenance and general efficiency of the vessel; (iv) arrange and supervise dry dockings, repairs, alterations and the upkeep of the vessel to the standards agreed with us to ensure that the vessel complies with the relevant laws and requirements; (v) arrange supply of necessary stores, spares, victualling, provision and services; and (vi) appoint surveyors and technical consultants from time to time when necessary.
Annual management fee:	Annual management fee shall be payable by equal monthly instalments in middle of every calendar month while the first installment being payable on the commencement of the ship management agreement. The management fee shall be subject to an annual review.
Termination:	Each party may terminate the ship management agreement in the event of, among others, (i) any material breach by the other party; or (ii) any other breach by the other party that is not remedied within a prescribed time-period.
Renewal:	The agreement does not provide for any automatic or contractual renewal term. We will negotiate with Fleet Management Company B to seek a renewal of the agreement at least two months prior to the end of the term. We do not anticipate any material obstacles in renewing the agreement with Fleet Management Company B.

To further diversify our vessel management service providers, in April 2024, we engaged another fleet management company, Bernhard Schulte Shipmanagement (Hong Kong) Limited Partnership, (“**Fleet Management Company C**”), an Independent Third Party, to manage our own vessels, TS HONGKONG and TS DUBAI, and crew members onboard, including crew management, technical management, insurance arrangements (if upon our request), accounting services, etc. Fleet Management Company C, established in 1981 and headquartered in Hong Kong, was a member of the Schulte Group, which was the sixth largest professional manager in the world in 2023 in terms of the number of vessels it managed according to Lloyd’s List Intelligence. As confirmed by Fleet Management Company C, it managed over 650 vessels, and operated on a global scale with 11 offices in eight countries in the same year. We approached

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Fleet Management Company C knowing it was one of the top six global fleet management companies in terms of the number of vessels under its management in 2023. For the four months ended April 30, 2024, our transaction amount with Fleet Management Company C was nil. The following table sets forth the key terms of the ship management agreement between us and Fleet Management Company C:

Term:	One year.
Crew management:	Fleet Management Company C shall: (i) select and engage the crew, including handling payroll arrangements, pension administration, and insurances for the crew; (ii) ensure the applicable requirements of the law of the vessel flag and of the places/ports/berths where the vessel trades are complied with in respect of manning levels, rank, qualification and certification of the crew and employment regulations including crew's tax, social insurance, discipline and other requirements; and (iii) provide training to the crew and supervise their efficiency, etc.
Technical management:	Fleet Management Company C shall: (i) provide competent personnel to supervise the maintenance and general efficiency of the vessel; (ii) arrange and supervise dry dockings, repairs, alterations and the upkeep of the vessel to the standards required by us to ensure that the vessel complies with the relevant laws and requirements; (iii) regularly and timely arrange sufficient supply of necessary stores, spares and lubricating oil at our expense; (iv) appoint surveyors and technical consultants from time to time when necessary; and (v) develop, implement and maintain the ISPS Code and a safety management system in accordance with the ISM Code.
Accounting services:	Fleet Management Company C shall establish an accounting system which meets our requirements and provide regular accounting services, monthly supply reports and records to us, and maintain the records of all costs and expenditures incurred as well as data necessary or proper for the settlement of accounts between the parties.

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Annual management fee:	Annual management fee in general shall be payable by equal monthly instalments in advance while the first installment and pre-delivery management fees being payable on the commencement of the ship management agreement. The management fee shall be subject to an annual review on the anniversary date of the ship management agreement.
Termination:	Each party may terminate the ship management agreement in the event of, among others, (i) any material breach by the other party; or (ii) any other breach by the other party that is not remedied within a prescribed time-period.
Renewal:	We should inform Fleet Management Company C of our intention not to renew the agreement at least 60 days before the expiry date of the agreement; Otherwise, the agreement will be automatically renewed.

Because of the good reputation and the large pool of vessels under management of the three fleet management companies, we believe they have the capacity to provide services for our new vessels. We plan to engage among the three fleet management companies and/or other suitable fleet management companies to manage these new vessels mainly based on their pricing, service quality, capacity and accountability, among others. Based on the fee quotes received by our Company, the annual vessel management fee per vessel charged by vessel management companies ranges from US\$90,000 to US\$120,000.

Vessel charters

For chartered-in vessels, we generally enter into agreements with vessel chartering companies, all of which were Independent Third Parties, except for TEH Shipping, during the Track Record Period. In addition, as of the Latest Practicable Date, four of our chartered-in vessels were under a contract term of more than one year. We generally begin negotiations on the renewals of charter agreements with the relevant vessel chartering companies a few months prior to their expiry, and may from time to time seek to charter alternative vessels from other vessel chartering companies in the market. For the years ended December 31, 2021, 2022 and 2023 and the four months ended April 30, 2024, our vessel costs for our chartered-in vessels (which mainly comprised charter hire costs including both charter hire costs that were expensed for the short-term (one year or less) chartered-in vessels and charter hire costs that were capitalized for the long-term chartered-in vessels) were approximately US\$155.9 million, US\$253.2 million, US\$168.1 million and US\$34.5 million, respectively.

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The following table sets forth the key terms of the vessel chartering agreements in general we entered into with vessel owners:

Term:	From less than one year to three years.
Rent:	Usually a daily rent is charged and payable by us and should be paid to the owner in two installments per month in accordance with the terms of the relevant chartering agreements.
Delivery and re-delivery:	The owner shall deliver the vessels to us and we shall return the vessels to the owner by the prescribed times pursuant to the terms of the chartering agreements.
Other fees:	The owners shall provide and pay for all provisions, wages and immigration consular fees, shipping and discharging fees, shore pass fees of the crew and shall pay for the insurance of the vessels, also for all the cabin, deck, engine-room and other necessary stores, and maintain vessels' class and keep vessels in thoroughly efficient state in terms of their hull, machinery and equipment. When the vessels are on hire, we shall provide and pay for all the fuel (except as otherwise agreed), port charges, pilotages, tugboats charges, compulsory garbage fees, tonnages, agencies, commissions, consular charges, and all other usual expenses, but when the vessels are put into a port for causes due to the vessel condition, then all such charges incurred shall be paid by the owners.
Termination:	If the vessel during the performance of the chartering agreements is off-hire for a period of from more than 14 to more than 30 consecutive days, we have the option to terminate the chartering agreement and the vessel shall proceed to a safe port at our option for discharging if required.
Renewal:	The agreements generally do not contain any renewal clause and may be renewed upon mutual agreement of the parties.

There are several key stages in the life cycle of chartered-in vessels, including chartering, delivery, deployment to services and re-deliver vessels or renew the charter when the charters expire. During the charter term, we may sublease chartered-in vessels as part of our shipping capacity management. We may off-hire the chartered-in vessels in case of non-performance of certain obligations by vessel owners including stevedores or other workers not being permitted to work as a result of the vessel owners' failure to provide valid and up-to-date certificates or approvals for vessels and crew or failure to comply with relevant regulations.

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Joint services, slot exchange arrangements and slot chartering arrangements

To increase our container shipping network coverage and frequency of services, we have entered into a number of cooperation agreements with other carriers which generally provide for the joint operation of container shipping services, the exchange of slot capacity and the charter of slots on vessels operated by other carriers. As of April 30, 2024, we had joint service arrangements with 22 carriers, slot exchange arrangements with 11 carriers and slot chartering arrangements with two carriers, all of which were Independent Third Parties. The carriers we cooperate with are container shipping companies based in mainland China, Taiwan, Hong Kong, Singapore, South Korea and other regions. As of the Latest Practicable Date, we did not have any other material cooperation arrangement with the carriers we cooperated in joint services, slot exchange and slot chartering arrangements.

The following table sets forth the shipping volume and corresponding percentages (relative to our total shipping volume) of our container shipping network by types of services for the periods indicated:

	For the year ended December 31,						For the four months ended	
	2021		2022		2023		April 30,	
	<i>Shipping volume</i>	%	<i>Shipping volume</i>	%	<i>Shipping volume</i>	%	<i>Shipping volume</i>	%
	<i>(TEU, except percentage)</i>							
Independent services	804,562	50.7	811,902	52.1	710,293	48.5	259,774	48.4
Joint services	636,213	40.2	655,897	42.1	647,126	44.1	233,386	43.5
Slot exchange arrangements	135,626	8.6	83,793	5.4	108,811	7.4	42,286	7.9
Slot chartering arrangements	7,173	0.5	7,550	0.5	201	0.0	1,160	0.2
Total	1,583,574	100.0	1,559,142	100.0	1,466,431	100.0	536,606	100.0

Our shipping volume contributed by independent services increased in 2022 primarily because we allocated vessels to long-haul independent services in the Asia – Oceania and Transpacific markets partly by terminating certain joint services we operated. The termination of joint services in 2022 also resulted in a decrease in slot exchange arrangements with other carriers (with which we used slots in the joint services to exchange). Our shipping volume contributed by independent services decreased in 2023 primarily because we suspended one independent service to Australia in April 2023 (though subsequently resumed in the fourth quarter of 2023) and the only one independent service to New Zealand in August 2023 due to the continued declines in the freight rate which made our independent services not

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economically justifiable. Our shipping volume contributed by joint services decreased in 2023 primarily because of the reduction of our shipping capacity to address the adverse market condition, thereby suspending our joint services in the Transpacific and Asia – Europe markets and some joint services in the Asia Pacific Region, partially offset by new services launched via joint services such as the service from East Asia to East India by joint service in which we deployed some of the newbuildings delivered in 2023. Our shipping volume contributed by slot exchange arrangements increased in 2023 primarily because we launched new joint services in 2023 in which we used slots to exchange with other carriers. Our shipping volume contributed by slot chartering arrangements decreased in 2023 primarily because we changed our service by slot chartering arrangements from East Asia to the Middle East to one joint service. The corresponding percentages of shipping volume contributed by each type of service out of our total shipping volume remained relatively stable from 2023 to the four months ended April 30, 2024.

Under the joint service agreements, we and our partners designate a specific number of vessels to jointly provide shipping services for specific trade lanes for a period of time, typically six to 12 months. Each partner under a joint service arrangement bears the operational cost and expenses of its own vessels and is entitled to container slots on each designated vessel in proportion to the shipping capacity it contributes. Each partner should endeavor to stay within its own basic slot and weight allocation according to the relevant joint service agreements. In the event that the partners utilize slots and/or weight in excess of their entitlement, then the partners should be charged for excess slots or weight according to the slot exchange agreements. The joint service agreements may be terminated in the event of, among others, (i) mutual consent of all parties; (ii) any material breach by any party; or (iii) a change in control of any party which is likely to materially prejudice the performance of the agreements. The joint service agreements may be renewed upon mutual agreement of the parties.

Under the slot exchange arrangements, we have with other carriers, we exchange certain container slots in our services for a particular period, typically 12 months or less. Under this arrangement, we and other carriers each bear and settle directly with the terminal operators at each port of call all the cargo expenses arising from the loading and discharging of their containers onto or from the relevant vessels and all other expenses incurred at the terminals. The slot charterers should ensure that their cargos loaded on board will always be kept within their basic slot and weight allocation according to the relevant slot exchange agreements. In the event that the slot charterers utilize slots and/or weight in excess of their entitlement, then the slot charterers should pay the slot providers for excess slots or weight according to the slot exchange agreements. The slot providers have free use of any slots unused by the slot charterers. The slot exchange arrangements may be terminated in the event of, among others, (i) mutual consent of all parties; (ii) any material breach by any party; or (iii) any other breach by any party that is not remedied within a prescribed time-period. The slot exchange arrangements may be renewed upon mutual agreement of the parties.

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Under the slot chartering arrangements, we contract to use and pay for a certain amount of space on a vessel of another carrier for a particular period. Usually, we make monthly payment for the chartered slots after we utilized the slots. The slot chartering arrangements may be terminated in the event of, among others, (i) mutual consent of all parties; (ii) any material breach by any party; or (iii) any other breach by any party that is not remedied within a prescribed time-period.

The key risks from our arrangements with other carriers mainly include contractual disputes, breaches, and defaults, which may result in legal liabilities, financial losses, or operational disruptions. We can seek remedies under the contracts in the event of a breach by the carriers. In addition, we can also look for alternative business partners in the market. During the Track Record Period, we generally maintained good relationships with our business partners. See “Risk Factors — Risks relating to our business and industry — We rely on various products and services provided by third-party contractors and suppliers, as well as our partners and agents, and unsatisfactory or faulty performance of our contractors, suppliers, partners or agents could have a material adverse effect on our business.”

Joint services, slot exchange arrangements and slot chartering arrangements are common practice for container shipping companies to optimize operation and enhance utilization, according to the Drewry Report. Such arrangements allow us to increase our container shipping network coverage, shipping volume and frequency of services with less investment. As of December 31, 2021, 2022 and 2023 and April 30, 2024, we had 11, 19, 20 and 22 joint services, respectively, mostly around the Asia Pacific Region, with an aggregated shipping volume of 636,213 TEU, 655,897 TEU, 647,126 TEU and 233,386 TEU, respectively, for the years ended December 31, 2021, 2022 and 2023 and the four months ended April 30, 2024. As of December 31, 2021, 2022 and 2023 and April 30, 2024, we had eight, 10, 13 and 15 services through slot exchange arrangements, respectively, with an aggregated shipping volume of 135,626 TEU, 83,793 TEU, 108,811 TEU and 42,286 TEU, respectively, for the years ended December 31, 2021, 2022 and 2023 and the four months ended April 30, 2024. As of December 31, 2021, 2022 and 2023 and April 30, 2024, we had nil, one, nil and two services through slot chartering arrangements, respectively, with an aggregated shipping volume of 7,173 TEU, 7,550 TEU, 201 TEU and 1,160 TEU, respectively, for the years ended December 31, 2021, 2022 and 2023 and the four months ended April 30, 2024. Although we did not have any slot chartering arrangements for any trade lane as of December 31, 2021, we did have such arrangements for two trade lanes during the year 2021.

Our crew

As of April 30, 2024, there were 744 onboard crew members working on our owned vessels. We do not enter into employment agreements with these onboard crew members. According to our arrangement with fleet management companies, they are responsible to engage and provide training to crews who will be onboard our owned vessels. See “—Our container shipping business—Our fleet” in this section for more details. We will be responsible for the P&I Insurance of such crew members when they are onboard our vessels during each voyage. We will reimburse crew costs including their wages, allowance and social security incurred by fleet management companies.

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Specifically in terms of the PRC crew members, our PRC Legal Advisors have advised us that under the relevant PRC laws and regulations: (i) as there is no employment relationship between us and crew members under the foregoing arrangement, hence we are not deemed the employer of the crew members; and (ii) we are not required by the relevant PRC government authorities to make social insurance fund and housing provident fund contributions for the PRC crew members.

Containers

The following table sets forth the breakdown of the container capacity by owned containers and leased containers (including long-term (more than one year) and short-term (equal to or less than one year) leases) as of the dates indicated:

	As of December 31,						As of April 30,	
	2021		2022		2023		2024	
	<i>Capacity</i> <i>(TEU)</i>	%	<i>Capacity</i> <i>(TEU)</i>	%	<i>Capacity</i> <i>(TEU)</i>	%	<i>Capacity</i> <i>(TEU)</i>	%
Owned containers	55,798	24.7	48,699	19.2	71,677	30.9	75,403	29.5
Leased containers	170,303	75.3	205,241	80.8	160,600	69.1	179,922	70.5
– long-term	161,703	71.5	202,582	79.8	159,670	68.7	178,734	70.0
– short-term	8,600	3.8	2,659	1.0	930	0.4	1,188	0.5
Total	226,101	100.0	253,940	100.0	232,277	100.0	255,325	100.0

We source our owned containers mainly from China-based container manufacturers. In 2021, 2022 and 2023 and for the four months ended April 30, 2024, we had incurred approximately US\$109.5 million, US\$0.7 million, US\$59.3 million and nil in purchasing containers mostly from China-based shipping container manufacturers, respectively. We monitor the containers prices from time to time. We disposed of certain used containers in the first half of 2022 in light of certain excess container capacity we had and the relatively higher market price of used containers we could benefit by selling used containers. Containers generally have a useful life of 10 to 12 years. As of the Latest Practicable Date, our owned containers had an average remaining useful life of approximately 7.4 years. When our owned containers are around the end of useful lives, we usually dispose of them to dealers of used containers.

We also entered into leasing agreements with a number of container suppliers. We selected the container suppliers with good reputation and strong financial condition. In addition, we will also consider whether the location of the suppliers meets our needs, and whether the delivery time is appropriate. In 2021, 2022 and 2023 and for the four months ended April 30, 2023 and 2024, our container leasing expenses were US\$29.8 million, US\$59.9 million, US\$53.0 million, US\$18.2 million and US\$16.9 million, respectively. The decrease in

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the capacity of leased containers was due to the return of our leased containers in 2023 because we added more owned containers to replace leased containers for long-term cost saving and partially due to the weakened market condition. We returned leased containers of approximate 46,698 TEU in 2023 when their leases expired. In general, new containers are more reliable compared to older ones, and as a result, we generally only lease newly manufactured containers, typically for a term of five years. As of April 30, 2024, the average age of our owned and leased containers was 4.0 years. A substantial majority of these containers were standard containers. In addition, we also use special containers, including temperature-controlled containers to transport fresh food.

The following table sets forth the key terms of the container leasing agreements in general we entered into with container lessors:

Term:	Usually five years.
Rent:	Usually a daily rent is charged and payable by us until each container is returned to lessors in accordance with the terms of the relevant leasing agreements.
Build-up period and build-down period:	Each container leasing agreement has a build-up period of about four months and a build-down period of about 12 months. We are required to pick up the agreed number of containers during the build-up period and to off hire the containers during the build-down period.
Container re-delivery:	The containers shall be redelivered to lessors pursuant to the leasing agreement. We are responsible for the costs, charges and expenses relating to container re-delivery.
Termination:	Each party may terminate the container leasing agreements in the event of, among others, any material breach by the other party.
Renewal:	The agreements generally do not contain any renewal clause and may be renewed upon mutual agreement of the parties.

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The following table sets forth details of the types of cargo we shipped as of April 30, 2024 as well as the related quantities and volume of our owned and leased containers.

<u>Type of container</u>	<u>Type of cargo</u>	<u>Quantity</u>	<u>TEUs</u>
Dry van containers	Most general cargo, including commodities in bundles, cartons, boxes, loose cargo, bulk cargo and furniture	156,796	234,728
Reefer containers	Temperature controlled cargo, including pharmaceuticals, electronics and perishable cargo	9,460	17,602
Other special containers	Heavy cargo and goods of excess height and/or width, such as machinery, vehicles and building materials	1,758	2,995
Total		<u>168,014</u>	<u>255,325</u>

We plan to apply part of the proceeds from the Global Offering to lease additional containers. See “Future Plans and Use of Proceeds — Use of proceeds” for more details.

For the years ended December 31, 2021, 2022 and 2023 and April 30, 2024, our container turnover rate (calculated as each container’s full cycle usage days (average days from first laden export gate-in terminal “full container” date to next “full container” date) divided by 365 days) was 8.4, 6.2, 6.6 and 6.9 trips, respectively. We believe that, ideally, containers should remain at a high utilization level. However, due to trade imbalances between destination ports and countries or regions, or various reasons related to orders made and received, there have been instances where shipping containers are returned empty or at a low utilization level. We have a dedicated team of managers responsible for managing empty containers in a cost-efficient way to minimize our overall empty container moves while meeting demand. For example, we have an equipment control team managing the containers utilization, which can identify where and which types of containers are in excess or shortage, and recommend the best routes for moving such containers to the ideal place at the right time. In addition, we continuously optimize the flow of empty containers based on demands and operational constraints, such as slot exchange arrangements and slot chartering arrangements. For more details, see “— Our container shipping business — Joint services, slot exchange arrangements and slot chartering arrangements” in this section. We also sell slots on board our vessels to transport empty, shipper-owned containers. Through this, we are able to reduce the costs associated with such trade imbalances, increase the utilization of our vessels, and reliably supply our customers with containers where and when they are needed.

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Our container management system also involves several strategies and technologies to reduce the cost, effort and other resources involved in transporting empty containers. For instance, we utilize the real-time data that may be collected from an IT technology provider which is an Independent Third Party to give us insights in global container turnover by analyzing our customer and cargo patterns. See “— Information technology” in this section for further details. We also utilize our sales and marketing efforts to better analyze market demands and trends to ensure that container turnover can be managed more efficiently.

Port operators

We have terminal services arrangements with major port operators, under which port operators help us load and discharge containers from vessels to trucks or lorries and vice versa and provide storage and auxiliary services. Our port access includes both gateway and transshipment hubs, the majority of which consist of well-developed infrastructure and state-of-the-art equipment to support high-quality shipping services. In addition, port operators provide us with container freight stations and port facilities for reefer cargos, breakbulk cargos and dangerous and hazardous cargos to meet customers’ requirements. As confirmed by Drewry, our cooperation model with port operators is in line with the common industry practice.

The following table sets forth the number of ports within our container shipping network as of the dates indicated:

	As of December 31,			As of April 30,
	2021	2022	2023	2024
	<i>Number of ports</i>			
<i>Asia Pacific Region</i>	40	50	45	50
Greater China	15	14	14	16
North Asia	11	11	10	10
Southeast Asia	9	9	12	15
Oceania	5	10	3	3
Indian Subcontinent	–	6	6	6
<i>Transpacific⁽¹⁾</i>	1	5	–	–
<i>Asia – Europe⁽¹⁾</i>	–	4	–	–
<i>Others⁽²⁾</i>	–	4	4	6
Total	41	63	49	56

Notes:

- (1) To address the market condition that has affected long-haul services in the Transpacific and the Asia — Europe markets where deployment of smaller vessels became less profitable or even loss-making in light of the continued decline of freight rates, we decided to suspend our services in the Transpacific and Asia

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— Europe markets in December 2022, and all services in the Transpacific and Asia — Europe markets had been suspended in February and in March 2023, respectively. See “— Our container shipping business — Our markets — Transpacific” and “— Our container shipping business — Our markets — Asia — Europe” in this section for more details.

- (2) Others mainly included the trade lane connecting North Asia, Greater China, Malaysia and the Middle East (Jebel Ali, Damman and Sohar), the trade lane connecting Greater China and East Africa (Mombasa and Dar es Salaam), and the trade lane connecting India (Nhava Sheva and Mundra), Middle East (Jebel Ali and Khalifa) and East Africa (Mombasa and Dar es Salaam).

The following table sets forth the top 10 ports in terms of the number of calls by our vessels per week ports within our container shipping network, including our independent services, joint services, slot exchange arrangements and slot chartering arrangements for the four months ended April 30, 2024:

	<u>Average number of port calls per week</u>
Shekou	31
Shanghai	28
Hong Kong	27
Port Klang	26
Ningbo	16
Qingdao	15
Kaohsiung	14
Nansha	14
Singapore	13
Pusan	12

The following table sets forth the key terms of the services agreement entered between us and various port operators:

Term:	Generally, one year, to be renewed automatically or upon negotiation.
Scope of operation and responsibilities:	This agreement shall be applicable to ports along certain services. Whilst most agreements with port operators will state the responsibilities in regard to the offloading and loading of containers, the responsibilities in monitoring of containers at the port may vary across agreements.

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Fees and payment:	Varied according to the payment schedule set by each port operator, in accordance with the duration, size and the type of containers, whether such containers are empty, the type of cargo, and the services to be provided. For containers that stay at the port for a prolonged period of time, an extra charge shall be levied. Vessels staying at the port may also be charged a fee in relation to the duration of their stay. Generally, all fees shall be paid within 10 or 30 days from the invoice or billing date.
Relocation services:	To utilize the port operator's facilities, we may opt for our containers to be transported, stored and monitored at an onshore storage facility. Some port operators may offer such services free of charge, while some may charge a storage fee.
Notification:	Generally, we are required to provide our voyage schedule, with the relevant details concerning the containers in advance.

Bunkers

Our business nature and operation of require significant bunker consumption. For the years ended December 31, 2021, 2022 and 2023 and the four months ended April 30, 2023 and 2024, we consumed approximately 323,412 tonnes, 417,478 tonnes, 325,198 tonnes, 117,718 tonnes and 108,742 tonnes of bunkers, amounting to US\$164.0 million, US\$312.9 million, US\$187.7 million, US\$67.9 million and US\$61.2 million, reflecting an average cost of approximately US\$507.0 per tonne, US\$749.5 per tonne, US\$577.3 per tonne, US\$577.1 per tonne and US\$563.2 per tonne, respectively. The fluctuation of cost per tonne during the Track Record Period was primarily a result of the fluctuation of the price of crude oil in these periods. We have entered into agreements with a number of bunkers suppliers. While the suppliers have agreed to supply us with bunkers upon our request, no fixed price is specified in such agreements and the bunker price will be based on the market price at the time of purchase order. During the Track Record Period, we did not hedge our risk exposures in connection with bunker prices using derivative instruments. We may build in our customer contracts calculations based on the bunker adjustment factor (“**BAF**”) and the emergency bunker surcharge (“**EBS**”) as references pursuant to which we can pass on the cost of any sudden surges in bunker prices to our customers. A BAF is a variable surcharge aligned with the movement of bunker prices. This fee is typically separate from the base freight rate and adjusted quarterly. Usually, BAF is adjusted quarterly based on bunker prices changes. An EBS is a last-minute fee that occurs when actual market bunker prices are higher than what was originally anticipated by the carriers.

SALES, MARKETING AND PRICING**Sales and marketing**

We have an internal sales force in our headquarters and on the ground in certain overseas markets to conduct direct sales, and we have established long-term relationships with a number of customers. As of April 30, 2024, our sales and marketing team consisted of 265 employees responsible for direct client coverage, conducting market research, and exploring possible services and pricing. As of April 30, 2024, we had a total of 22 offices worldwide, including 10 offices in mainland China and Hong Kong, two in Japan, two in South Korea, three in Vietnam, three in Malaysia, one in United Arab Emirates and one in the Philippines. We have also established Taiwan branch, TS TW Branch, aiming to support our business and operational needs in relation to our trade lanes between Taiwan and other locations (which do not constitute Cross-strait Trade Lanes). In addition, our sales and marketing team regularly review the services of peers in the market, analyze the changes in local policies and conduct market research to adjust our promotion strategies after analyzing such information. To expand our business, we may cross-sell new shipping services to existing customers in addition to tapping new customers. For example, we market and promote new long-haul services to our existing customers and at the same time we may develop new customers for such services.

Our sales team will assist the finance department to collect payment from invoiced customers and to recover any additional costs such as slot rent, container maintenance fees and repair fees. On a daily basis, our sales team will be responsible for (i) the allocation of containers and slots for each service in order to maximize our utilization; (ii) the compilation of sales and operational data for future pricing and services analyses; and (iii) the handling of customer inquiries and communications with headquarters in relation to specific customer inquiries or feedback. Key performance indicators for our sales staff include whether they can increase the number of customers and maintain and increase the annual shipping volume targets.

Pricing mechanism and strategy

We have a relatively open and flexible pricing policy which is mainly in line with the market condition and spot rates, stating the standard rate for our services (typically calculated based on factors such as TEU, type of freight such as perishable or non-perishable goods, destination and trade lane) upon quotation request from our customers. There would be adjustments where end customers require certain specific delivery and storage requirements (such as frozen storage, or dangerous and hazardous goods storage). We generally charge freight rate premiums for special containers. For joint services, slot exchange and slot chartering arrangements, our pricing would be determined on a cost-plus basis to the operating expenses to be incurred for such arrangements.

Adjustments would be made from time to time, based on the availability of vessels and containers, seasonality factors and market conditions. Such pricing will be determined by the sales and marketing team. We would also offer discounts to certain customers, based on the market demand analysis conducted by our sales and marketing team, especially for services with relatively low shipping volumes and newly developed services. Our sales and marketing team will also be responsible for setting the prices for newly developed services, after adequate market research has been conducted.

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Payment terms

We generally offer two payment terms for our container shipping services: freight prepaid and freight collect. Under freight prepaid terms, the shipper typically prepays the freight charges, loading terminal handling charge and other expenses associated with the cargos before the arrival at the destination port. Fees and expenses at the destination port, including documentation fees and terminal handling charges, are paid by the consignee at the destination port. Under freight collect terms, the shipper typically prepays only the loading terminal handling charge, and the freight charges and other expenses are paid by the consignee upon taking delivery of the cargos at the destination port. We generally demand freight prepaid terms and in exceptional cases, we permit freight collect terms. We generally do not grant credit period under freight collect term, but we would review customers' credit term requests on a case-by-case basis and usually grant a credit period of less than 30 days from the date of billing.

Warranty and goods damaged in transit

Whilst we have purchased insurance policies in relation to any related damages and that our customers would have purchased the same to protect so, we have set guidelines to handle any reports or complaints in relation to damaged goods in transit. The consignee, upon receiving the shipping container, would inspect the goods therein and report any damage. Further investigations will be conducted to ascertain the reasons for any such damage. We would then consider further actions by taking into consideration the findings of the investigation and the insurance policy premiums involved. After that, we would proceed with negotiations with parties involved with the aim of achieving amicable solutions, before taking any legal actions as the last resort. During the Track Record Period, there had not been such instances of goods damaged in transit that resulted in a materially adverse impact on our business operations and financial position.

CUSTOMERS

The customers for our container shipping services primarily include (i) freight forwarders, (ii) BCO customers, and (iii) other container shipping companies. Our BCO customers are primarily small and medium-sized businesses, including diversified manufacturers of consumer, primary and mechanical products. While the majority of our customers enter into shipping contracts with us through freight forwarders, we have established long-term relationships with some of our BCO customers. Besides, we from time to time service large blue-chip customers with tailored needs. We have undertaken large projects with specifically tailored needs for these customers with whom we have enjoyed long-term business relationships. Our targeted customers generally consist of those with sound reputations in the international shipping market and good credit records. We have a diversified customer base. For instance, for the year ended December 31, 2021, no single customer represented more than 5% of our revenue. Despite our diversified customer base, we continue to build long-term relationships with our major customers through our sales and marketing efforts. Our customer

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retention rate, calculated as the number of customers in the prior period that remain as our customers in the current period, divided by the number of all customers in such prior period, for our top 30 customers was 100% in each of 2021, 2022 and 2023 and for the four months ended April 30, 2024.

It is a common practice in intra-Asia Market that BCO customers generally do not enter into long-term arrangements with carriers and usually look to spot markets, and the long-term arrangements in short haul services generally do not contain any minimum shipping quantity commitment according to the Drewry Report. We proactively participate in any bidding process initiated by BCO customers so we can gain a better position to promote our services.

For the years ended December 31, 2021, 2022 and 2023 and the four months ended April 30, 2024, revenue from our five largest customers represented approximately 5.2%, 5.6%, 3.7% and 4.1% of our total revenue for the respective period, and revenue from the largest customer represented approximately 1.8%, 1.7%, 1.1% and 1.1% of our total revenue for the respective period.

The tables below set forth the basic information of our five largest customers in each year/period during the Track Record Period:

Five largest customers for the year ended December 31, 2021	Length of relationship with our Group	Company background	Business location	Major services provided	Credit terms	Payment method	Transaction amount	Percentage to total revenue of our Group
							<i>US\$'000</i>	%
Shenzhen Shining Ocean International Logistics Co., Ltd.	22 years	A company mainly engaging in global shipping, air and land transportation, warehousing, e-commerce logistics, customs declaration, etc.	Mainland China	Container shipping	One month	Wire transfer	33,816	1.8
China Ocean Shipping Agency Company Limited	18 years	A company primarily engaging in the international transportation agency business of import and export goods	Mainland China	Container shipping	One month	Wire transfer	17,284	0.9
Chinatrans International Limited	22 years	A company primarily engaging in the international transportation agency	Mainland China	Container shipping	Half month	Wire transfer	15,544	0.8
Customer A	23 years	A logistics company primarily engaging in providing warehousing, import, export, cargo, marine, air, and truck transport services	Japan	Container shipping	One week	Wire transfer	15,025	0.8

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Five largest customers for the year ended December 31, 2021	Length of relationship with our Group	Company background	Business location	Major services provided	Credit terms	Payment method	Transaction amount	Percentage to total revenue of our Group
							<i>US\$'000</i>	%
T.V.L. Global Logistics Co., Ltd.	14 years	A company covers all related businesses in the logistics industry, including freight forwarding	Mainland China	Container shipping	30 days	Wire transfer	14,550	0.8
Total							96,219	5.2

Five largest customers for the year ended December 31, 2022	Length of relationship with our Group	Company background	Business location	Major services provided	Credit terms	Payment method	Transaction amount	Percentage to total revenue of our Group
							<i>US\$'000</i>	%
Shenzhen Shining Ocean International Logistics Co., Ltd.	22 years	A company mainly engaging in global shipping, air and land transportation, warehousing, e-commerce logistics, customs declaration, etc.	Mainland China	Container shipping	One month	Wire transfer	40,876	1.7
Customer B	Two years	A company primarily engaging in freight forwarding and supply chain management	New Zealand	Container shipping	14 days	Electronic funds transfer	30,903	1.3
China Ocean Shipping Agency Company Limited	18 years	A company primarily engaging in the international transportation agency business of import and export goods	Mainland China	Container shipping	One month	Wire transfer	26,427	1.1
Longsail Supply Chain Co., Ltd.	20 years	A company mainly engaging in supply chain management, domestic and international freight forwarding, etc.	Mainland China	Container shipping	Half month	Wire transfer	21,453	0.9
China Transport Shipping (Shanghai) Co., Ltd.	Eight years	An integrated logistics company engaging sea and air transportation, triangular trade, warehousing, etc.	Mainland China	Container shipping	30 days	Wire transfer	18,108	0.8
Total							137,768	5.6

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Five largest customers for the year ended December 31, 2023	Length of relationship with our Group	Company background	Business location	Major services provided	Credit terms	Payment method	Transaction amount	Percentage to total revenue of our Group
							<i>US\$'000</i>	<i>%</i>
Seaway Holdings Pty Ltd and its subsidiaries	13 years	A company primarily engaging in shipping agency, forwarding, logistics, refrigerated, air freight, intermodal and warehousing facilities and its subsidiaries	Australia	Container shipping	N/A	Electronic funds transfer	9,328	1.1
Shenzhen Shining Ocean International Logistics Co., Ltd.	22 years	A company mainly engaging in global shipping, air and land transportation, warehousing, e-commerce logistics, customs declaration, etc.	Mainland China	Container shipping	One month	Wire transfer	7,240	0.8
China Ocean Shipping Agency Company Limited	18 years	A company primarily engaging in the international transportation agency business of import and export goods	Mainland China	Container shipping	One month	Wire transfer	5,385	0.6
Customer C	18 years	A company primarily engaging in air and sea freight forwarding, customs brokerage, and warehouse inventory management services	Japan	Container shipping	One month	Wire transfer	5,322	0.6
Customer B	Two years	A company primarily engaging in freight forwarding and supply chain management	New Zealand	Container shipping	14 days	Electronic funds transfer	4,825	0.6
Total							32,100	3.7

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Five largest customers for the four months ended April 30, 2024	Length of relationship with our Group	Company background	Business location	Major services provided	Credit terms	Payment method	Transaction amount	Percentage to total revenue of our Group
							<i>US\$'000</i>	<i>%</i>
Shenzhen Shining Ocean International Logistics Co., Ltd.	22 years	A company mainly engaging in global shipping, air and land transportation, warehousing, e-commerce logistics, customs declaration, etc.	Mainland China	Container shipping	One month	Wire transfer	3,396	1.1
Qingdao Pegasus Supply Chain Service Co., Ltd	Five years	A company mainly engaging in international logistics and supply chain operations, specializing in global maritime, land transportation, and trailer services	Mainland China	Container shipping	One month	Wire transfer	2,566	0.8
Customer D	Five years	A company mainly engaging in maritime services, including ship agency, freight forwarding, customs declaration, logistics, cargo handling, and project investment	Mainland China	Container shipping	One month	Wire transfer	2,480	0.8
Sunward Logistics Co., Ltd	13 years	A company mainly engaging in global maritime and land transportation, overseas warehousing, and e-commerce operations	Mainland China	Container shipping	One month	Wire transfer	2,381	0.7
Customer E	Eight years	A company mainly engaging in international transportation agency services for sea, land, and air freight import and export	Mainland China	Container shipping	One month	Wire transfer	2,169	0.7
Total							<u>12,992</u>	<u>4.1</u>

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Our Directors confirm that our five largest customers in each year/period during the Track Record Period were all Independent Third Parties and that none of our Directors, their respective close associates or any Shareholder (which to the knowledge of our Directors owning more than 5% of our share capital as of the Latest Practicable Date) had any interest, directly or indirectly, in any of our five largest customers in each year/period during the Track Record Period.

During the Track Record Period, to the best knowledge of our Directors, our Group did not have any material disputes with our customers or compensate for any major damaged goods during shipping, or experience any material delays in or disruption of our shipping services. We believe that perceived quality and reputation are of paramount importance for the provision of our services. While we have not entered into any long-term agreements with any of our major customers, we believe that our business relationships with such major customers are well-established and that our commitment to reliable and quality services will enable us to further attract new customers to diversify our customer base. We aim to take a flexible approach to continue broadening our customer base and also strengthening our relationship with key customers.

SUPPLIERS

During the Track Record Period, our major suppliers included terminal container handling service providers, vessel inbound and outbound service providers, port shipping agency service providers, container providers, bunker providers, vessel chartering companies and vessel manufacturers. For the years ended December 31, 2021, 2022 and 2023 and the four months ended April 30, 2024, procurement from our five largest suppliers represented approximately 20.4%, 21.7%, 21.9% and 22.4% of our total procurement for the respective period, and procurement from our largest supplier represented approximately 5.3%, 5.6%, 5.6% and 7.2% of our total procurement for the respective period. The following tables set forth the basic information of our Group's five largest suppliers in each year/period during the Track Record Period:

Five largest suppliers for the year ended December 31, 2021	Length of relationship with our Group	Company background	Business location	Products/ services principally procured/ rendered	Credit terms	Payment method	Transaction amount	Percentage to total procurement of our Group
							<i>US\$'000</i>	%
KPI Oceanconnecthk Ltd	Six years	A bunker trader	Hong Kong	Bunker	45 days	Wire transfer	43,082	5.3
Supplier A	19 years	A container terminal company	Hong Kong	Terminal/Stevedore services	60 days	Wire transfer	35,705	4.4

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Five largest suppliers for the year ended December 31, 2021	Length of relationship with our Group	Company background	Business location	Products/ services principally procured/ rendered	Credit terms	Payment method	Transaction amount	Percentage to total procurement of our Group
							<i>US\$'000</i>	<i>%</i>
Chimbusco Pan Nation Petro-Chemical Co., Ltd	21 years	A bunker trader	Hong Kong	Bunker	45 days	Wire transfer	31,495	3.9
Kamigumi Co., Ltd.	22 years	A container terminal company	Japan	Terminal/ Stevedore services	60 days	Wire transfer	28,079	3.5
Supplier B	22 years	A container terminal company	Mainland China	Terminal/ Stevedore services	30 days	Wire transfer	26,894	3.3
Total							<u>165,255</u>	<u>20.4</u>

Five largest suppliers for the year ended December 31, 2022	Length of relationship with our Group	Company background	Business location	Products/ services principally procured/ rendered	Credit terms	Payment method	Transaction amount	Percentage to total procurement of our Group
							<i>US\$'000</i>	<i>%</i>
KPI Oceanconnecthk Ltd	Six years	A bunker trader	Hong Kong	Bunker	45 days	Wire transfer	72,441	5.6
Toyota Tsusho Petroleum Pte. Ltd.	12 years	A bunker trader	Singapore	Bunker	45 days	Wire transfer	58,525	4.5
Supplier C	Six years	A fleet management company	Hong Kong	Fleet management	90 days	Wire transfer	57,835	4.5
Chimbusco Pan Nation Petro-Chemical Co., Ltd	21 years	A bunker trader	Hong Kong	Bunker	45 days	Wire transfer	54,682	4.2
Supplier D	Nine years	A bunker trader	Singapore	Bunker	45 days	Wire transfer	36,966	2.9
Total							<u>280,448</u>	<u>21.7</u>

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Five largest suppliers for the year ended December 31, 2023	Length of relationship with our Group	Company background	Business location	Products/ services principally procured/ rendered	Credit terms	Payment method	Transaction amount	Percentage to total procurement of our Group
							<i>US\$'000</i>	<i>%</i>
Supplier C	Six years	A fleet management company	Hong Kong	Fleet management	90 days	Wire transfer	51,247	5.6
Chimbusco Pan Nation Petro-Chemical Co., Ltd	21 years	A bunker trader	Hong Kong	Bunker	45 days	Wire transfer	51,040	5.6
KPI Oceanconnecthk Ltd	Six years	A bunker trader	Hong Kong	Bunker	45 days	Wire transfer	47,432	5.2
Supplier A	19 years	A container terminal company	Hong Kong	Terminal/Stevedore services	60 days	Wire transfer	26,799	2.9
Supplier E	Five years	A vessel leasing company	Japan	Chartered-in vessels	Pay in advance	Wire transfer	23,861	2.6
Total							200,380	21.9
							<i>US\$'000</i>	<i>%</i>
Five largest suppliers for the four months ended April 30, 2024	Length of relationship with our Group	Company background	Business location	Products/ services principally procured/ rendered	Credit terms	Payment method	Transaction amount	Percentage to total procurement of our Group
							<i>US\$'000</i>	<i>%</i>
Chimbusco Pan Nation Petro-Chemical Co., Ltd	21 years	A bunker trader	Hong Kong	Bunker	45 days	Wire transfer	20,701	7.2
KPI Oceanconnecthk Ltd	Six years	A bunker trader	Hong Kong	Bunker	45 days	Wire transfer	16,675	5.8
Supplier C	Six years	A fleet management company	Hong Kong	Fleet management	90 days	Wire transfer	9,829	3.4
Supplier A	19 years	A container terminal company	Hong Kong	Terminal/Stevedore services	60 days	Wire transfer	8,623	3.0
Supplier B	22 years	A container terminal company	Mainland China	Terminal/Stevedore services	30 days	Wire transfer	8,458	2.9
Total							64,286	22.4

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Our Directors confirm that our five largest suppliers in each year/period during the Track Record Period were all Independent Third Parties and that none of our Directors, their respective close associates or any Shareholder (which to the knowledge of our Directors owning more than 5% of our share capital as of the Latest Practicable Date) had any interest, directly or indirectly in any of our five largest suppliers in each year/period during the Track Record Period.

We select our suppliers based on various factors, including but not limited to product or service quality, pricing and delivery time, so as to ensure that materials and supplies supplied by our suppliers meet the required quality standards for our purposes. We usually source for potential suppliers by conducting market research, after which we will contact them to enquire about the price of the relevant materials and supplies and obtain, among other documents, a copy of their business license, tax registration certificate and any other licenses and permits that are required for the services to be provided.

Usually, the results of the price enquiries and the relevant documents of the potential suppliers and contractors are submitted to our president for his approval to make the final decision on the suppliers to be selected. The selected suppliers will be entered into our approved list, which is maintained and updated on a periodical basis by our procurement team. In addition, we also regularly review and evaluate our suppliers and their product quality to ensure continuing satisfaction of our development needs with our quality standards.

We consider it is important to maintain good business relationships with our suppliers and where possible, to diversify our supplier base so as to avoid any disruptions in the supply of vessels, containers and bunkers. Our Directors confirm that during the Track Record Period and as of the Latest Practicable Date: (i) we did not experience any material difficulties in obtaining supplies to our business in a timely manner; and (ii) we did not have any material disputes with our major suppliers.

OVERLAPPING OF MAJOR SUPPLIERS AND CUSTOMERS

During the Track Record Period, there was no overlapping between our top five suppliers and our top five customers. During the same period, three of our top five customers, China Ocean Shipping Agency Company Limited (“**China Ocean Shipping**”). Seaway Holdings Pty Ltd and its subsidiaries (“**Seaway**”) and Customer D, were also our suppliers. China Ocean Shipping provided shipping agency services in mainland China, including settling port related charges on behalf of us while we provided container shipping services to China Ocean Shipping. Seaway provided shipping agency services throughout Australia and New Zealand while we provided container shipping services to Seaway. Customer D provided shipping agency services in mainland China to us while we provided container shipping services to Customer D. During the Track Record Period, one of our top five suppliers, Kamigumi Co., Ltd. was also our customer. Kamigumi Co., Ltd. provided terminal services in Japan while we provided container shipping services to Kamigumi Co., Ltd.

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According to the Drewry Report, certain companies in mainland China and Japan may at the same time provide shipping services to carriers (such as shipping agency or terminal handling services), and receive container shipping services from carriers. During the Track Record Period, we engaged third parties for the provision of shipping agency services and terminal services while we also provided container shipping services to such third parties. As confirmed by Drewry, our dealing with such third parties is consistent with the container shipping industry practice in the countries and regions where these third parties are located.

The following table sets forth our total revenue from and our purchases amount from the relevant overlapping customers and suppliers for the periods indicated:

	For the year ended December 31,			For the four months ended April 30,
	2021	2022	2023	2024
	<i>US\$'000 (except for percentages)</i>			
<i>Revenue from the overlapping customer-supplier</i>				
Revenue	27,401	41,341	18,918	5,863
As a percentage of our total revenue	1.5%	1.7%	2.2%	1.8%
<i>Purchases from the overlapping customer-supplier</i>				
Purchase amount	53,342	56,353	36,541	7,326
As a percentage of our total purchases	6.6%	4.4%	4.0%	2.6%

Our revenue from the overlapping customers and suppliers were minimal during the Track Record Period, accounting for 1.5%, 1.7%, 2.2% and 1.8% respectively, of our total revenue, for 2021, 2022 and 2023 and the four months ended April 30, 2024. Our purchases from the overlapping customers and suppliers continued to decrease during the Track Record Period and became 2.6% for the four months ended April 30, 2024 which was minimal. As a result, we consider such overlap is immaterial to our business and do not have any material adverse impact on our business, results of operations and financial conditions.

Our Directors confirm that our container shipping services provided to and our purchases from such overlapping customers and suppliers were (i) entered into after due consideration taking into account the prevailing purchase and freight rates at the relevant times, (ii) conducted in the ordinary course of business under normal commercial terms and on an arm's length basis, and (iii) at prices that are no less favorable than from other Independent Third Parties who are not customer or supplier. To the best knowledge of our Directors, we did not have any other overlap between our other major customers and major suppliers during the Track Record Period and up to the Latest Practicable Date.

AWARDS AND RECOGNITION

We have received numerous awards and recognitions which reflect the high esteem under which we are held and our renowned industry achievements. For example, we received Gold Award of Maritime Cargo Information Forecast Plan (海運貨物資料預報計劃金獎) from Hong Kong Customs from 2017 to 2023.

COMPETITION

According to the Drewry Report, the container shipping industry generally has high entry barriers mainly due to the requirement of high capital expenditure, a global and regional network with partners, customers and suppliers, ship management and operation capabilities, as well as long-established brand and market awareness. As of the Latest Practicable Date, there were over 100 container shipping carriers in the world, of which the world's top 10 carriers accounted for approximately 84.3% of the global container shipping capacity.

According to the Drewry Report, the top 10 carriers provided around 60.4% of the total shipping capacity in the Asia Pacific Region in December 2023 and the Asia Pacific Region is more competitive than others because there are many regional carriers operating in the market. There are three major types of container shipping companies in the Asia Pacific Region: (i) global operators with long-haul focus, serving the Asia Pacific Region to support long-haul services or as service extension; (ii) global operators focusing on regional services but having significant presence in multiple continents; and (iii) Asia Pacific Region focused container shipping companies whose business focus is services in the Asia Pacific Region, such as us. With close to 400 services operated by more than 80 container shipping companies, the Asia Pacific Region is highly fragmented and intensely competitive. However, historically the intra-Asia freight rates are more stable compared to long-haul rates such as Transpacific eastbound and Asia – Europe westbound trade lanes.

We are an Asia Pacific Region focused container shipping company, operating our service network in a strategic manner that aims to capitalize on favorable market conditions, thereby ensuring sustained development and competitive advantage. We are one of the major Asia Pacific Region focused container shipping companies with 2.3% market share in terms of deployed capacity in December 2023. We compete primarily based on our extensive container shipping network, comprehensive port coverage, our regular liner services and our quality services delivered to customers.

For more details, see “Industry Overview” in this prospectus.

SEASONALITY

According to the Drewry Report, demand for global container shipping business can be seasonal. The third quarter of each calendar year is the traditional peak season for the Transpacific, the Asia – Oceania and the Asia – Europe markets, as overseas sellers prepare for the Christmas and New Year holidays. For the Asia – Indian Subcontinent market, the second

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quarter is a major peak season due to the Muslim Ramadan holidays, and December is another small peak before the New Year holiday. The traditional peak season in the Greater China – North Asia, Greater China – Southeast Asia, North Asia and Southeast Asia and Greater China markets is the fourth quarter and before Chinese New Year. However, there could be disturbances in certain years, and there have been challenges such as the trade war and COVID-19, which have resulted and may in future result in port congestion.

INFORMATION TECHNOLOGY

Our current information technology framework mainly consists of a customer information management system, a business operation system, a financial system and a personnel system.

Our existing business operation system, the AFSYS system, is a shipping operation system that manages orders, booking, containers, shipping schedules, etc., and has successfully enabled us to manage our container shipping business. In light of our growth, a business solutions and software service provider is helping us to upgrade the AFSYS system from time to time. Under the relevant agreement, we are required to pay annual maintenance fees to the solutions and software service provider.

As part of our business strategy, we intend to implement a next-generation internal operation system, upgrade our existing IT systems, recruit and train in-house IT professionals and continually upgrade the IT infrastructure in our headquarters as well as our branches and offices. For more details, see “— Our strategies — Continue to promote digitalization of our business” in this section.

INSURANCE

As a container shipping service provider, we face a number of inherent risks in our ordinary course of business, such as vessel mechanical failure, collision, property loss, cargo loss or damage, business interruption due to political circumstances globally, hostilities (including war and terrorism), tsunamis or other natural disasters, labor strikes and casualties. In addition, certain marine disasters, including oil-spills and other environmental mishaps, may subject us to liabilities. In order to mitigate our overall exposure and unexpected liabilities associated with them, we maintain various insurance policies to cover risks on our owned and chartered-in vessels, crew, cargos and other properties. For the years ended December 31, 2021, 2022 and 2023 and the four months ended April 30, 2024, our aggregate insurance premium amounted to US\$3.4 million, US\$5.1 million, US\$5.3 million and US\$1.0 million, respectively. In the same periods, we claimed against our insurers an amount of US\$2.1 million, US\$4.4 million, US\$1.9 million and US\$0.3 million, respectively. We believe that the insurance coverage we currently have is in line with relevant industry standards and is adequate for us to conduct normal business operations. See “Risk Factors — Risks relating to our business and industry — Our insurance may be insufficient to cover the risks or losses that may occur to our property or result from our operations”.

Hull and machinery insurance

We maintain marine hull and machinery insurance for our owned vessels. Hull and machinery insurance mainly covers the risk of partial or total loss of a vessel's hull and machinery, general average, collision, liability arising from collision, assistance and salvage. Each of our owned vessels is covered up to at least fair market value (the value of which is reviewed on a regular basis).

Protection and indemnity insurance

We maintain different types of P&I Insurance for our owned and chartered-in vessels. P&I Insurance generally covers claims against ship owners or charterers, as the case may be, arising from (i) third-party claims arising from carriage of goods for which a carrier is responsible, including loss of or damage to cargos, (ii) claims arising from cargos loss when using slots obtained from other ship owners through slot exchange or slot chartering arrangements, (iii) wreck removal, (iv) pollution arising from oil and other substances, (v) liability of a ship owner arising from crew injury or death during the operation of a vessel, (vi) damages to chartered-in vessel's hull and machinery for which a charterer is responsible and (vii) fines paid to competent authorities and other related costs. For cargo loss, our P&I Insurance covers the liabilities when and to the extent that they relate to cargo intended to be or being or having been carried on vessels, which includes loss, shortage, damage or other responsibility in respect of cargo carried by a means of transport other than vessels, when the liability arises under a through or transshipment bill of lading providing for carriage partly to be performed by vessels. Our P&I Insurance generally extends to a period starting 14 days before the commencement of the transport and ending 14 days after its completion. Where the value of any cargo is declared to be more than US\$2,500 by reference to a unit or otherwise in the bill of lading, and where the effect of such declaration is to deprive the carrier of any right of limitation to which it would otherwise have been entitled, then the insurance coverage only covers up to US\$2,500 per cargo. Any cargo loss amount exceeding US\$2,500 shall be borne by the carriers. As confirmed by Drewry, our insurance coverage on cargos is in line with the market practice. Our P&I Insurance generally covers any liabilities, costs or expenses incurred as a result of the discharge or escape of oil or any other substance, except for those arising as a consequence of the discharge or escape, or the threat of discharge or escape, of any hazardous waste previously carried on the vessel from any land-based dump, storage or disposal facility. During the Track Record Period and up to the Latest Practicable Date, save as disclosed in this prospectus, we had not submitted any material P&I Insurance claim. We have never submitted any P&I Insurance claim for the incident arising from the shipwreck of the vessel, TS Taipei, near the north of Taiwan during the severe weather conditions in March 2016, resulting in an oil spill and containers falling overboard (the "**Incident**") and the Incident will be fully covered by the insurance policy of TEH Shipping (which was an associate before its disposal from our Group).

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Container and chassis insurance

We currently maintain container total loss insurance policies which cover different geographical regions and provide coverage for property loss and damage and third-party liability. We have also purchased insurance policies for our chassis, providing coverage for property loss and damage and third-party liability.

EMPLOYEES

As of April 30, 2024, we had a total of 905 full-time employees based in mainland China, Hong Kong, Taiwan, Japan, South Korea and certain ASEAN countries.

The following table sets forth the numbers and percentages of our full-time employees by function as of the date indicated:

	<u>As of April 30, 2024</u>	
	<u>Number of employees</u>	<u>% of total employees</u>
Management	72	8.0
Operations	269	29.7
Sales and marketing	265	29.3
Finance	116	12.8
Administration	39	4.3
Information technology	21	2.3
Others	123	13.6
Documentation personnel ⁽¹⁾	111	12.3
Legal	6	0.7
Secretary and assistance	4	0.4
Audit	2	0.2
Total	<u>905</u>	<u>100.0</u>

Note:

- (1) Documentation personnel are mainly responsible for the preparation of bill of lading, paperwork in relation to the container handling and other customer services, based in various regions in which we operate.

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The following table sets forth the numbers and percentages of our full-time employees by location of our business as of the date indicated:

	As of April 30, 2024	
	Number of employees	% of total employees
Hong Kong	72	8.0
Mainland China	266	29.4
Taiwan ⁽¹⁾	247	27.3
Japan	78	8.6
South Korea	37	4.1
Malaysia	68	7.5
Vietnam	75	8.3
Philippines	62	6.9
Total	905	100.0

Note:

- (1) From November 2022 to January 2023, TS TW Branch, the Taiwan branch of our Company entered into employment agreements with 249 employees resigning from TEH Shipping. See “History, Reorganization and Corporate Structure — Reorganization — Disposal of our stake in TEH Shipping” for further details.

We believe that our employees are valuable assets that contribute to the success of our Group. We recruit our employees based on a number of factors such as their industry experience in the global container shipping industry, their educational background, and our vacancy needs. We generally pay our employees a fixed salary and other allowances based on their respective positions and responsibilities.

We entered into individual employment contracts with our full-time employees covering matters such as wages, employee benefits, employment scope and grounds for termination. As of the Latest Practicable Date, our employees had not negotiated their terms of employment through any labor union or by way of collective bargaining agreements.

Our employees would undergo training to enhance their technical skills, knowledge of industry quality standards, occupational health and safety standards and applicable laws and regulations. We also engaged fleet management companies which are responsible for, among other things, selecting and engaging crew, arranging crew’s payroll, pension and insurances, supervising crew’s performance, providing training for crew, including safety management, marine accident and emergency measures.

We believe that we have maintained good working relationships with our employees. During the Track Record Period and up to the Latest Practicable Date, we did not experience any major labor disputes, work stoppages or labor strikes or any work safety related incidents that led to disruptions in our Group’s operations.

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We are committed to providing a fair, diversified and inclusive workplace for all employees by strictly abiding by laws and regulations in regions we operate relevant to compensation and dismissal, equal opportunities, diversity, antidiscrimination, and other benefits, such as the Act of Gender Equality in Employment and the Labor Standards Act of Taiwan. In compliance with relevant law requirements, the recruitment, remuneration and welfare, promotion and dismissal of our employees are dependent on their competence at work. We respect the rights and interests of every employee and strive to ensure a discrimination- and harassment-free working environment for all employees, where equal opportunities are offered to all employees regardless of their age, gender, race, nationality, disability, family status, marital status, or any other factors irrelevant to their work competence.

To protect the rights and interests of our employees, our internal employment policies have stipulated the regulations regarding the negotiation, adjustment and payment of salaries, as well as the conditions and procedures of terminating employment contracts.

We also provide benefits to our employees as part of their compensation package which we believe is in line with industry norm. For example, our employees based in mainland China are entitled to housing provident fund and social insurance including pension, basic medical insurance, maternity insurance, work-related injury insurance and unemployment insurance, as mandated by relevant laws and regulations.

LAND AND PROPERTIES

Owned properties

As of the Latest Practicable Date, we owned 16 properties with an aggregated GFA of approximately 4,814.9 sq.m. for office use in mainland China and 13 properties with an aggregated saleable area of approximately 1,052.0 sq.m. for office use and one car parking space with a saleable area of approximately 12.5 sq.m. for car parking use in Hong Kong. We owned one property with an aggregated GFA of approximately 1,372.0 sq.m. for office use in the South Korea. During the Track Record Period and up to the Latest Practicable Date, we have obtained all right certificates for all properties we own.

Leased properties

As of the Latest Practicable Date, we leased two properties with an aggregate GFA of approximately 3,342.0 sq.m in Taiwan, six properties with an aggregate GFA of approximately 1,501.6 sq.m for office use and 10 properties with an aggregate GFA of approximately 1,054.9 sq.m for residential use for employees in mainland China, two properties with a GFA of approximately 779.9 sq.m in Japan, two property with a GFA of approximately 948.2 sq.m in South Korea, four properties with an aggregate GFA of approximately 688.1 sq.m in Vietnam, three properties with an aggregate GFA of approximately 678.0 sq.m in Malaysia and one property with an aggregate GFA of approximately 482.7 sq.m in the Philippines. These leased properties were mainly for office use and the leases vary in duration from approximately from nine months to five years. We believe our current leased properties are sufficient to meet our near-term needs, and additional space can be obtained on commercially reasonable terms to meet our future needs. We do not anticipate undue difficulty in renewing our leases upon their expiration.

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During the Track Record Period and up to the Latest Practicable Date, we had not experienced any difficulty in renewing the leases for our leased properties. Our Directors confirmed that none of the properties stated above are individually material to our Group in terms of rental expenses.

As of the Latest Practicable Date, a lessor of one of our leased properties in mainland China with an aggregate GFA of approximately 85.1 sq.m. had not provided us with valid title certificates, or relevant authorization documents evidencing their rights to lease the properties to us. As a result, the lease may not be valid, or there is a risk that we may not be able to continue to use such property. If we experience temporary interruption to our usage of any or all of our leased office space, we believe that there is sufficient supply of alternative properties in mainland China and we can easily find a place to continue to operate. Also, our employees can continue to perform their key duties remotely given that our offices do not carry out any production, manufacturing or physical retail activities. In addition, our offices in other locations can adequately support the functioning of our business operations under the affected leases. For the leased properties for residential use, we believe that there is sufficient supply of alternative properties in mainland China and we can find housing for our employees. Therefore, we do not rely on the aforementioned leases for our business operations, and we do not believe a contingency relocation plan is required. As of the Latest Practicable Date, three of our lease agreements for properties in mainland China had not been registered with relevant authorities in mainland China. Our PRC Legal Advisors are of the view that the non-registration of lease agreements will not affect the validity of the lease agreements, but the relevant local housing administrative authorities can require us to complete registrations within a specified timeframe and if we fail to so rectify, we may be subject to a fine of between RMB1,000 and RMB10,000 for each of these leasing properties. For further details, see “Risk Factors — Risks relating to our business and industry — Some of our leased properties have title defects and did not complete registration procedures at relevant authorities”.

The above properties are used for non-property activities as defined under Rule 5.01(2) of the Listing Rules. Pursuant to Rule 5.01A of the Listing Rules, this document is exempt from the requirement to include valuation on property interests of non-property activities if the carrying amount of a property interest is less than 15% of our total assets. A similar exemption applies under section 6 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong), with respect to the requirement under section 38(1) of, and paragraph 34(2) of the Third Schedule to, the Companies (Winding Up and Miscellaneous Provisions) Ordinance. As of the Latest Practicable Date, we had no single property interest of non-property activities with a carrying amount of 15% or more of our total assets, and on such basis, we are not required to include in this document any property valuation report.

ENVIRONMENTAL PROTECTION, SOCIAL, WORKPLACE SAFETY AND GOVERNANCE

Environmental, social and governance (“**ESG**”) considerations are increasingly important in the shipping industry. We believe that the integration of ESG matters into our corporate strategies and operations is vital to the continuous growth of our businesses. Recognizing the importance of the proper management on ESG-related issues that may have significant impact on the business, our Board is ultimately responsible for overseeing our ESG matters. Our Board also holds principal responsibilities for the formulation, implementation and review of our ESG vision and direction, policies and targets, the identification, evaluation and management of material ESG-related risks, as well as the monitoring of our ESG performance.

We have identified a number of ESG-related (including climate) risks that may have a significant impact on our assets and operations. With reference to the recommendations outlined by the Task Force on Climate-related Financial Disclosures (TCFD), climate-related risks, including physical and transition risks, that may have a significant impact on our assets and operations are identified. See “Risk Factors — Risks relating to our business and industry — Compliance with environmental requirements including climate change and greenhouse gas restrictions could require significant expenditures and consequently affect our business and results of operations” for further details. With regard to the identified ESG-related risks, we have a variety of internal policies and guidelines in place to mitigate the risks and have appointed teams for relevant material ESG issues to implement relevant ESG policies, measures and initiatives. We set forth below our mitigation measures in response to climate-related risks:

- Physical risks:
 - strengthen fleet’s resilience through enhanced safety protocols, regular maintenance and weather monitoring to minimize potential damage and operational disruptions in response to the escalating impacts of extreme weather events
 - provide heat-resistant and cooling supplies to personnel to ensure seamen’s health and safety during hot weather conditions
 - optimize route planning and supply chain logistics to maintain efficiency and reduce costs, in order to address the risks posed by rising sea levels
- Transition risks:
 - review the impact of emerging climate-related laws and regulations from time to time to ensure compliance and avoid legal penalties and operational disruptions

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- invest in low-carbon technologies and retrofit existing equipment to align with greener standards, thereby managing technology risk and operational expenses
- closely monitor market trends and customer preferences to adapt the company’s business model, ensuring that the company remains competitive and relevant in a rapidly changing market environment

In the view of enhancing our ESG governance, we will seek to establish a dedicated ESG governance structure upon Listing to support our Board in the implementation of relevant ESG policies, measures and initiatives and collecting ESG data for the preparation of the ESG report. We are committed to complying with the ESG reporting requirements upon Listing, and undertake to formulate a dedicated ESG policy in accordance with the Appendix C2 of the Listing Rules.

We have identified material ESG topics relevant to our business operation with reference to international sustainability reporting standards, such as the Sustainability Accounting Standards Board (SASB) Standards. Such topics include air pollution and greenhouse gas emissions, water and oil pollution, health and safety, emergency management and business ethics. See “— Environmental protection, social, workplace safety and governance — Environmental protection” and “— Environmental protection, social, workplace safety and governance — Workplace safety” in this section for more details. We will review the materiality of relevant ESG topics from time to time to ensure the potential risks and opportunities arising from such ESG topics are adequately addressed. Dedicated to managing such ESG topics and relevant risks, we have adopted measures regarding environmental protection, safety and emergency management throughout our operations. The expenses charged to profit or loss incurred on environmental protection, safety and emergency management, including the cost of cleaner fuel and the cost of compliance, in 2021, 2022 and 2023 and for the four months ended April 30, 2024 were approximately US\$134.4 million, US\$250.7 million, US\$119.2 million and US\$34.6 million, respectively. The IMO introduced a new regulation to limit the fuel oil used by ships with a maximum sulfur content of 0.5% from the beginning of 2020. To comply with IMO 2020 regulations, we switched to the relatively expensive VLSFO as bunkers. As a result, our expenses charged to profit or loss incurred on environmental protection, safety and emergency management had been increasing during the Track Record Period. We expect to incur more costs of compliance with applicable environmental laws and regulations in the coming years when newbuildings will be delivered during the periods.

See “— Internal controls and risk management” in this section for further details of our risk management and internal control policies, as well as measures related to business ethics.

In addition, we keep in close contact with our suppliers to ensure they comply with our ESG standards. Suppliers are required to obtain certifications relevant to the services or products they offer. For instance, documents of compliance certificates (the “DOC”) are issued to our vessels to certify that we and our suppliers comply with the SMS code for vessel management. In terms of operation and terminal management, we do not require our suppliers

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to follow additional health and safety standards, but their facilities, operations and works are subject to and are required to comply with local health and safety regulations. The clause of governing law between us and our suppliers has been stipulated in the mutual agreements. In terms of containers, we procure containers from factories that are ISO9001, ISO14001 or ISO4500 certified, to ensure the suppliers meet the health and safety requirements. We intend to formalize our requirements for suppliers in a subsequent code of conduct or other formal ESG policies to ensure more effective communications with suppliers.

If any supplier does not possess a valid permit or license, or has major non-compliance or unethical behavior that leads to significant environmental or social impacts, we will demand immediate corrective and mitigation action from the supplier. We may terminate our relationship with the supplier if it fails to take such actions or if we do not see any improvement.

Environmental protection

Our operations are subject to environmental laws and regulations in mainland China, Taiwan, Hong Kong and other regions that regulate sewage, oil, air and other types of pollutions in connection with our business. In particular, we are subject to environmental laws and regulations of the International Maritime Organization (“**IMO**”). See “Regulatory Overview” for further details. We are committed to ensuring the operations of our owned vessels are in accordance with all applicable environmental laws and regulation by implementing a wide range of environmental measures. For our chartered-in vessels, our charterers should also ensure their operations and management are in accordance with the IMO requirements.

Our business operations are highly regulated by relevant environmental laws and regulations. During the Track Record Period, we had no non-compliances with environmental regulations that had a significant impact on our operations. Our owned and chartered-in vessels and bunkers are environmentally compliant. They have obtained valid certificates relevant to environmental protection and pollution prevention, such as the International Air Pollution Prevention Certificate (the “**IAPP Certificate**”) and the International Sewage Pollution Prevention Certificate under the International Convention for the Prevention of Pollution from Ships (the “**MARPOL**”), and the DOC to comply with the ISM Code. Going forward, the continuously evolving environmental and climate-related laws and regulations may increase our cost of compliance. For instance, the IMO introduced stricter environmental standards and decarbonization initiatives, such as the Energy Efficiency Existing Ship Index (the “**EEXI**”) and Carbon Intensity Indicator (the “**CI**”), which were effective from January 1, 2023. We will continue to monitor the development of regulations from the IMO and other relevant authorities.

See “Risk factors — Risks relating to our business and industry — Compliance with environmental requirements including climate change and greenhouse gas restrictions could require significant expenditures and consequently affect our business and results of operations” for further details.

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In addition, we may be exposed to possible financial loss and non-financial detriments arising from other environmental and climate-related physical risks. See “Risk Factors — Risks relating to our business and industry — There are numerous risks related to the operation of any sailing vessel and our inability to successfully respond to such risks could have a material adverse effect on us” for further details. In the face of the potential environmental and climate-related risks, we have emergency response plans and procedures in place to reduce the risks caused by extreme weather. We provide our vessels with timely updates on the weather conditions at different regions for the planning of safer routes. Our operation department reviews information from weather companies to monitor the impact of severe weather and provides advice to our vessels. In the case of suspension of port operations due to severe weather such as typhoons and rainstorms, we will also provide immediate advice to the captains of our vessels to reduce business losses and ensure safety. By adopting a variety of risk mitigation measures, we are committed to enhancing resilience across operations and minimizing our impact on the environment.

Air pollution and greenhouse gas emissions

According to the Drewry Report, sulfur and greenhouse gases are emitted from vessels due to fuel combustion. These gases are either harmful to humans or to the planet. The IMO introduced a new regulation to limit the fuel oil used by ships with a maximum sulfur content of 0.5% from the beginning of 2020.

We endeavor to minimize any adverse environmental impact resulting from our air emissions. In view of the unprecedented challenge brought by climate change, we aim to take 2008 as the base year and reduce our carbon intensity by 40% by 2030, and by 70% by 2050 in accordance with the IMO requirements. When acquiring new vessels, we have taken into consideration of the energy efficiency of the vessels, with scrubbers installed in most of our new vessels of larger sizes, and low-sulfur fuel used for the remaining vessels without scrubbers in accordance with the IMO requirements. We installed scrubbers on all new vessels except for vessels with the shipping capacity of 1,100 TEU. The cost of installing scrubbers on new vessels is lower than that on used vessels because operations of used vessels will need to be suspended for scrubber installation while installation on new vessels can be readily made during their construction. In addition, the bunker cost saving is not obvious on smaller size vessels when comparing higher scrubber installation costs to lower estimated fuel costs. The bunker cost saving is fairly limited on older vessels due to the less operation time before retirement. Installing scrubbers enables us to reduce the emissions of sulphur oxides and other pollutants from our vessels and to use more economical HSFO, which enhances our cost efficiency. For the years ended December 31, 2021, 2022 and 2023 and the four months ended April 30, 2024, we had incurred US\$369.5 million, US\$237.1 million, US\$335.6 million and US\$223.3 million in vessel purchases, respectively, which contributed to our efforts to achieve the carbon intensity targets. We will continue to monitor the progress of our targets and enhance our action plans to contribute to a low-carbon economy.

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Also, we have the IAPP Certificate stating that our vessels have been surveyed, and have complied with the requirements, under the MARPOL. The IAPP Certificate is issued to each vessel and needs to be renewed every five years. We monitor the expiration time of each IAPP Certificate and apply for renewal before the expiry date. In addition, we have adopted various advanced design and other measures to enhance energy efficiency and reduce the amount of greenhouse gas emissions and air pollutants in our emissions.

**Energy efficiency enhancement
and carbon reduction:**

- Introduce meteorological navigation to optimize services for energy saving and carbon reduction
- Reduce sailing speed along the coasts according to the requirements of different ports to reduce carbon emissions
- Adopt Ship Energy Efficiency Management (SEEMP) energy efficiency management
- Adopt fuel-efficient hull designs and machinery in newly acquired vessels
- Close monitoring of vessel speed and fuel consumption performance
- Use of refrigerants with lower Global Warming Potential (GWP)
- Operate vessels in accordance with the IMO Energy Efficiency Operational Indicator (EEOI) requirements to reduce the fuel use

Pollution prevention:

- Use of low-sulfur fuels in accordance with IMO requirements
- Regular monitoring mechanisms in place to ensure emissions maintained at a certain level
- Progressively introduce Inventory of Hazardous Materials (IHM) certifications to vessels

For the years ended December 31, 2021, 2022 and 2023 and the four months ended April 30, 2024, we consumed approximately 14.6 million Gigajoules (“GJ”), 17.7 million GJ, 13.6 million GJ and 4.4 million GJ of bunkers for our owned vessels, respectively. In addition, our owned vessels emitted approximately 669.5 thousand tons, 979.2 thousand tons, 1,085.7 thousand tons and 403.1 thousand tons of sulfur oxides. Regarding greenhouse gas emissions, the Scope 1 emissions from the fuel combustion of our owned vessels were approximately 1,017.1 thousand tons CO₂e, 1,361.8 thousand tons CO₂e, 1,046.1 thousand tons CO₂e and 340.9 thousand tons CO₂e for the years ended December 31, 2021, 2022 and 2023 and the four months ended April 30, 2024, respectively. According to the Technical Note issued by CDP on the relevance of Scope 3 categories by sector, the transportation sector’s greenhouse gas emissions mainly come from Scope 1 emissions, about 64.34% of total greenhouse gas emissions. Given our business nature, the purchased electricity from our onshore activities and

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the corresponding Scope 2 emissions are considered to be less material. Scope 3 emissions are also relevant to us. According to the CDP Technical Note, the Scope 3 categories that are considered to be more relevant are purchased goods and services, capital goods, fuel and energy-related activities and upstream transportation and distribution, which accounted for 5.8%, 3.5%, 7.9% and 10.3% of the total emissions for transportation sector. We plan to adopt a phased approach and prioritize Scope 3 emissions relevant to fuel and energy-related activities and work towards disclosing relevant data upon the first year of the Listing. For the rest of the relevant categories, we will identify emission sources, collect activity data and emission factors and calculate emissions according to Greenhouse Gas Protocol for disclosure in subsequent years based on data readiness. This will help us to better identify emission hot spots and prioritize reduction efforts across the value chain, set reduction targets and track performance. Despite the increase in our Scope 1 emissions during the Track Record Period due to operational needs, we have been closely monitoring the evolving requirements of IMO, such as the Energy Efficiency Design Index (the “**EEDI**”), the EEXI and the annual operational CII, to continuously enhance the fuel efficiency of our owned vessels and reduce our carbon intensity in the long run.

The EEDI for new vessels is an important technical measure to promote the use of more energy-efficient equipment and engines, which requires new vessel design needs to meet the requirements of the vessel type reference level. During the Track Record Period, certain newbuildings have been delivered. All of our newbuildings during the Track Record Period attained lower than the required EEDI (grams-CO₂/tonne-mile), indicating that our new vessels were designed and constructed to be more energy efficient than the baseline, which has contributed to our goal of lowering our carbon intensity. As the IMO will set out more stringent required EEDI levels for different vessel types every five years, we will continue to adopt more innovative and energy-efficient design and technology in our future newbuildings to meet the incrementally tightening requirements, which will ultimately support us in achieving a lower carbon intensity.

In addition to managing the fuel efficiency of new vessels through EEDI, we also began adopting the EEXI in 2022, in line with IMO’s requirements. EEXI is a measure introduced by the IMO to reduce vessels’ carbon emissions by improving the carbon intensity of existing vessels through technical enhancement to achieve the required EEXI. We have determined the required EEXI for each vessel by the vessel type, the vessel’s capacity and the principle of propulsion according to the IMO requirements. All of our vessels have already been certified with attained EEXI which exceeds the relevant EEXI requirements, indicating that the technology and design of our existing vessels comply with the energy efficiency standards, which will contribute to our progress towards our goal to lower the carbon intensity, as well as ensure that we are on track to meet our carbon intensity target. Apart from enhancing the fuel efficiency of vessels through measuring their attained EEXI, we have also started adopting the operational CII and CII rating since 2023 as required by the IMO. We will report each vessel’s annual and monthly fuel consumption and travel distance to the relevant certification body, with the dedicated person-in-charge to closely monitor the CII rating of each vessel. The majority of our vessels have already achieved the required rating of C or above, with eight of them achieving the A-rated CII, indicating a low annual operational carbon intensity for most

of our vessels. For vessels rated with relatively less satisfactory ratings, we will formulate and implement a plan of corrective actions (e.g. vessel speed optimization, weather routing, optimization of ballast, etc.) and enhance the carbon intensity and CII ratings of those vessels, and thereby improve the overall carbon intensity as a whole. We will continue to comply with the IMO requirements and are working to formulate a more detailed carbon reduction plan in the future to ensure the achievability of the carbon intensity targets.

Apart from the carbon intensity target, we are also in the progress of formulating qualitative and quantitative targets for the various material ESG topics, aiming to continuously enhance our environmental and safety performances and our management of climate-related risks and opportunities, health and safety matters and labor practices. We will monitor and review the performance of these targets on an ongoing basis after formulating and implementing the work plan for them, so as to ensure that they are achievable and on track.

Water and oil pollution

As part of the MARPOL, which was first adopted in 1978 and has been updated by amendments through the years, we are subject to regulations formulated by the IMO to prevent pollution arising from sewage and oil pollution, and we have been issued with the International Oil Pollution Prevention Certificate and the International Sewage Pollution Prevention Certificate, which show that our vessels have been surveyed, and have complied with the requirements, under the MARPOL.

We have also put in place necessary monitoring and prevention measures to avoid adverse environmental impact arising from our business operation.

- Wastewater treatment: We have installed domestic wastewater treatment plant on board to comply with discharge standards.
- Waste management: We have formulated the Garbage Management Plan in the Safety Management Manual to set out the handling approach for different types of waste and ensure compliance with the MARPOL. We also collect containers for different kinds of wastes, such as plastics, food wastes, domestics wastes, operational wastes, incineration ashes, and cargo residues, and place them at suitable places on board according to the Garbage Management Plan. We also use incinerators to reduce the amount of combustible wastes. In addition, we have implemented the requirements of the fleet waste management plan and regular landfill disposal of fleet waste.
- Water pollution prevention: We have installed the ballast water treatment system in our owned-vessels to comply with the D2 Standards of the IMO Ballast Water Management Convention and to reduce the risk of transferring invasive aquatic species into the sea. We also use environmentally friendly and non-toxic hull paint on our vessels to help protect marine life.

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- Oil spill prevention: We strictly comply with the ISM environmental operating procedures and follow the Shipboard Oil Pollution Emergency Plan (SOPEP) guidelines and drills to ensure proper management and response in case of emergency incidents such as oil spill. We also regularly on shore unload waste oil. In addition, we have implemented outboard valve seal management to prevent oil spills and installed oily water separators to minimize the risk of inadvertently pumping out contaminated bilge water. Furthermore, we have drafted a training manual on oil spills prevention and engaged external professionals to provide training to crew members on the manual. The manual has set out basic measures to prevent oil spill accidents, such as the identification marks for each pipe and valve with paint colors, the inspection and maintenance of equipment and the establishment of an emergency group.

TEH Shipping, our former associate, is a party in a number of pending legal proceedings arising from the shipwreck of the vessel, TS Taipei, near the north of Taiwan during the severe weather conditions in March 2016, resulting in an oil spill and containers falling overboard. In light of the incident, notwithstanding that TEH Shipping (which was only an associate before its disposal from our Group) has not been a member of our Group, we have implemented the recommended measures proposed by the MPB, including complying with the relevant ISM Code on communication and coordination mechanisms among the captain, vessel crew and us. We also enhanced our internal control measures. We have implemented various measures relating to marine accidents and safety. Specifically, we have established a team of 10 officers to oversee marine safety management, among whom seven members of staff have obtained the necessary qualification certificates issued by the relevant authorities, and are responsible for the management of marine accidents and safety. We have also (i) repeatedly emphasized the importance of safety and environmental protection to vessel captains; (ii) continuously disseminated important news and safety/regulatory updates to our crew members; (iii) signed up to a weather news service to reduce the risk of accidents; (iv) replaced old lashing material on our vessels to reduce the risk of any cargo falling overboard; and (v) signed up to a satellite communication service to allow crew members to communicate with their families and reduce workplace fatigue. We have also set up a system to ensure safe vessel operation. Under the system, we have clearly defined the responsibilities of each of the members in the team, the rules and procedures required for ensuring safety in our operation. We have also implemented accident reporting procedures and accident investigation procedures.

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On August 20, 2024, our owned vessel, TS Kobe, experienced an oil spill incident at a terminal in Hong Kong with an overflow of oil during refueling and subsequent release into the sea. Upon detection of the spill, the onboard emergency response procedures were immediately taken, in compliance with the Shipboard Oil Pollution Emergency Plan (SOPEP) and the ISM Code. The crew followed the SOPEP to identify the precise location of the oil spill to take measures and prevent further leakage. This involved utilizing sawdust to contain the oil, and shutting off valves of the affected oil tanks. Oil booms and absorbent materials were also deployed to prevent the spread of oil to a larger area. The incident was reported to us, the Hong Kong Marine Department, and the Marshall Islands Registry. Hong Kong Marine Department dispatched a marine pollution emergency team to assist after receiving the report. We also dispatched a superintendent to the vessel to assist in spill management, and various mitigation and improvement measures were carried out, including:

- Supplementary oil booms were deployed, and absorbent materials were used in key areas to contain the oil spill.
- Cleanup vessels and oil dispersal equipment were deployed to nearby berths and surrounding waters.
- Crew members were assigned to document the oil spill and provide regular progress updates to the superintendent and the technical management team.
- The technical management team maintained communication with the Hong Kong Marine Department, monitoring ships within the affected area to ensure that pollution control measures were adequate and to prevent further spreading.
- Drones were deployed for aerial surveillance, and tidal monitoring systems helped predict the further spread of the oil, allowing for adjustments based on water flow patterns.

There was no further spread of oil noted. Oil sampling analysis was also carried out to assess the environmental impact and inform subsequent cleanup decisions. The Hong Kong Marine Department confirmed that the cleanup process has been completed before allowing TS Kobe to leave the port. In addition, we have developed a long-term environmental monitoring plan, which includes regular oil sampling.

On board training of crew regarding bunkering procedure was carried out after the incident. To improve operational procedures, we enhanced the oil quantity verification procedures to require strict confirmation of fuel quantities with the bunkering barge before refueling. Crew members are also required to regularly check the oil tank levels to prevent overflows or leaks from recurring. Also, the pre-refueling communication process has been enhanced, requiring pre-refueling meetings to confirm fuel quantities, operational steps, and emergency plans. We also updated the bunkering checklist to require onboard personnel to

check oil levels every 30 minutes during refueling and to document each inspection. As for equipment improvements, we are evaluating the best approach for strengthening real-time monitoring of oil tank levels to ensure that crew members are aware of oil level changes, preventing overflows.

Based on the terms of the relevant insurance policy, the limit of the insurance cover for TS Kobe in respect of oil pollution is US\$1.0 billion, subject to a deductible of US\$9,000. The insurance coverage would also cover any fines for oil pollution in certain circumstances including this incident. Based on the above, we believe the insurance coverage is sufficient. If the insurance company disputes any third-party claims arising from the incident, the Company may be sued by the relevant claimants. As of the Latest Practicable Date, we had not been involved in any legal proceedings initiated by third-party claimants arising from the incident.

We have also implemented emergency measures to manage, report and investigate any potential incident related to oil spill/leakage, fire, personal injuries, vessel collisions, marine accidents, environmental pollution and vessel malfunction. Our emergency management measures follow similar procedures established by relevant ISM Code. Our marine technical team organizes emergency drills periodically and analyzes the effectiveness of the emergency plans following these drills. For example, we follow the ISM Codes and conduct regular trainings to our employees. We also hired quality and reputable vessel management companies to manage our vessels.

Employee benefits and labor practices

We believe employees are the most valuable assets and view their wellbeing as the foundation of our business operations. We have formulated and implemented a set of human resources policies to ensure the rights and interests of our employees and their health and safety. Employees are offered with benefits such as annual body check and group insurance. Under the relevant laws and regulations, we are required to contribute to a number of employee social welfare schemes in respect of our employees. Such schemes include the pension insurance, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance. During the Track Record Period, we have fully paid for employee benefits in accordance with relevant laws and regulations. See “— Employees” in this section for further details.

We respect human rights across our operations and comply with local laws and regulations and conventions where our vessels trade and our offices are located, including but not limited to the Maritime Labour Convention, 2006. The Maritime Labour Convention, 2006 is an international agreement of the International Labour Organization (ILO) that sets out minimum working and living standards for all seafarers on ships, including minimum age, employment agreements, hours of work and rest, payment of wages, paid annual leave, repatriation, on board medical care, the use of recruitment and placement services, accommodation, food and catering, health and safety protection and accident prevention, and complaint procedures for seafarers.

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All our self-operated owned vessels and chartered-in vessels are subject to strict compliance with the Maritime Labour Convention, 2006, and are inspected by Port State Control. We have standard operating procedures in place to ensure that all crew members possess a crew certificate, which certifies specific qualifications, including age eligibility, before they can work on board. For the specific services jointly operated with other carriers, the parties involved are required to comply with all applicable laws according to the cooperation agreement. During the Track Record Period and up to the Latest Practicable Date, we were not aware of any child labor issues related to our business.

Workplace safety

Safety management

We have complied with international treaties that govern transportation safety and environmental protection. Among other international treaties, the ISM Code provides an international standard for the safe management and operation of vessels and for pollution prevention. The ISM Code requires international shipping management companies to be granted a DOC. It also requires every vessel engaged in international trade to be issued with a Safety Management Certificate, verifying that the container shipping company and its shipboard safety management operate in accordance with the approved safety management system. All of our vessels hold a valid DOC and a Safety Management Certificate for a term of five years, and are subject to periodical verification in accordance with requirements of the ISM Code.

In order to comply with the provisions of the four pillars, namely the International Convention for the Safety of Life at Sea (SOLAS), the MARPOL, the International Convention on Standards of Training (STCW) and the Maritime Labour Convention, 2006 (MLC2006), issued by the IMO on the shipping management around safety, pollution prevention, seafarer training and qualification, and labor laws of the maritime industry, we have created corresponding procedures on the setup of the safety management system.

We have formulated the Safety Management Manual that sets out our safety management policy to the vessels for handling emergencies and to ensure safe navigation, protect seamen from injury and danger to life, prevent environment pollution at sea and financial losses, provide the decent living and working space and to ensure the rights and benefits of seafarers. The policy is posted on the wall at suitable places in our office and on board the vessels under our management. The manual also provides for the responsibility and authority of the ship master, the development of plans for shipboard operations, emergency preparedness and responsibility, and the reporting and analysis of non-conformity and casualties. A series of procedures on aspects including shipboard environmental operation, exhaust gas cleaning system operation, procedures for handling dangerous goods, and emergency treatment against oil spillage are also laid out to ensure comprehensive implementation of our EHS policies.

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We have adopted a variety of safety measures:

- We have procedures in place to ensure the ship master is properly qualified for command, fully conversant with our safety management system and given the necessary support. We have also established procedures to ensure that new personnel and personnel transferred to new safety assignments are given proper familiarization with their duties.
- We have identified potential emergency shipboard situations and established response procedures and drill programs to prepare for emergency actions.
- Our safety management system has included procedures to ensure that non-conformities, accidents and hazardous situations are reported, investigated and analyzed with the objective of improving safety prevention.
- We undertake to formulate and implement the Vessels Navigation Safety Manual to set out requirements for voyage plan, weather navigation, sailing course and speed, navigation in adverse weather, etc. to prevent the occurrence of navigation safety accidents. We also plan to arrange training on the Vessels Navigation Safety Manual for crew members to enhance their safety awareness.

During the Track Record Period, we did not have any material non-compliance incidents on applicable health and safety laws and regulations and we had two material accidents in our business operation. In April 2021, an able-bodied seaman aboard TS Kaohsiung was found to be missing during sailing and we informed Maritime Rescue Co-ordination Centers of Vietnam to assist in the search and potential rescue, through which the able-bodied seaman was not located. We further conducted an investigation into the sequence of events that led to the accident and the investigation showed there was no foul play, the vessel was adequately manned as required, and the contingency plan was performed accordingly once establishing that the able-bodied seaman was missing. The investigation also showed there was no breach of any regulations related to environmental, health and safety. We reached a settlement with the family of the missing seaman for an amount of RMB930,000, which was fully settled. Pursuant to the settlement, the family of the missing seaman released and discharged all liabilities of the captain of TS Kaohsiung, TS Kaohsiung and us, among others, in connection with the missing incident. As of the Latest Practicable Date, there were no litigation or legal proceeding brought against us, or pending or threatened against us as a result of this accident. We will continue to step up our efforts in enhancing our safety management to ensure strict compliance with relevant laws and regulations and minimize the risks of accidents.

Inspections, repair and maintenance

In accordance with the ISM Code, internal annual audits on our owned vessels and chartered-in vessels are arranged every year. Through our annual audits on the safety management systems of vessels, we identify non-conformity or observations, analyze the immediate cause and root causes for issues identified. Immediate corrective action or improvement action will also be formulated based on the audit findings to ensure the effective implementation and continuous enhancement of our safety management systems.

To maintain the safe operations of our vessels, regular and ad-hoc inspections would be conducted by approved surveyors in accordance with the requirements for granting the relevant classification. The key inspections include the following:

- Port state control inspections and flag state annual safety inspections – They are conducted by relevant government officials boarding the vessel for safety inspections. Upon boarding, the inspection personnel shall receive a report from the vessel master on the non-conformities, accidents or hazardous incidents. Port state control inspections are conducted whenever a vessel reaches a port, whereas flag state annual safety inspections are conducted yearly at the vessels' country of registration.
- Boarding inspection by company staff – For boarding inspections, our marine and technical divisions would board the vessels at least once every six months in accordance with the requirements under the ISM Code.
- Shipboard self-check – The crew will also have to perform routine checks to ensure the safety of the vessels they operate. Any minor defects discovered in such self-check should be repaired immediately, and then recorded in the self-check log.

Generally, the level of the ad-hoc inspection procedures depend on the vessel's condition at the time of inspection and the reason for carrying out such inspection. Once irregularities or defects are identified, they shall be rectified according to the professional advice received from our technical division. In addition, under certain regional and international port state control memoranda of understanding, our vessels are required to be inspected by the port state and repaired immediately if necessary to comply with the relevant international regulations. For the years ended December 31, 2021, 2022 and 2023 and the four months ended April 30, 2024, our repair and maintenance expenses were approximately US\$4.8 million, US\$3.6 million, US\$7.0 million and US\$0.2 million, respectively.

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BUSINESS ACTIVITIES WITH REGIONS SUBJECT TO INTERNATIONAL SANCTIONS

Certain countries or organizations, including the U.S., the European Union, the United Kingdom, the United Nation, and Australia, maintain economic sanctions and trade restrictions targeting certain industries or sectors within the countries or territories for which Relevant Jurisdictions maintain various forms of sanctions programs in place.

During the Track Record Period, we entered into certain transactions with customers involving the Relevant Regions. We were engaged in the provision of container shipping services to certain customers in Hong Kong and have generated revenue from transactions related to Relevant Regions during the Track Record Period. The Relevant Regions were subject to various sanctions during the Track Record Period, but none of them was subject to a general and comprehensive export, import, financial or investment embargo under sanctions related law or regulation of a Relevant Jurisdiction (i.e., none of them was a Comprehensively Sanctioned Country).

As advised by our International Sanctions Legal Advisors who have performed the procedures they consider necessary and have reviewed and relied upon our Company's methodology for screening of all our customers, consignors and vessels (chartered-in and owned) in the Relevant Regions in strict compliance with our Group's sanction risk monitoring policy, our business operations involving the Relevant Regions during the Track Record Period did not represent a violation of International Sanctions and are not Secondary Sanctionable Activities under Chapter 4.4 of the Guide, given that

- (i) the Group provided container shipping services to one customer in Myanmar which was owned by an SDN during the period from March 31, 2021 to April 29, 2021, with a revenue from the transactions with this customer of US\$87,990. The transactions were authorized under OFAC's Burma General License 4 (the "**Authorized Transactions**") because they were ordinarily incident and necessary to the wind down of transactions with the subject customer before June 22, 2021. According to the OFAC's Burma General License 4, subject to certain conditions, all transactions and activities prohibited by Executive Order 14014, that are ordinarily incident and necessary to the wind down of transactions involving that one customer in Myanmar which was owned by an SDN, through 12:01 a.m., eastern daylight time, June 22, 2021, are authorized. Thus, the Authorized Transactions did not result in any violation of the sanctions applicable to such customer. Our International Sanctions Legal Advisors have not recommended reporting of the Authorized Transactions, including voluntary self-disclosure to the OFAC, because the transactions were authorized under OFAC's Burma General License 4 and did not represent a violation of International Sanctions. Based on our Company's confirmations, except the fact that the Authorized Transactions were denominated in USD, the Authorized Transactions do not have any nexus to the United States, the European Union, the United Kingdom or Australia;

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- (ii) save for the Authorized Transactions, none of our customers, consignors or vessels (chartered-in and owned) located in the Relevant Regions were identified on the Specially Designated Nationals and Blocked Persons List maintained by OFAC or the relevant restricted parties lists maintained by the European Union, Australia and the United Nations, and the Authorized Transactions have ceased fully since May 2021; and
- (iii) save for the Authorized Transactions, the services provided to the customers did not have a nexus to the United States, the European Union, the United Kingdom or Australia and do not constitute Primary Sanctioned Activities or Secondary Sanctionable Activities.

Further, given the scope of the Global Offering and the expected use of proceeds as set out in this prospectus, our International Sanctions Legal Advisors are of the view that the involvement by parties in the Global Offering will not implicate any applicable International Sanctions on such parties, including our Company, our potential investors, Shareholders, the Stock Exchange and its listing committee and group companies, and accordingly the sanctions risk exposure to our Company, potential investors and Shareholders, and persons who might, directly or indirectly, be involved in permitting the listing, trading and clearing of our Shares (including the Stock Exchange, its listing committee and related group companies) is very low.

Having performed the procedures they consider necessary and having reviewed and relied upon our Company's methodology for screening of all our customers, consignors and vessels (chartered-in and owned) in the Relevant Regions in strict compliance with our Group's sanction risk monitoring policy, our International Sanctions Legal Advisers have not identified apparent violations of the International Sanctions by us after evaluating the sanctions risks of our historical business activities relating to the Relevant Regions during the Track Record Period. Therefore, our International Sanctions Legal Advisers have not recommended reporting of our historical business activities relating to the Relevant Regions during the Track Record Period, including voluntary self-disclosure to OFAC, and such reporting is not necessary as of the date of this prospectus.

We have fully ceased any transaction with the customer in Myanmar which was owned by an SDN since April 29, 2021, and we will not deal with any customer who is an SDN or owned by an SDN in the future. Our Directors confirm that we do not have present intention to undertake any business involving directly or indirectly the Comprehensively Sanctioned Countries. We will not knowingly or intentionally conduct any business with any Sanctioned Persons, or any business in any Comprehensively Sanctioned Countries that will cause us to violate International Sanctions, and we will not use the proceeds from the Global Offering to finance or facilitate, directly or indirectly, activities or business with, or for the benefit of, the Comprehensively Sanctioned Countries or Sanctioned Targets. Our Directors will continuously monitor the use of proceeds from the Global Offering, as well as any other funds raised through the Stock Exchange, to ensure that such funds will not be used to finance or facilitate, directly or indirectly, activities or business with, or for the benefit of, Comprehensively Sanctioned Countries or Sanctioned Persons where this would be in breach of International Sanctions.

Summary

Based on our current understanding and advised by our International Sanctions Legal Advisors, we believe that we are not subject to sanctions risk that could have a material adverse effect on our historical indirect transactions involving the Relevant Regions during the Track Record Period. Please also see “Risk Factors – Risks relating to our business and industry – We could be adversely affected as a result of any service we provide to certain countries that are, or become subject to, sanctions administered by the United States, the European Union, the United Kingdom, the United Nations, Australia and other relevant sanctions authorities.”

Given the scope of the Global Offering and the expected use of proceeds as set out in this Prospectus, our International Sanctions Legal Advisors are of the view that the involvement by parties in the Global Offering will not implicate any applicable International Sanctions on such parties, including our Company and our subsidiaries, the respective directors and employees of our Company and our subsidiaries, our Company’s or our subsidiaries’ investors, shareholders as well as the Stock Exchange and its related group companies.

Our undertakings and internal control procedures

We have undertaken to the Stock Exchange that we will not use the proceeds from the Global Offering, as well as any other funds raised through the Stock Exchange, to finance or facilitate, directly or indirectly, activities or business with, or for the benefit of, any Comprehensively Sanctioned Countries or any other government, individual or entity sanctioned by the U.S., the European Union, the United Nations, the United Kingdom, the United Kingdom overseas territories or Australia, including, without limitation, any government, individual or entity that is specifically identified on the SDN List maintained by OFAC or other restricted parties lists maintained by the U.S., the European Union, the United Nations, the United Kingdom, the United Kingdom overseas territories and Australia. Further, we have undertaken not to use the proceeds from the Global Offering to pay any damages for terminating or transferring any contract that violates International Sanctions. In addition, we have undertaken not to enter into any future business that would cause us, the Stock Exchange, HKSCC, HKSCC Nominees or our Shareholders and investors to violate or become a target of international sanctions laws by the U.S., the European Union, the United Nations, the United Kingdom, the United Kingdom overseas territories or Australia. We will also disclose on the respective websites of the Stock Exchange and our Group if we believe that the transactions our Group entered into in Regions subject to International Sanctions or with Sanctioned Persons would put our Group or our Shareholders and investors to risks of being sanctioned, and in our annual reports or interim reports (i) details of any new activities in Regions subject to International Sanctions or with Sanctioned Persons; (ii) our efforts on monitoring our business exposure to sanctions risks; and (iii) the status of, and the anticipated plans for any new activities in Regions subject to International Sanctions and with Sanctioned Persons. If we were in breach of such undertakings to the Stock Exchange, we would be subject to the risk of possible delisting of our Shares on the Stock Exchange.

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To monitor the use of proceeds from the Global Offering, as well as any other funds raised through the Stock Exchange:

- we will set up and maintain a separate bank account upon the Listing, which will be designated for the sole purpose of the deposit and deployment of the proceeds from the Global Offering or any other funds raised through the Stock Exchange; and
- our Directors will continuously monitor the use of proceeds from the Global Offering, as well as any other funds raised through the Stock Exchange, to ensure that such funds will not be used to finance or facilitate, directly or indirectly, activities or business with, or for the benefit of, Sanctioned Countries or Sanctioned Persons where this would be in breach of International Sanctions.

In addition, we have adopted enhanced internal control and risk management measures which we believe enable us to monitor and evaluate our business to address economic sanction risks. We have implemented the following internal control and risk management measures since July 12, 2024:

- to further enhance our existing internal risk management functions, our marketing department is responsible for monitoring our exposure to sanctions risks and our implementation of the related internal control procedures. Our marketing department holds a meeting at least every six months to monitor our exposure to sanctions risks and to review our procedures implemented over sanctions screening;
- we evaluate the sanctions risks prior to determining whether we should embark on any business opportunities in Regions subject to International Sanctions or Sanctioned Persons. According to our internal control procedures, our legal and compliance department needs to review and approve all relevant business transaction documentation from customers, consignors or potential customers or potential consignors from Regions subject to International Sanctions or Sanctioned Persons. In particular, we are in the process of setting up a screening process to identify if the potential transaction counterparty of our Group is a person or entity on the various lists of restricted parties and countries maintained by the U.S., the European Union, the United Nations, the United Kingdom overseas territories or Australia, including, without limitation, any government, individual or entity that is the subject of any OFAC-administered sanctions which lists are publicly available. The transactions that fail the internal review, regardless of whether it fails upon onboarding or during the course of transaction, will not proceed. At the same time, our marketing department should, semiannually review the existing customers lists to ensure that our Group does not engage in transactions with countries, regions, entities or individuals on the sanction lists. If any potential sanctions risk or suspicious transaction is identified, we may seek advice from reputable external legal counsel with necessary expertise and experience in International Sanctions matters. We will not deal with any customer who is an SDN or owned by an SDN.

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- Taking into account that International Sanctions remain under constant review by relevant regulators, to keep abreast of the latest development of International Sanctions:
 - our legal and compliance department will annually review our internal control policies and procedures with respect to sanctions matters. As and when our legal and compliance department considers necessary, we will retain external legal counsel with necessary expertise and experience in sanctions matters for recommendations and advice;
 - we will further engage external legal counsel to provide compliance training relating to International Sanctions upon Listing to our Directors, our senior management and other relevant personnel to assist them in evaluating the potential sanctions risks in our daily operations, in particular, to perform screening procedures in respect of counterparties to our Group’s business to ensure none of them are Sanctioned Persons. Our external legal counsel will provide the latest list of Sanctioned Countries to our Directors, senior management and other relevant personnel, who will in turn disseminate such information internally. Specifically, our in-house counsel, is tasked with monitoring and ensuring compliance with sanctions. A designated HQ Accountant also assists with the screening process.

Our International Sanctions Legal Advisors have reviewed and evaluated these internal control measures and are of the view that these measures, if properly and strictly implemented, appear adequate and effective for our Company, based on our business activities and risk assessment, to comply with applicable international sanction laws and our undertakings to the Stock Exchange.

Having taken into account the above advice of our International Sanctions Legal Advisors, our Directors are of the view that our measures provide a reasonably adequate and effective internal control framework to assist us in identifying and monitoring any material risk relating to sanctions laws so as to protect the interests of our Shareholders and us.

INTELLECTUAL PROPERTY

As of the Latest Practicable Date, we had eight registered trademarks and eight domain names. See “B. Further information about our business — 2. Intellectual property rights of our Group” in Appendix IV — “Statutory and General Information” to this prospectus.

LICENSES AND PERMITS

Our Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, we had obtained all material certificates, licenses, approvals and permits from relevant authorities for our operations in all material respects. The most critical license is the International Liner Shipping Operation Qualification Registration Certificate (國際班輪運輸經營資格登記證) (No. MOC-ML 00091) issued by Ministry of Transport of the PRC on May 4, 2005 to approve us, for an indefinite term, to engage in the international container liner shipping business entering and leaving the ports of the PRC. In addition, in certain countries and regions, we need to report the launch of new services to the relevant transportation authorities including the Ministry of Transport of the PRC (mainland China), the Maritime Port Bureau of the Ministry of Transportation and Communications (Taiwan), the Ministry of Land, Infrastructure, Transport and Tourism (Japan) and the Department of Infrastructure, Transport, Regional Development and Communications (Australia). We are required to renew some of such certificates, licenses, approvals and permits from time to time, and we currently do not expect any material difficulties in or legal impediment to such renewals.

In addition to the key licenses set forth above, we also hold various shipping agency registrations in China solely to serve our Group's container shipping business.

LEGAL AND REGULATORY MATTERS

The container shipping business carries the inherent risks of marine and other accidents, which could result in property loss as well as body injuries or loss of lives. As a result, from time to time, we have been involved in litigations and arbitrations relating to claims associated with the carriage of cargos, such as damaged or lost cargos or delayed delivery, collisions of vessels and marine accidents, among other things, during the course of our business. See “Risk Factors — Risks relating to our business and industry — We may be involved in litigation, legal disputes, claims or administrative proceedings which could be costly and time-consuming to resolve”.

KFTC Incident

On April 11, 2022, the Korea Fair Trade Commission (the “**KFTC**”), the government agency in charge of the competition policy and enforcement in South Korea, issued a decision charging a total of 23 liners including us and the Committee of Shipowners for Asian Liners Service (the “**CSALS**”) for an alleged violation of the then Monopoly Regulation And Fair Trade Act (the “**Fair Trade Act**”) and imposed us a penalty surcharge in an amount of KRW3,996.0 million (equivalent to approximately US\$3.6 million) due by July 15, 2022, which we have duly paid before its due date in order to avoid late penalty interest fees. The receipt was duly confirmed by KFTC. In addition to the penalty surcharge, the KFTC issued an order prohibiting any collusive acts in relation to container shipping service for Korea – Southeast Asia trade lane (the “**KFTC Decision**”). The KFTC's decision is premised on its findings that from October 2003 through December 2018, the 23 liners allegedly (i) held various meetings through the CSALS/Intra-Asia Discussion Agreement Local Action

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Committee (the “**IADA LAC**”) regarding the Korea – Southeast Asia trade lane and (ii) entered into and implemented various agreements on container freight rates, including, among others, minimum rates, range of rate increase, and adoption of various surcharges, etc., thereby violating Article 19(1) of the Fair Trade Act. The KFTC found the period of alleged violation by us was between August 2005 and February 2018. In its decision, KFTC did not include any other penalty or orders (e.g., referral to criminal investigation). On May 18, 2022, we filed an objection against the KFTC Decision and requested for full refund of the penalty, which KFTC rejected on July 8, 2022 for essentially identical or similar grounds as the original decision made in April 2022. We have filed an appeal/complaint to the competent court, Seoul High Court, against the original decision and the rejection on objection on August 12, 2022 (the “**KFTC Incident**”).

As advised by Kim & Chang, our South Korean legal advisor in the KFTC Incident, the main arguments of our objection include, among others, (i) we had expressly withdrawn from the IADA, including all its sub-committees such as LACs, on July 22, 2010, thereby exiting any/all agreement(s) with any other liners, if there existed any agreement(s) in which we were a party prior to this withdrawal, and thus the statutory limitation period of seven years for any acts preceding our withdrawal from the IADA has already expired; (ii) after our withdrawal from the IADA on July 22, 2010, we only attended a limited number of meetings hosted by CSALS/IADA LAC; as a matter of fact, even if we were to follow KFTC’s findings regarding our attendance, we have attended in only 15 out of 170 meetings held for Korea – Southeast Asia trade lane from July 22, 2010 to February 28, 2018, the supposed end-date of the collusive acts set by the KFTC; and (iii) our participation was limited to being a passive observer as (a) we were strongly encouraged and indirectly coerced by CSALS to attend the meetings, and (b) we did not actively participate in the decision making process of either IADA LAC and/or CSALS and was rather notified of the decisions made by Korean shipping companies after such decisions on allegedly collusive acts were made, and therefore, it is inaccurate to allege we participated in any collusive agreements, if any, after July 22, 2010, and it would also be incorrect to consider our limited participation in the alleged collusive agreement via IADA LAC prior to July 22, 2010, as (i) we did not have a Korean subsidiary up until December 2008 to directly conduct our business in Korea and prior to December 2008, and our business in Korea was operated by a Korean agent unrelated to us by ownership, and finally as (ii) the alleged collusive activities were reported to the Ministry of Oceans and Fisheries (the “**MOF**”) under the Marine Transportation Act to confirm their legality under relevant laws and regulations; and (iii) because our business and services were very limited to the Korea – Taiwan trade lane rather than the Korea – Southeast Asia trade lane, the inclusion of us as a participant of the overall Korea-Southeast Asia trade lane container freight service rates collusion is unfounded and baseless.

As advised by Kim & Chang, there is no substantial threat of additional sanctions arising from the KFTC Incident, specifically from the KFTC, other government agencies and/or any of the court in South Korea; in particular, we do not expect any additional sanctions from KFTC unless there are extraordinary circumstances, i.e., any resumption of collusive actions in the Korea – Southeast Asia trade lane container freight service rates and our express participation of any collusive actions. As advised by Kim & Chang, under the relevant laws and

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regulations, KFTC may upon request(s) from the Board of Audit and Inspection of Korea/Ministry of SMEs and Start-ups/Public Procurement Service (attorney general) refer this incident for criminal investigation although we had not been aware of any such referral as of the Latest Practicable Date. As of the Latest Practicable Date, other than the KFTC proceeding stated above, we had not been subject to any other civil, criminal or administrative action or proceeding, or any investigation in South Korea in relation to the KFTC Incident.

Having considered (i) the legal advice from Kim & Chang; (ii) the facts of these legal proceedings and evidence currently presented by the KFTC, (iii) our main arguments stated above, (iv) a provision of approximately US\$3.6 million we have made for this incident as penalty surcharge, and (v) the MOF, the government department charged with maritime shipping, fishing and marine related issues in South Korea, indicated that the our license and licenses of other shipping companies will not be revoked as a result of this incident, we believe that the above legal proceedings in the worst case scenario, i.e., the KFTC Decision is not overturned, will not cause any material adverse effect on our business, financial condition and result of operations.

We did not enter into any other agreements on container freight rates in other regions that we had operations apart from those being alleged (which we fully denied) in the KFTC Incident and we had not been subject to any investigation or proceedings similar to the KFTC Incident in other regions in which we had operations as of the Latest Practicable Date. However, in order to mitigate the risk of experiencing any similar legal proceeding such as the KFTC Incident, we have requested internally, at management meetings, and through trainings and other appropriate opportunities, that no conversations should be held with other carriers on shipping freight rate or capacity and participation in activities with other carriers that may potentially touch upon topics of shipping freight rate or capacity should be avoided. In 2021, 2022 and 2023 and for the four months ended April 30, 2024, the revenue we generated from the South Korea to Southeast Asia trade lane (the relevant trade lane alleged in the KFTC Incident) was US\$10.0 million, US\$12.0 million, US\$5.9 million and US\$2.1 million, respectively, accounting for an insignificant portion (less than 1.0%) of our total revenue during the same periods. During the Track Record Period and as of the Latest Practicable Date, the KFTC Incident did not result in any material operational impact on our services in the South Korea to Southeast Asia trade lane.

Philippine Administrative Investigation

In July 2020, our local agent in the Philippines (the “**Philippine Agent**”), an Independent Third Party, received a subpoena duces tecum issued by the Competition Enforcement Office of the Philippine Competition Commission (the “**PCEO**”) requesting it to submit, amongst others, its annual reports, organizational structure and audited financial statements for the period from January 2015 to April 30, 2021, and agency agreements with all shipping lines it represented including the agency agreement with us. According to the subpoena duces tecum, the request relates to a full administrative investigation (the “**Philippine Administrative Investigation**”) on the charges imposed by international shipping lines on local importers and exporters for possible existence of an anti-competitive conduct prohibited under Section 14(a)(1) of the Philippine Competition Act (the “**PCA**”).

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In April 2021, the Philippine Agent received a written notice issued by the PCEO informing that the local agent is subject of the ongoing investigation of the Philippine Administrative Investigation and that the office has not formed a view on whether the alleged violation has been committed.

In May 2021, the Philippine Agent received a subpoena duces tecum issued by the PCEO requesting it to submit, for the period from January 2015 to April 30, 2021 and for all Philippine-bound container shipments originating from all ports in Southeast Asia and Northeast Asia countries, (i) data on our daily rates for freight and surcharges per container size and type and (ii) our container shipping services transaction data. The Philippine Agent has submitted the requested materials and information pursuant to the PCEO's requests, and up to the Latest Practicable Date, neither the Philippine Agent nor we received any further request from the PCEO.

We engaged the Philippine Agent to handle all matters related to our sales and marketing and port agency in the Philippines before January 1, 2023, after which we continued to engage the Philippine Agent to handle all such matters in other parts of the Philippines outside of Luzon Island. We and the Philippine Agent jointly set up TS Philippines in June 2022 to strengthen our market position and recognition in the Philippines, and to achieve cost efficiencies arising from our shipping volume in the Philippines. In February 2023, we raised our equity interest in TS Philippines to approximately 65% and started to assume all matters related to our sales and marketing and port agency on Luzon Island. The Philippine Agent was an Independent Third Party and we had no other business, employment, family, financing or otherwise relationships with it. There were also no other overlapping interests between us and the Philippine Agent, including the subsidiaries, shareholders, directors, senior management and their respective associates of us and the Philippine Agent.

As advised by our Philippines Legal Advisors, PCEO will not likely result in a finding of violation by us and/or the Philippine Agent of the PCA and it is unlikely for the PCEO to impose any penalties primarily because (i) we and the Philippine Agent have not entered into any type or form of contract, arrangement or understanding with any other shipping lines in the Philippines that offer shipping services for Philippine-bound container shipments; (ii) each of us and the Philippine Agent independently and internally determines its own pricing for freight rates and surcharges for the Philippine market and both parties have not engaged in discussions with other market players; (iii) we and the Philippine Agent do not publish or share the freight rates to the market, and instead, we strictly require customers to maintain strict confidentiality of the freight rates; and (iv) not only freight rates and surcharges, we and the Philippine Agent do not share any non-public, competitively sensitive information such as those relating to price strategies, customers, production costs, quantities, turnover, sales, capacity, product quality, marketing plans, risks, investments, technologies and innovations. Therefore, there appears to be no sufficient factual or legal basis (amounting to substantial evidence) to support the allegation that we and the Philippine Agent have entered into anti-competitive agreements with competitors.

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We believe the Philippine Administrative Investigation is related to our historical freight rates adjustment which was mainly driven by port congestion in the Philippines and was made based on commercially reasonable ground. International carriers usually adjust freight rates based on a number of market conditions including port congestion. Also having considered the legal advice from our Philippines Legal Advisors, we believe that the Philippine Administrative Investigation will not cause any material adverse effect on our business, financial condition and result of operations.

During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any actual or pending legal, arbitration or administrative proceedings (including any bankruptcy or receivership proceedings) that we believe would have a material adverse effect on our business, results of operations, or financial condition.

We have appointed legal specialists to supervise our overall legal compliance. We also from time to time provide training on regulatory requirements to our employees, and remain in close contact with the relevant regulatory authorities with a view to keeping updated on any major regulatory developments that may have a significant impact on our business and operations.

We are subject to a wide variety of laws and regulations in the ordinary course of our business operations. See “Regulatory Overview”.

INTERNAL CONTROLS AND RISK MANAGEMENT

Internal controls

Internal control is fundamental to the successful operation and day-to-day running of a business and it assists the management of our Group in achieving its business objectives. Our Board of Directors is responsible for establishing our internal control system and reviewing its effectiveness. We regularly reviewed and enhanced our internal control system.

Our internal control policies are put in place to help ensure the achievement of business objectives.

Below is a summary of the internal control policies, measures and procedures we have implemented or plan to implement:

- We have adopted various measures and procedures regarding our business operations, and we provide training about these measures and procedures to new employees. We also constantly monitor the implementation of these measures and procedures.

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- We maintain strict policies on anti-bribery and anti-corruption, anti-money laundering, export control and sanctions laws on personnel with external communication functions. We require our employees to abide by our compliance requirements. We have provided and will provide regular anti-corruption and anti-bribery compliance training for our Directors and senior management in order to enhance their knowledge and compliance of applicable laws and regulations. We also provide ongoing anti-money laundering training for appropriate staff on supervisory level. We have established a system of supervision that allows complaints and reports to be submitted to management regarding non-compliant behavior of our employees.
- Our Directors (who are responsible for monitoring the corporate governance of our Group), with help from our Compliance Advisor, will also periodically review our compliance status with all relevant laws and regulations after the Listing.
- We have established an Audit Committee, the duties of which are to (i) review and supervise our financial reporting process and internal control system of our Group, risk management and internal audit; (ii) provide advice and comments to our Board in respect of financial, risk management and internal control matters; and (iii) perform other duties and responsibilities as may be assigned by our Board. See “Directors and Senior Management — Board committees — Audit Committee” for more details.
- We believe that our Directors and members of our senior management possess the necessary knowledge and experience in providing good corporate governance oversight in connection with risk management and internal control.

Risk management

We recognize that risk management is critical to the success of our business operations. Our Board of Directors is responsible for evaluating and determining the nature and extent of the risks it is willing to take in achieving our Group’s strategic objectives, and ensuring that our Group establish and maintain appropriate and effective risk management and internal control systems. Key operational risks faced by us include changes in the general market conditions, the regulatory environment of global container shipping markets and our ability to compete with other container shipping companies. See “Risk Factors”. We also face various market risks. In particular, we are exposed to credit, liquidity, interest rate and currency risks that arise in the normal course of our business. See “Financial Information — Quantitative and qualitative disclosure of financial risks.”

We have adopted a comprehensive set of risk management policies, which set out a risk management framework to identify, assess, evaluate and monitor key risks associated with our strategic objectives on an ongoing basis. Proactive measures to identify risks include two approaches, top-down approach and bottom-up approach.

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- Top-down approach: Risks are identified from strategic view of our Board members or senior management.
- Bottom-up approach: Risks are identified at the activity process level, which can help to focus risk assessment on major business units.

We set forth below the risk analysis we perform after the initial identification of risks.

- The risk ratings are determined based on the likelihood of occurrence and the potential impact.
- The risk assessment result including the identified risks, the likelihood of occurrence and the potential impact should be registered.
- Risks are prioritized in according to their risk ratings.
- Specific risks control strategies are adopted to respond to the identified risks in accordance with their prioritization.
- The principal risks identified in risk assessment may change from time to time. Ongoing review of the principal risks focusing on how changes might arise shall be performed, and monitor if their controls need to be adjusted.

We set forth below the procedures how we assess, evaluate and monitor key risks associated with our strategic objectives on an ongoing basis.

- A risk-based internal audit program is approved by our Audit Committee each year.
- Internal audit reviews are carried out to perform assessment of risks and testing of controls across all business units. It provides reasonable assurance that adequate controls and governance are in operation.
- Investigations are performed in case of fraud or irregularities are uncovered and suspected. A well-defined whistleblowing mechanism for all their employees and other related third parties is designed to encourage them to raise any serious concerns about misconduct or fraudulent activities.
- Our internal audit department performs audit to evaluate the proper functioning of the risk management and internal control systems and make recommendation for improvements. Regular reports should be made to our Audit Committee on its findings.

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- The Audit Committee, after reviewing and considering the risk management findings submitted by the internal audit department, will in turn report to our Board of Directors and confirm to our Board on the effectiveness of the systems. The Audit Committee is empowered to seek professional advice where necessary.
- Our Board should oversee management in the design, implementation and monitoring of the risk management and internal control systems, and management should provide a confirmation to our Board on the effectiveness of these systems.
- In the event any risk reporting information becomes or is likely to become inside information, the relevant department(s) or the internal audit department will promptly report such inside information in accordance with our inside information policy.

International sanctions

Given the nature of the shipping business, we often enter into business relationships with entities from all around the globe, thereby increasing the risks of conducting business with persons and entities that are sanctioned including by the United States, the United Nations, the European Union, the United Kingdom and Australia. We have in place protocols to ensure we do not enter into contractual relations with any such sanctioned persons or entities.

Before entering into a contract with any potential suppliers and customers, we conduct background searches to check whether the potential supplier or customer is a sanctioned entity listed on the registers maintained by Office of Foreign Assets Control, the United Nations and other official websites. We also regularly track whether there are any updates to such lists of sanctioned entities and/or new sanctions and policies issued by such regulatory authorities from time to time, and cross-check such updates with our own database of customers and suppliers. In addition, we have generally included sanctions-related clauses in each of our contracts entered into with our suppliers and customers stipulating that all losses arising out of their involvement in sanctioned activities shall be borne by such supplier and customer. During the Track Record Period and up to the Latest Practicable date, our business dealings had not constituted any sanctioned activities pursuant to Chapter 4.4 of the Guide.

Oil spill incident in Hong Kong for TS Kobe

We have adopted enhanced internal control and risk management measures in response to the oil spill incident of TS Kobe in August 2024, including enhancing (i) a quality, health, safety and environment management system manual that covers bunkering procedures and emergency preparedness and contingency planning, (ii) a shipboard oil pollution emergency plan, and (iii) safety management system procedures to respond to emergencies and prevent similar incidents from recurring. In addition, we will continue to monitor the training provided by the fleet management company, which covers the topics on bunkering procedures, compliance with bunkering plan and checklist.

For the details of the oil spill incident of TS Kobe in August 2024, see “— Environmental protection, social, workplace safety and governance — Environmental protection — Water and oil pollution” in this section.

EFFECTS OF THE COVID-19 OUTBREAK

The outbreak of a novel strain of coronavirus named COVID-19 has materially and adversely affected the global economy. During the Track Record Period, the Group has both benefited from but also suffered from the impact from the COVID-19 pandemic. We set forth below the key impact of COVID-19 on major aspects of our business and operations.

- Daily operations. Due to the disruption of container shipping services resulting from the COVID-19 outbreak, the performance in the Greater China – Southeast Asia market in the fourth quarter of 2021 was adversely affected. Moreover, due to port congestion during the COVID-19 pandemic, our shipping volume in certain markets also decreased. For example, our shipping volume in the Greater China market decreased from 148,224 TEU in 2021 to 137,010 TEU in 2022.
- In addition, in response to the outbreak of COVID-19, we have adopted a disease prevention scheme to reduce the risk to our employees and crew members working onboard our vessels from infection with COVID-19. As of the Latest Practicable Date, we maintained normal operations and we had not experienced any material disruption since the outbreak of COVID-19.
- Sales and marketing activities. During the COVID-19 outbreak, reduced transportation and social distancing policies have to some extent affected our sales and marketing activities. We adopted flexible work-from-home practices to ensure our sales and marketing activities and mitigate the impact of the COVID-19 outbreak. As of the Latest Practicable Date, we maintained normal operations and we had not experienced any material disruption to our sales and marketing activities since the outbreak of COVID-19.
- Supply chain. To some extent, reduced transportation and disruption to manufacturing and logistics networks due to the COVID-19 outbreak had previously affected our suppliers’ abilities to manufacture and transport containers, vessels, bunkers and other supplies necessary for our operations. We have imported a sufficient volume of bunkers from our suppliers in advance to support our current operations, after taking into account the potential congestion or delay in delivery. Nevertheless, as of the Latest Practicable Date, most of our suppliers had resumed normal operations and we had not experienced any material disruption or shortage of supplies since the outbreak of COVID-19.

BUSINESS

Financial performance. According to the Drewry Report, improved capacity management, and a subsequent surge in demand, container shortage and supply chain inefficiency had driven freight rates up which peaked in September 2021. Mainly due to the increase of freight rate and partially due to the increasing demand of container shipping services during the COVID-19 pandemic, we generally had a strong financial performance for 2021 and 2022 and recorded increases in revenue and profitability in the same periods. Our average freight rate in the Asia Pacific Region increased from US\$1,061 per TEU in 2021 to US\$1,288 TEU in 2022. Nonetheless, with the impact from the COVID-19 pandemic continuing to diminish, the Group's average freight rate decreased from US\$1,476 in 2022 to US\$547 in 2023 which adversely affected the Group's financial performance.

Subsequent to 2022, the impact from the COVID-19 pandemic, though lingering, has been gradually easing. Measures to contain its spread, including lockdowns, travel bans, quarantine measures, social distancing, and restrictions on business operations and other related restrictions have also been adjusted to take a less strict format globally.

Our Directors confirmed that the COVID-19 outbreak did not have any material adverse impact on our business operations and financial performance as of the Latest Practicable Date, primarily because: (i) there had been no material disruption of our operations; (ii) there had been no material disruption of our sales and marketing activities; and (iii) we had not encountered any material supply chain disruption. We cannot foresee when the COVID-19 outbreak will become completely under control or whether COVID-19 will have a material and adverse impact on our business going forward.

We cannot assure you that the COVID-19 pandemic will not further escalate or have a material adverse effect on our results of operations, financial condition or prospects. For more details, see "Risk Factors — Risks relating to our business and industry — Our prospects may be adversely affected by COVID-19 or other adverse public health developments".

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OVERVIEW

Immediately following the completion of the Global Offering (without taking into account any Shares which may be issued upon exercise of the Offer Size Adjustment Option and the Over-allotment Option), our Group will have two groups of Controlling Shareholders, being: (i) the Chen Family Group, comprising Mr. Chen together with Mrs. Chen (the spouse of Mr. Chen), Mr. James Chen (the son of Mr. Chen and Mrs. Chen) and Ms. Christy Chen (the daughter of Mr. Chen and Mrs. Chen), and their respective wholly-owned investment holding companies, namely TS Chen Holding, Search & Search, JC Righteous and Avermay, and Maritime Legacy (a company owned by the four aforesaid investment holding companies) which in aggregate will hold approximately 37.49% of the total issued shares of our Company through TS Investment, Prevalence, Providence and AM Holding (each being a company wholly-owned by Maritime Legacy); and (ii) the Sharafuddin Entities, comprising Mr. Sharafuddin, Nova Foundation (an estate planning foundation founded by Mr. Sharafuddin) and Vision Investments (a company wholly-owned by Nova Foundation for Mr. Sharafuddin and which will hold approximately 37.49% of the total issued shares of our Company).

INDEPENDENCE FROM CONTROLLING SHAREHOLDERS

Delineation of business and non-competition

Our Group is primarily engaged in the provision of container shipping services. As of the Latest Practicable Date, in light of the factors set out below, save for the limited competition disclosed in the paragraph headed “The Chen Family Group — (ii) TEH Entities — Cross-strait Trade Lanes” below, our Controlling Shareholders did not have any interest in a business (apart from our Group’s business) which competed with, or was likely to compete with, our principal business, whether directly or indirectly, which would otherwise require disclosure to be made under Rule 8.10 of the Listing Rules. Based on the delineation between our Group’s container shipping business and our Controlling Shareholders’ shipping agency and other businesses (the “**Excluded Businesses**”) as elaborated below (including our Group’s business delineation from that of TEH Shipping and Cross Strait Holding), our Directors are of the view that there will not be any material competition between the Group and the Excluded Businesses after Listing.

The Chen Family Group

Members of the Chen Family Group, other than their respective interests in our Group, hold direct or indirect interests in companies engaged in other businesses such as shipping agency services and port agency services, which are not in competition with the business of our Group. As of the Latest Practicable Date, members of the Chen Family Group held (i) interests in two shipping agencies, namely the entire equity interest in TSSA and 20% equity interest in Chinatop Shipping Co. Limited (“**Chinatop**”, together with TSSA, the “**Chen Invested Shipping Agencies**”), the holding company of Chinatop Logistics (Shenzhen) Co., Ltd., a related party of our Company disclosed in Note 23 to the Accountants’ Report (the remaining shares in Chinatop were held as to 50% by an Independent Third Party, 10% by Mr. To Hung-Lin (our executive Director), 10% by Mr. Chow Hong Man (our executive Director),

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

10% by Mr. Huang Jen-Chieh (senior vice president of our Company) as of the Latest Practicable Date); and (ii) 88.42% equity interest in TEH Shipping, a company whose principal business is the provision of container shipping services for Cross-strait Trade Lanes (between designated ports in mainland China and Taiwan. Further, given Cross Strait Holding is a wholly-owned subsidiary of TEH Shipping, whose principal business is vessel holding, the Chen Family Group in turn has indirect interests in Cross Strait Holding through their shareholding in TEH Shipping.

(i) *TEH Entities*

Prior to the disposal as part of the Reorganization, we held a 44.21% interest in TEH Shipping, which was accounted for prior to the disposal as our associate. Upon completion of such disposal, we ceased to hold any interest in TEH Shipping.

We consider that there is geographical delineation between the principal business activities conducted by our Group and the business operated by TEH Entities:

- **TEH Entities:** they focus on the provision of container shipping services for Cross-strait Trade Lanes (between designated ports in mainland China and Taiwan). Cross-strait Trade Lanes refer the trade lanes for shipping directly between designated ports in mainland China on one hand and designated ports in Taiwan on the other hand as stipulated under the the Measures on the Administration of Cross-strait Shipping Operation (《台灣海峽兩岸間航運管理辦法》) (the “**Cross-strait Shipping Measures**”) and Hong Kong is not one of such designated ports.
- **Our Group:** we focus on the provision of container shipping services in trade lanes for other regions (such as the rest of Asia, Oceania, the Middle East and the Transpacific). We do not provide container shipping services for Cross-strait Trade Lanes as it is not allowed to operate so for the reasons elaborated below.

Licensing requirements under the Cross-strait Shipping Measures

Our Group is not allowed to operate any Cross-strait Trade Lanes, be it independently, or through joint services or slot exchange arrangements. According to the Cross-strait Shipping Measures, if a shipping company or a vessel operates two-way direct shipping service between designated ports in mainland China and Taiwan, the shipping company or the vessel is required to obtain the Cross-Taiwan Strait Waterway Transportation Permit and the Cross-Taiwan Strait Vessel Operation Permit, respectively, issued by the Ministry of Transport. In this connection, it is also stipulated that only shipping companies incorporated in the mainland China or Taiwan by mainland China investors, Taiwan investors or jointly by mainland China and Taiwan investors (大陸或台灣的獨資航運公司以及大陸及台灣的合資航運公司) may operate a Cross-strait Trade Lane. None of the members of our Group possesses the aforesaid license to operate a Cross-strait Trade Lane, and thus we are not able to provide the principal services TEH Shipping offered or to operate any vessels for a Cross-strait Trade Lane. See “Regulatory Overview” for further details of the aforesaid PRC regulatory requirements.

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Cross-strait Trade Lanes

During the Track Record Period and up to the Latest Practicable Date, TEH Shipping operated five Cross-strait Trade Lanes, namely trade lanes shipping from a designated port in mainland China to a designated port in Taiwan under the Cross-strait Shipping Measures. Save for these Cross-strait Trade Lanes, TEH Shipping also operated five Asia-Indian Subcontinent trade lanes (which are not Cross-strait Trade Lanes) up to the year ended December 31, 2021.

With an aim for TEH Shipping to focus on the operations of the Cross-strait Trade Lanes only and to streamline our corporate structure, since January 1, 2022, TEH Shipping ceased to operate, while our Group started operating, the five Asia — Indian Subcontinent trade lanes. During the Track Record Period and as of the Latest Practicable Date, there was no overlapping between TEH Shipping and our Group in operating the Asia- Indian Subcontinent trade lanes. As of the Latest Practicable Date, each of the trade lanes operated by TEH Shipping is a Cross-strait Trade Lane.

Given that we do not, and is not allowed to, operate any Cross-strait Trade Lane, we cannot handle shipments from any designated ports in Taiwan to any designated ports in mainland China under the Cross-strait Shipping Measures as the final destination of the cargo, and vice versa. Customers' demands are defined by the designated geographical locations of the relevant cargos (i.e. where the cargos are intended to ship to), rather than the identity of customers. Accordingly, the target customers of our Group and TEH Shipping would differ from each other based on such customers' need for the departing location and final destination of the relevant cargo and therefore there is a clear geographical delineation of the respective shipping services provided by our Group and TEH Shipping. In light of the above, considering that we do not operate any Cross-strait Trade Lane but TEH Shipping only operates Cross-strait Trade Lanes, even if our Group and TEH Shipping both cover ports in mainland China and Taiwan, there will be no direct or indirect competition between our Group and TEH Shipping.

For the avoidance of doubt, for the purpose of a Cross-strait Trade Lane, Hong Kong is not a designated port under the Cross-strait Shipping Measures and therefore we may operate trade lanes between Taiwan and Hong Kong. As far as shipping services between Taiwan and Hong Kong (as final destinations of cargos) are concerned, we only operate one trade lane (code: THK), shipping between Kaohsiung and Hong Kong, via Keelung and Taichung. TEH Shipping only operates one trade lane (code: THK3) (which is a Cross-strait Trade Lane) with Hong Kong as an intermediate port, shipping between Kaohsiung, Keelung, Taichung, Hong Kong and Shekou.

TEH Shipping does not operate such Hong Kong-Taiwan shipping services on a standalone basis, but is only providing such shipping services as part and parcel of the additional Cross-strait Trade Lane (namely trade lane THK3) that includes Hong Kong as an intermediate port. In line with normal market practice, TEH Shipping has been chartering slots from us pursuant to which: (i) TEH Shipping obtains such slots from us which enables the operation of a trade lane between Taiwan and Hong Kong (namely, the trade lane THK); and (ii) instead of utilizing such slots for the operation of trade lane THK by itself, TEH Shipping

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uses such slot for onward exchange with an Independent Third Party for the slots which enables TEH Shipping to operate an additional Cross-strait Trade Lane (namely, the trade lane THK3) between Taiwan (via Hong Kong) and Shekou. Hong Kong was included by the aforementioned Independent Third Party as an intermediate port on the trade lane THK3 it operates (which has been registered with the relevant government authorities), and TEH Shipping may not change the ports on such trade lane under the slot exchange arrangement as explained above. There is no material difference between Hong Kong with other ports on trade lane THK3 in terms of its function on the trade lane. See “Connected Transactions — B. Partially exempt continuing connected transactions subject to the reporting, annual review and announcement requirements but exempt from circular and independent shareholders’ approval requirements — 2. TSTW Slot Charters from our Group to TEH Shipping” for the aforesaid arrangements.

Notwithstanding that we provide shipping services between Taiwan and Hong Kong and that we can load or unload cargos in Hong Kong for onward shipping to mainland China or Taiwan which may potentially result in limited competition between our Group and TEH Shipping, we consider that these do not materially affect the business delineation between our Group and TEH Shipping on the following grounds:

- Other than trade lane THK3, none of the Cross-strait Trade Lanes operated by TEH Shipping includes Hong Kong as an intermediate port. Revenue generated from shipping services provided by TEH Shipping from Hong Kong only amounted to approximately US\$8.9 million, US\$4.7 million, US\$4.5 million and US\$1.4 million, contributing to approximately 2.47%, 4.70%, 9.85% and 10.61% of TEH Shipping’s total revenue for the years ended December 31, 2021, 2022 and 2023 and the four months ended April 30, 2024, respectively. From our perspective, the shipping service between Hong Kong and Taiwan is not our principal business focus and such services did not have a material contribution to our revenue during the Track Record Period. Revenue generated from shipping services provided by our Group between Hong Kong and Taiwan only amounted to approximately US\$32.6 million, US\$17.0 million, US\$15.1 million and US\$4.7 million, contributing to approximately 1.82%, 0.72%, 1.81% and 1.48% of our total revenue for the years ended December 31, 2021, 2022 and 2023 and the four months ended April 30, 2024, respectively.
- The annual shipping capacity chartered to TEH Shipping for trade lane THK3 is capped at 25,500 TEU and the actual shipping volume of TEH Shipping from Hong Kong only amounted to 14,649 TEU, 7,111 TEU, 9,761 TEU and 3,056 TEU, representing approximately 5.73%, 6.82%, 11.44% and 11.47% of TEH Shipping’s total annual shipping volume for the years ended December 31, 2021, 2022 and 2023 and the four months ended April 30, 2024, respectively. Such shipping volume was insignificant as compared to our total annual shipping volume of approximately 1.6 million TEU, 1.6 million TEU, 1.5 million TEU and 0.5 million TEU for the years ended December 31, 2021, 2022 and 2023 and the four months ended April 30, 2024, respectively.

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- Customers or cargo-owners generally have timing requirements for their shipments. As our Group and TEH Shipping offer Taiwan–Hong Kong shipping services on different schedules, customers of our Group and TEH Shipping should accordingly have different demands in terms of timing, and thus we expect the overlap between the target customers of our Group and TEH Shipping to be limited.

Reasons for disposal of our stake in TEH Shipping

We did not operate the Cross-strait Trade Lanes and we currently do not intend to do so after Listing. Upon Listing, our Company will become a public company with a diverse base of Shareholders that may change from time to time. Pursuant to the Measures on the Administration of Cross-strait Shipping Operation (《台灣海峽兩岸間航運管理辦法》) (the “**Cross-strait Shipping Measures**”), only shipping companies incorporated in the mainland China or Taiwan by mainland China investors, Taiwan investors or jointly by mainland China and Taiwan investors (大陸或台灣的獨資航運公司以及大陸及台灣的合資航運公司) may operate a Cross-strait Trade Lane. Given that our Group is ultimately owned as to 44.21% by Mr. Sharafuddin (who is neither a mainland China nor Taiwan investor) as of the Latest Practicable Date and that we will, upon Listing, become a public company with a diverse base of shareholders that may change from time to time, there will not be certainty on whether we are and will be able to satisfy the aforesaid PRC regulatory requirements to operate a Cross-strait Trade Lane. As advised by our PRC Legal Advisors, the aforesaid requirements under the Cross-strait Shipping Measures remain unclear and are subject to interpretation. Our PRC Legal Advisors have conducted anonymous phone consultations in respect of the relevant requirements of the Cross-strait Shipping Measures with the Ministry of Transport, being the competent authority in charge of approving the operation of Cross-strait Trade Lanes under the Cross-strait Shipping Measures, via the official hotline on June 15, 2022, September 8, 2022 and May 20, 2024, but such consultations were refused. As advised by our PRC Legal Advisors, if the Ministry of Transport inspects and investigates the capital sources and all the individuals who directly and/or indirectly hold the shares/interests in TEH Shipping to determine whether TEH Shipping meets the requirements under the Cross-strait Shipping Measures, there is a possibility that our Group’s historical shareholding in TEH Shipping could be regarded as a non-compliance of the Cross-strait Shipping Measures (considering that Mr. Sharafuddin (who is neither a mainland China nor Taiwan investor) indirectly held the interests in TEH Shipping prior to the disposal of TEH Shipping), in which case the Ministry of Transport may impose warnings on TEH Shipping and may, in extreme situation, confiscate TEH Shipping’s illegal earnings derived from such non-compliance. Notwithstanding the above, as advised by our PRC Legal Advisors, neither our Group nor our Directors will be subject to any administrative penalty from the Ministry of Transport (by virtue of being an existing or former shareholder or director in TEH Shipping) in relation to the aforesaid potential non-compliance under the Cross-strait Shipping Measures. Taking into account the aforesaid regulatory considerations as well as the geopolitical considerations and potential uncertainties involved in operating a Cross-strait Trade Lane, we consider that it is in the interest of our Company and our Shareholders taken as a whole for us (which will become a public company upon Listing) to focus on the trade lanes for other regions (other than Cross-strait Trade Lanes) and to exclude TEH Shipping from our Group. Historically, TEH

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Shipping was only an associate (but not a subsidiary) of our Company and was not part of our Group, and we had ceased to have any interests in TEH Shipping as of the Latest Practicable Date. Despite the aforesaid regulatory uncertainty, even assuming there existed regulatory implications by virtue of the historical shareholding structure of TEH Shipping, our PRC Legal Advisors (from the perspective of PRC law) and Taiwan Legal Advisors (from the perspective of Taiwan law) confirm that this would not result in any penalty on our Group or our Directors or otherwise any material adverse effect to our Group or Directors taken as a whole and our Group or Directors will not be required to pay back any illegal earnings or incur any loss arising from the aforesaid potential non-compliance with the Cross-strait Shipping Measures. In the event our Company is required to pay back any illegal earnings or incurs any loss arising from the aforesaid potential non-compliance with the Cross-strait Shipping Measures, TEH Shipping and Mr. Chen (as one of our Controlling Shareholders) have agreed to indemnify our Company pursuant to the Deeds of Indemnity. Based on the aforesaid confirmation from our PRC Legal Advisors and Taiwan Legal Advisors and that TEH Shipping was only an associate of our Group prior to the disposal of our interests in such company, our Directors are of the view that such non-compliance (if any) has no material adverse impact on our Group. Barring the aforesaid, we do not consider that there are material non-compliances of TEH Shipping with the applicable laws and regulations.

(ii) Chen Invested Shipping Agencies

We consider there is clear business delineations between the principal business activities conducted by our Group and the shipping agency business conducted by the Chen Invested Shipping Agencies, based on the following factors:

- **Different business focuses:** Our Group is principally engaged in the provision of container shipping services, including the operation of shipping routes as well as management and operation of vessels. In contrast, the shipping agency business of the Chen Invested Shipping Agencies do not own or operate vessels and they are primarily involved in (i) provision of services for handling shipments at ports or harbors on behalf of shipping companies, arranging for administrative matters such as port tax, customs and cargo documentation, vessel docking procedures, organization for ship arrival or departure and arranging for port services for vessels. As distinct from the services provided by our Group (which include the arrangement of inland transportation of containers, the actual loading of containers onto vessels and discharging of containers at destination ports), these agency services focus on the administrative matters at port; and (ii) cargo forwarding (which mainly involves advising customers (namely, cargo owners) on the shipping logistics, such as the choice of shipping methods or shipping companies, and organizing their shipments). Our Group has been engaging shipping agencies for such services, which could be considered as suppliers of our Group. Among our Company's associates and joint ventures with Mr. Sharafuddin, only TS India, TS UAE and TS Pakistan are/will be engaged in providing shipping agency services solely to our Group in India, UAE and Pakistan, respectively. For further details regarding these joint ventures with Mr. Sharafuddin, please refer to the paragraph headed "The Sharafuddin Entities" below.

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TS India and TS UAE are both associates of our Company and provide shipping agency services solely to our Group in India and UAE, respectively. TS Pakistan, which will be a member of our Group, will also start to provide shipping agency services solely to our Group in Pakistan from 2025. Unlike the Chen Invested Shipping Agencies, none of TS India, TS UAE and TS Pakistan provide/will provide shipping agency services to our Group's customers or businesses outside of our Group. Our Group is focused on our container shipping business and no member of our Group nor any other associates or joint ventures of our Company provides shipping agency services to any customers and businesses outside of our Group; whereas the shipping agency business of Chen Invested Shipping Agencies does not involve the actual shipment of the cargo through the operation of vessels (i.e. the principal business focus of our Group).

- **Different major customers:** The customers of our container shipping services primarily include international freight forwarder companies while the customers of the Chen Invested Shipping Agencies primarily comprise shipping companies. The customers for the cargo forwarding services of the Chen Invested Shipping Agencies are primarily cargo owners, which are not major customers of our Group's container shipping business, and such services do not constitute a major type of services provided by the Chen Invested Shipping Agencies. To the best knowledge, information and belief of our Directors, there is no overlap of major customers between the business of our Group and those of the Chen Invested Shipping Agencies.
- **Different licensing requirements:** The container shipping business of our Group and the shipping agency business of the Chen Invested Shipping Agencies are fundamentally different in nature and are subject to different licensing or filing requirements under the applicable laws and regulations in the different regions that they operate in. For our container shipping business, we are required as an operator of a container shipping business to obtain licenses in places where we operate, such as the International Liner Shipping Qualification Registration Certificate (國際班輪運輸經營資格登記證) in mainland China. As the Chen Invested Shipping Agencies do not operate a container shipping business like our Group, they are not required to obtain container shipping operator licenses such as the International Liner Shipping Qualification Registration Certificate (國際班輪運輸經營資格登記證) in mainland China. Operators of shipping agency services are required to obtain the necessary local permits or licenses in their places of operations. For example, the Chen Invested Shipping Agencies are required to obtain the permit for shipping agency services (船務代理業許可證) in Taiwan. Similarly, TS Pakistan is required to obtain relevant local permits and licenses to operate its shipping agency services in Pakistan, while no local license is needed for TS India and TS UAE to carry out their operations in India and UAE, respectively. In comparison, since members of our Group do not operate shipping agency services except for TS Pakistan upon its incorporation, we are not required to obtain such local permits or licenses to operate shipping agency services.

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- **Different core management teams:** The Chen Invested Shipping Agencies rely on their respective management teams which are separate from those of our Group. While Mrs. Chen and Mr. James Chen are directors of TSSA, Mr. Chen is a director of TS UAE and Cross Strait Holding, and Mr. Chen and Mrs. Chen are directors of TEH Shipping, they are primarily responsible for overseeing their respective strategic development, rather than participating in their day-to-day business operations. None of the members of the Chen Family Group hold any executive positions in Chinatop, a company in which the Chen Family Group only holds 20% equity interest. As of the Latest Practicable Date, none of our Directors or members of our senior management has any executive role in the daily management and operations of these shipping agencies.

In consideration of the different business focuses and major customers between our Group and the Chen Invested Shipping Agencies above, our Directors are of the view that there is no potential competition between the services provided by our Group and the shipping agency services provided by the Chen Invested Shipping Agencies.

In view of the clear delineation of business between our principal business and the shipping agency business of the Chen Invested Shipping Agencies, our Directors are of the view that the shipping agency business neither forms part of our principal business (i.e. container shipping) nor is in line with the overall and strategic direction of our Group, the development of which would divert our management's time, attention and resources from the operation and development of our principal business. Further, there are material differences between the respective ownership structures in our Group and the Chen Invested Shipping Agencies. In particular, Mr. Sharafuddin (a controlling Shareholder of our Company) was not a shareholder in any of the Chen Invested Shipping Agencies. As such, our Directors do not consider it appropriate for our Group to include the shipping agency business of the Chen Invested Shipping Agencies in our Group. To the best knowledge, information and belief of our Directors, there are no material non-compliances of the Chen Invested Shipping Agencies with the applicable laws and regulations in any material respects during the Track Record Period and up to the Latest Practicable Date.

The Sharafuddin Entities

In addition to his interests in our Group through Vision Investments, Mr. Sharafuddin is the founder and guardian of certain foundations whose beneficiaries comprise his family members. These foundations hold direct and indirect interests in other companies engaged in a wide range of businesses such as in the retail, travel and tourism, information technology, manufacturing, hospitality, real estate and financial services industries primarily in the Middle East and Africa, which are not in competition with the business of our Group.

Further, Mr. Sharafuddin (a) has formed/will form three joint ventures with our Company that are principally engaged in shipping agency services in India, UAE and Pakistan, namely TS India (an associate of our Company indirectly owned as to 60% by Mr. Sharafuddin), TS UAE (a joint venture of our Company indirectly owned as to 49% by Mr. Sharafuddin) and TS Pakistan (a subsidiary of our Company that is being incorporated and will be indirectly owned as to 49% by Mr. Sharafuddin) (collectively, the "**Sharafuddin JVs**"); and (b) indirectly holds: (i) the entire equity interest in Sharaf Pakistan Agency, a company established in Pakistan and principally engaged in shipping agency services in Pakistan; (ii) 40% equity interest in

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Diamond Shipping, a company established in Sri Lanka and principally engaged in shipping agency services in Sri Lanka; (iii) 70% equity interest in Sharaf Kenya Agency, a company established in Kenya and principally engaged in shipping agency services in Kenya; (iv) approximately 40.00% equity interest in Sharaf Tanzania Agency, a company established in Tanzania and principally engaged in shipping agency services in Tanzania; (v) 70% equity interest in Sharaf Oman Agency, a company established in Oman and principally engaged in shipping agency services in Oman; (vi) 50% equity interest in Sharaf SA Agency, a company established in Saudi Arabia and principally engaged in shipping agency services in Saudi Arabia; and (vii) interests in other shipping agencies primarily serving the Middle East and other countries of Africa which are regions that our Group's principal business does not focus on (collectively and together with the Sharafuddin JVs, the "**Sharafuddin Invested Shipping Agencies**"). For further details regarding the continuing connected transactions between our Group and the Sharafuddin Invested Shipping Agencies, please refer to the section headed "Connected Transactions". Similar to the distinction between the Chen Invested Shipping Agencies and our Group as detailed above, we also consider that there is clear business delineation between the principal business activities conducted by our Group and the shipping agency business conducted by the Sharafuddin Invested Shipping Agencies, based on the differences in business nature, major customers, licensing requirements as well as core management team between our Group and the Sharafuddin Invested Shipping Agencies. For the avoidance of doubt, the Chen Invested Shipping Agencies and the Sharafuddin Invested Shipping Agencies (including the Sharafuddin JVs) are also delineated by (i) their different geographical locations as the Chen Invested Agencies provide shipping agency services in mainland China and Taiwan only, while the Sharafuddin Invested Shipping Agencies do not cover these two regions; and (ii) their different clientele as the Chen Invested Shipping Agencies provide services to customers other than our Group as well while the Sharafuddin JVs were formed to only provide shipping agency services in those regions exclusively to our Group. In consideration of the different business focuses and major customers of our Group and the Sharafuddin Invested Shipping Agencies above, our Directors are of the view that there is no potential competition between the services provided by our Group and the shipping agency services provided by the Sharafuddin Invested Shipping Agencies.

In view of the clear delineation of business between our principal business and the shipping agency business of the Sharafuddin Invested Shipping Agencies, our Directors are of the view that the shipping agency business neither forms part of our principal business nor is in line with the overall and strategic direction of our Group, and the development of which would divert our management's time, attention and resources from the operation and development of our principal business. Further, Mr. Sharafuddin is a passive investor in our Group and there are material differences between the respective ownership structures in our Group and the Sharafuddin Invested Shipping Agencies. In particular, each of the Chen Family Group (the controlling Shareholders of our Company) was not a shareholder in the Sharafuddin Invested Shipping Agencies. As such, our Directors do not consider it appropriate for our Group to include the shipping agency business of the Sharafuddin Invested Shipping Agencies in our Group. To the best knowledge, information and belief of our Directors, there are no material non-compliances of the Sharafuddin Invested Shipping Agencies with the applicable laws and regulations during the Track Record Period and up to the Latest Practicable Date.

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Management Independence

Our Board comprises five executive Directors and three independent non-executive Directors. Each of Mr. Chen (our founder and chief executive officer and a Controlling Shareholder), Mrs. Chen (a Controlling Shareholder) and Mr. James Chen (a Controlling Shareholder) is one of our executive Directors. Set out below is a table summarizing the positions held by Mr. Chen, Mrs. Chen and Mr. James Chen at our Group and our Controlling Shareholders (and their respective close associates):

Name	Position with our Group	Position(s) with our Controlling Shareholders or their respective close associates
Mr. Chen	Executive Director, chief executive officer and chairman of our Board	<ul style="list-style-type: none">• Director of TS Investment, Maritime Legacy and TS Chen Holding• Director of TEH Shipping and Cross Strait Holding^(Note)
Mrs. Chen	Executive Director	<ul style="list-style-type: none">• Director of Search & Search and Prevalence• Director and chairlady of TSSA• Director of TEH Shipping
Mr. James Chen	Executive Director	<ul style="list-style-type: none">• Director of JC Righteous and Providence• Director of TSSA

Note: Cross Strait Holding is a wholly-owned subsidiary of TEH Shipping.

Despite the overlapping roles assumed by Mr. Chen, Mrs. Chen and Mr. James Chen as illustrated above, when performing his/her duties in our Group, he/she has been and will continue to be supported by members of our Board or senior management as a whole who are independent from the companies above. Moreover, TS Investment, Maritime Legacy, TS Chen Holding, Search & Search, JC Righteous, Prevalence and Providence are merely investment holding companies and do not engage in other business activities. In the event that any of Mr. Chen, Mrs. Chen and Mr. James Chen is required to absent themselves from any Board meeting on any matter which may give rise to a potential conflict of interest with our Company, our remaining Directors will have sufficient expertise and experience to fully consider any such matter. Notwithstanding the respective roles of Mr. Chen, Mrs. Chen and Mr. James Chen in TSSA or TEH Shipping, our Directors are of the view that our Board is able to manage our business independently from the TSSA or TEH Shipping for the following reasons:

- (a) TSSA or TEH Shipping does not compete with our core business, and there are adequate corporate governance measures in place to manage the existing and potential conflicts of interest. Therefore, the dual roles assumed by each of Mr. Chen, Mrs. Chen and Mr. James Chen in most cases will not affect the requisite degree of their impartiality as our executive Directors in discharging their fiduciary duties owed to our Company;

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- (b) we have three independent non-executive Directors, representing one third of our Board, in compliance with the Listing Rules. The independent non-executive Directors will represent an element of independence at the board level and will among other matters, review and monitor the connected transactions as may be entered into between our Group and our Controlling Shareholders or their respective associates from time to time to protect the interests of our Company and our Shareholders as a whole;
- (c) in the event of a potential conflict of interest arising out of any transaction to be entered into between our Group and any of our Directors or their respective associates, the interested Director(s) shall abstain from voting at the relevant Board meetings in respect of such transactions and shall not be counted in the quorum and the other Directors will vote and decide on the matter. We believe all of our Directors, including our independent non-executive Directors, have the requisite qualifications, integrity and experience to maintain an effective board and observe their fiduciary duties in the event of a conflict of interest. Please refer to the section headed “Directors and Senior Management — Board of Directors” in this prospectus for a summary of the relevant experience and qualifications of our Directors; and
- (d) save as disclosed herein, our daily operations will be managed and overseen by our senior management team as a whole, comprising three executive Directors, namely, Mr. Chen, Mr. To Hung-Lin and Mr. James Chen, and our senior vice president, Mr. Huang Jen-Chieh.

On this basis, each of Mr. Chen, Mrs. Chen and Mr. James Chen confirmed that his/her involvement in the aforementioned companies will not affect the discharge of his/her duties as a Director to our Group taken as a whole. As such, we believe that our Board as a whole and members of the senior management are able to perform their roles in our Group independently and that our Group is capable of managing our business independently from our Controlling Shareholders and their respective close associates.

Mr. Sharafuddin, through Vision Investments, is an investor in our Company and does not undertake any directorship or management role in our Company or other members of our Group.

Each of our Directors is aware of his/her fiduciary duties as a director of our Company which require, among other things, that he/she acts for the benefit and in the best interests of our Company and does not allow any conflict between his/her duties as a Director and his personal interest. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective associates, the interested Director(s) shall abstain from voting at the relevant Board meetings of our Company in respect of such transactions and shall not be counted towards the quorum. In addition, we have an independent senior management team to carry out the business decisions of our Group independently.

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Having considered the above factors, our Directors are satisfied that they are able to perform their roles in our Company independently, and our Directors are of the view that we are capable of managing our business independently from our Controlling Shareholders and their respective close associates following the completion of the Listing.

Operational Independence

We have sufficient capital, facilities, premises and employees to operate our business independently from our Controlling Shareholders and their close associates. We also have independent access to our customers and suppliers and an independent management team, including an organizational structure made of individual departments, each with specific areas of responsibilities, to operate our business. Our Group has also established a set of internal controls procedures to facilitate the effective operation of our business.

During the Track Record Period, we engaged TSSA, Sharaf Pakistan Agency, Sharaf Kenya Agency, Sharaf Tanzania Agency, TS India, TS UAE and Diamond Shipping for their shipping agency services, respectively, for which we have incurred approximately US\$12.12 million, US\$11.69 million, US\$5.11 million and US\$1.74 million, representing 1.34%, 0.86%, 0.56% and 0.56% of our total costs of sales for the three years ended December 31, 2023 and the four months ended April 30, 2024, respectively. While we expect to continue to engage TSSA, Sharaf Pakistan Agency, Sharaf Kenya Agency, Sharaf Tanzania Agency, TS India, TS UAE and Diamond Shipping, for their shipping agency services, respectively, after Listing, our Directors are of the view that there is no material reliance on our Controlling Shareholders for such services as similar shipping agencies can be identified in the market on comparable terms. Details of the continuing connected transactions between our Group and our Controlling Shareholders or their respective associates in relation to the aforesaid engagement of shipping agencies are set out in the section headed “Connected Transactions” in this prospectus. All such transactions will be conducted on arm’s length basis and on normal commercial terms.

Members of the Chen Family Group (namely Mr. James Chen and Ms. Christy Chen) hold an aggregate 20% equity interest in Chinatop, one of our shipping agency service suppliers during the Track Record Period, and our purchases from Chinatop represented 0.40%, 0.22%, 0.20% and 0.21% of our total costs of sales for each of the three years ended December 31, 2023 and the four months ended April 30, 2024. We expect to continue to engage Chinatop (which will not constitute a connected person of our Company upon Listing) for its shipping agency services after Listing. Our Directors are of the view that there will be no material adverse impact on our operational independence from our Controlling Shareholders in relation to the aforesaid engagement of shipping agencies, given that (i) such arrangements are on normal commercial terms; (ii) in case any of the aforesaid shipping agencies ceases to provide services to our Group, similar shipping agencies are available in the market; and (iii) in particular, Chinatop is not a company controlled by the Chen Family Group.

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Historically, (i) TEH Shipping (a company owned as to 88.4% by the Chen Family Group as of the Latest Practicable Date) and our Group have been chartering vessels between each other; (ii) TEH Shipping has been chartering slots from our Group for onward exchange of such slots with a third party for the slots of a Cross-strait Trade Lane of such third party that covers an extra port in mainland China. Our Group has been chartering slots from TEH Shipping for destinations to which we do not operate a direct trade lane (namely between mainland China and Taiwan), such that we could utilize such slots as connecting trade lanes that constitute part and parcel of certain long-haul trade lanes operated by us; and (iii) our Group has been leasing containers and providing sales and marketing services to TEH Shipping. See “Connected Transactions” for further details of such arrangements. We expect to continue with these arrangements (save for the chartering of vessels to TEH Shipping) as part of our normal business operations. Our Directors are of the view these arrangements will have no material adverse impact on our operational independence from our Controlling Shareholders, given that (i) such arrangements are on normal commercial terms; (ii) if Cross Strait Holding ceases to charter the vessels to us, similar vessels are available for charter in the market; (iii) if TEH Shipping ceases to charter slots to us, similar slots are available for charter in the market; and (iv) the revenue generated to our Group from such arrangements is not material to our Group during the Track Record Period. Further, as part of the Reorganization, our Group has established a branch of our Company in Taiwan, TS TW Branch, which aims to support our business and operational needs in relation to our trade lanes between Taiwan and other locations (which do not constitute Cross-strait Trade Lanes). For the purpose of offering such support to our Group’s business and operational needs, TS TW Branch entered into employment agreements with 249 employees resigning from TEH Shipping from November 2022 to January 2023, and the transfer of employment of such employees to TS TW Branch was completed accordingly in January 2023. As of the Latest Practicable Date, save for the aforementioned 249 employees, we did not, and do not plan to, employ any other employees from TEH Shipping. The business team of our Group is distinct from and operates separately from that of TEH Shipping. To the best of our knowledge, information and belief, the aforesaid transfer of employees have not resulted, and is not expected to result, in any material impact on TEH Shipping’s operation of its Cross-strait Trade Lanes, taking into account that (i) the scope of TEH Shipping’s business has been reduced to operate certain Cross-strait Trade Lanes after ceasing to operate the Asia-Indian Subcontinent trade lanes; and (ii) there are experienced employees in TEH Shipping to support its daily operations, including its marketing activities, management of trade lanes and vessels as well as financial and administrative matters. During the Track Record Period, certain shipping management IT systems licensed to TEH Shipping was shared with our Group at no cost to our Group as the service fees were not significant (details of such IT services are set out in “Connected Transaction — A. Continuing connected transactions fully exempt from the reporting, annual review, announcement, circular and independent shareholders’ approval requirements — 2. IT Services from Information Dynamics to our Group”). The costs for such IT services attributable to the Group’s operation amounted to US\$276,000, US\$155,000, US\$24 and nil for the years ended December 31, 2021, 2022 and 2023 and the four months ended April 30, 2024, respectively. A large proportion of TEH Shipping’s employees in the sales and marketing, operations, finance, information technology, administration and other functions provided services to our Group during the Track Record Period (for which the remuneration attributable to the Group’s operation amounted to

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US\$10,936,000 and US\$6,184,000 for the years ended December 31, 2021 and 2022, respectively) with no cost directly allocated to our Group as (i) prior to the disposal of the 44.21% interest in TEH Shipping in September 2022, the corresponding 44.21% share of the remuneration of such staff during the Track Record Period has been reflected in the share of profits less losses of associates in our Group's consolidated statements of profit or loss and other comprehensive income; and (ii) the remaining 55.79% portion of such remuneration was insignificant to our Group during the Track Record Period (representing less than 1% of our net profit for years 2021 and 2022) and it would not be material or meaningful to allocate such costs between such costs between our Group and TEH Shipping. The total remuneration of US\$11.7 million and US\$6.5 million for the two years ended December 31, 2022, respectively, incurred and borne by TEH Shipping comprised the actual remuneration paid to the staff in relation to both our Group's and TEH Shipping's operations. When estimating the staff cost allocation among our Group's and TEH Shipping's operation, our Company considers it is appropriate to determine this based on the apportionment of our Group's and TEH Shipping's shipping volume. Based on the aforementioned estimation, approximately US\$10.9 million and US\$6.2 million were attributable to our Group's operations, representing approximately 94% and 95% of the total staff costs incurred by TEH Shipping for the two years ending December 31, 2022, respectively. Save as disclosed above and for the avoidance of doubt, TEH Shipping, our Controlling Shareholders and their associates did not bear any costs of our Group. There was no sharing of personnel between our Group and TEH Shipping as at the Latest Practicable Date and we do not expect there to be any such sharing going forward. Save as disclosed above, there was no sharing of personnel, functions, resources or facilities our Group and TEH Shipping during the Track Record Period.

In light of the above, the existence of the aforementioned transactions will not affect our operational independence from our Controlling Shareholders and their respective close associates after Listing.

Accordingly, our Directors are satisfied that we will be able to function and operate independently from our Controlling Shareholders and their respective close associates.

Financial Independence

We have our own finance department with a team of financial staff which is responsible for financial control and accounting of our Group, and we will not rely on our Controlling Shareholders for such functions.

Any amount due to and/or from our Controlling Shareholders which do not arise out of the ordinary course of business and non-trade in nature will be fully settled before the Listing. Also, our Company expects that none of the loans or debts of our Group will be guaranteed or secured by any connected person of our Company upon Listing.

Accordingly, our Directors are of the view that our Group is capable of maintaining financial independence from our Controlling Shareholders.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

DEED OF NON-COMPETITION

Each member of the Chen Family Group and TEH Shipping (for itself and on behalf of its subsidiaries) has entered into the Deed of Non-Competition in favor of our Company, pursuant to which (i) each member of the Chen Family Group has undertaken to our Company that he/she will not, and will use his/her best endeavors to procure that his/her close associates (other than through their interests in our Group), will not carry on, engage, invest, participate or otherwise be interested in any business which competes with the container shipping businesses carried on by any member of our Group for the principal trade lanes we operate (the “**Restricted Business**”); and (ii) for so long as TEH Shipping remains a close associate of the Chen Family Group, TEH Shipping will not carry on, engage, invest, participate or otherwise be interested in any Restricted Business. For the avoidance of doubt, the Restricted Business does not include the business involving the provision of container shipping services in the Cross-strait Trade Lanes (including the trade lanes between Taiwan and Hong Kong which are part and parcel of the Cross-strait Trade Lanes).

Notwithstanding the foregoing restrictions, each member of the Chen Family Group (or his/her close associates) and TEH Shipping may conduct any of the following:

- carry on, engage, invest, participate or otherwise be interested in such Restricted Business where the opportunity to carry on, engage, invest, participate or otherwise be interested in such Restricted Business has first been offered or made available to our Company, and our Company, after decision by our Board (including our independent non-executive Directors, and the members of which who has a conflict of interest shall abstain from voting) and subject to compliance with the applicable laws and regulations, has declined such opportunity after considering the financial impact of pursuing such opportunity offered, whether the nature of such opportunity is consistent with our Group’s strategies and development plans and the general market conditions of our business, provided that the principal terms by which any member of the Chen Family Group (or any of his/her close associates) or TEH Shipping subsequently engages, invests, participates or otherwise is interested in such Restricted Business are not more favorable in any material aspect than those offered or made available to our Company;
- in aggregate, have interests in shares or other securities representing not more than 30% of a company (other than our Company) conducting any Restricted Business whose shares are listed on the Stock Exchange or any other stock exchange provided that none of the relevant member of the Chen Family Group (and his/her close associates) and TEH Shipping is/are (together or alone) in a position to control the board of directors of such company and that none of the relevant members of the Chen Family Group (and his/her close associates) and TEH Shipping is/are (together or alone) the single largest shareholder of such company; and

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- in aggregate, have interests in the shares or other securities of a company (other than our Company) which is listed on the Stock Exchange or any other stock exchange provided that any Restricted Business conducted or engaged in by such company (and assets relating thereto) accounts for less than 30% of that company's consolidated turnover or consolidated assets, as shown in that company's latest audited accounts.

The Deed of Non-Competition will take effect from the Listing Date and will lapse automatically if (a) members of the Chen Family Group and/or their respective close associates in aggregate cease to hold, whether directly or indirectly, 30% or more of our Company's entire issued share capital or otherwise cease to be our Controlling Shareholders; or (b) our Shares cease to be listed on the Stock Exchange.

CORPORATE GOVERNANCE MEASURES

Our Directors recognize the importance of good corporate governance in protecting our Shareholders' interests. We have adopted the following measures to safeguard good corporate governance standards and to avoid potential conflict of interest between our Group and our Controlling Shareholders:

- (a) we have established internal control mechanisms to identify connected transactions. Upon Listing, if we enter into connected transactions with our Controlling Shareholders or any of their associates, our Company will comply with the applicable Listing Rules;
- (b) our Company has appointed three independent non-executive Directors to ensure the effective exercise of independent judgments on the decision-making process of our Board and provide independent advice to our Shareholders. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Company and our Directors or their respective close associates, the interested Director(s) shall abstain from voting at the relevant Board meetings in respect of such transactions and shall not be counted in the quorum;
- (c) our independent non-executive Directors will review, on an annual basis, whether there are any conflicts of interest between our Group and our Controlling Shareholders and the compliance of our Controlling Shareholders and their respective close associates with the Deed of Non-Competition ("**Annual Review**");
- (d) our Controlling Shareholders will undertake to provide, to the extent reasonably practicable, all information necessary, including all relevant financial, operational and market information and any other necessary information as required by the independent non-executive Directors for the Annual Review;

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- (e) we will disclose decisions on matters reviewed by the independent non-executive Directors either in our annual reports or by way of announcements as required by the Listing Rules;
- (f) where our Directors reasonably request the advice of independent professionals, the appointment of such independent professionals will be made at our expenses;
- (g) we have appointed Innovax Capital Limited as our compliance advisor to provide advice and guidance to us for the period as required by the Listing Rules in respect of compliance with the Listing Rules, including various requirements relating to corporate governance; and
- (h) we will appoint Hong Kong legal advisor to provide advice and guidance to us after the Listing from time to time in respect of compliance with the Listing Rules, including various requirements relating to corporate governance.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest that may arise between us and our Controlling Shareholders, and to protect our minority Shareholders' interests after the Listing.

CONNECTED TRANSACTIONS

OVERVIEW

Our Group has entered into a number of continuing transactions with our connected persons in our ordinary and usual course of business.

Upon Listing, the following entities, which our Group has entered into certain transactions with in the ordinary and usual course of business (and such transactions will continue after Listing as described below), will become connected persons of our Company:

- **Associates of the Chen Family Group:** The Chen Family Group, comprising Mr. Chen and his family members, namely Mrs. Chen, Mr. James Chen and Ms. Christy Chen, are our Controlling Shareholders. Members of the Chen Family Group and their respective associates are therefore connected persons under Chapter 14A of the Listing Rules.
- **Associates of Mr. Sharafuddin:** Mr. Sharafuddin is one of our Controlling Shareholders. Mr. Sharafuddin and his associates are therefore connected persons under Chapter 14A of the Listing Rules.

Upon Listing, such transactions will constitute continuing connected transactions under Chapter 14A of the Listing Rules, details of which are set out below:

No.	Nature of transaction	Connected relationship	Applicable Listing Rule relating to the exemption	Waiver sought
<i>Wholly-exempt continuing connected transactions</i>				
1.	Provision of Bravo Shipping Services from our Group to Bravo International	Associate of the Chen Family Group	14A.76(1)(c)	Not applicable
2.	IT Services from Information Dynamics to our Group	Associate of Mr. Sharafuddin	14A.76(1)(c)	Not applicable
<i>Partially-exempt continuing connected transactions</i>				
1.	Vessel Chartering Services from Cross Strait Holding to our Group	Associate of the Chen Family Group	14A.76(2)(a)	Waiver from the annual review and announcement requirements
2.	TSTW Slot Charters from our Group to TEH Shipping	Associate of the Chen Family Group	14A.76(2)(a)	Waiver from the annual review and announcement requirements

CONNECTED TRANSACTIONS

No.	Nature of transaction	Connected relationship	Applicable Listing Rule relating to the exemption	Waiver sought
3.	TSHK Slot Charters from TEH Shipping to our Group	Associate of the Chen Family Group	14A.76(2)(a)	Waiver from the annual review and announcement requirements
4.	Sales and Marketing Services from our Group to TEH Shipping	Associate of the Chen Family Group	14A.76(2)(a)	Waiver from the annual review and announcement requirements
5.	Taiwan Agency Services from TSSA to our Group	Associate of the Chen Family Group	14A.76(2)(a)	Waiver from the annual review and announcement requirements
6.	Container lease from our Group to TEH Shipping	Associate of the Chen Family Group	14A.76(2)(a)	Waiver from the annual review and announcement requirements
7.	Sharafuddin Agency Services from Diamond Shipping, Sharaf Pakistan Agency, TS Pakistan, TS India, TS UAE, Sharaf Kenya Agency, Sharaf Tanzania Agency, Sharaf Oman Agency and Sharaf SA Agency to our Group	Associates of Mr. Sharafuddin; and a connected subsidiary of our Company	14A.76(2)(a)	Waiver from the annual review and announcement requirements

A. CONTINUING CONNECTED TRANSACTIONS FULLY EXEMPT FROM THE REPORTING, ANNUAL REVIEW, ANNOUNCEMENT, CIRCULAR AND INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENTS

1. Provision of Bravo Shipping Services from our Group to Bravo International

On October 22, 2024, our Company (for itself and on behalf of its subsidiaries) entered into an agency service framework agreement (the “**Bravo Shipping Service Framework Agreement**”) with Bravo International (for itself and on behalf of its subsidiaries), pursuant to which our Group agreed to provide port-to-port shipping services and other ancillary services to Bravo International in South China regions, Taiwan and Japan (the “**Bravo Shipping Services**”). The Bravo Shipping Service Framework Agreement has a term commencing from the Listing Date to December 31, 2026, which may be renewed as the parties may mutually agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations.

CONNECTED TRANSACTIONS

Pricing policies

The fees payable by Bravo International to our Group in respect of the Bravo Shipping Services will be calculated at a fee rate based on the volume of shipment and shipping route of the vessels. The fee rates for the Bravo Shipping Services are determined taking into account (i) the expected operational costs in relation to the provision of such services; and (ii) the then prevailing market price charged by independent service providers for similar services in the market.

Reasons for the transaction

Historically, we have been providing the Bravo Shipping Services to Bravo International. In view of (i) the long-standing business relationship between Bravo International and us as well as our understanding of the standards and requirements of Bravo International; and (ii) the fact that the service fees and other terms under the Bravo Shipping Service Framework Agreement are fair and reasonable, we consider it beneficial for our Group to continue to provide such services to Bravo International for the income stream thereunder.

The transactions contemplated under the Bravo Shipping Service Framework Agreement are on normal commercial terms or better and in accordance with terms that are fair and reasonable and in the interests of our Company and Shareholders as a whole.

Historical transaction amounts

For the years ended December 31, 2021, 2022 and 2023 and the four months ended April 30, 2024, the transaction amounts for the Bravo Shipping Services provided by us to Bravo International amounted to approximately US\$287,000, US\$278,000, US\$153,000 and US\$30,000, respectively.

The decrease in the historical transaction amounts in the Track Record Period was primarily due to the decrease in average freight rate.

Annual caps

Our Directors estimate that the maximum amount of service fees payable by Bravo International to us in relation to the Bravo Shipping Services for each of the three years ending December 31, 2026 will not exceed US\$200,000, US\$200,000 and US\$200,000, respectively. In arriving at the above annual caps, our Directors have considered (i) the historical transaction amounts during the Track Record Period; (ii) the estimated annual growth rate of cargo volume; and (iii) the existing and expected demand for Bravo Shipping Service, taking into account the expected increase in our Group's shipping volume in the next three years. As such, the annual caps are calculated based on the transaction amount for the eight months ended August 31, 2024 and our Company expects that the freight rate and volume of Bravo Shipping Services will remain at a similar level from 2024 to 2026. The proposed annual caps for each of the years above are lower than the average historical transaction amounts during the Track Record Period primarily due to the decrease in freight rates, as the impact from the COVID-19 pandemic continued to diminish.

CONNECTED TRANSACTIONS

Implication under the Listing Rules

Bravo International is a majority-controlled company (as defined in the Listing Rules) of Mr. Chen Chin-Hsing and Mr. Chen Wei-Hsiang, both of which are relatives of (i) Mr. Chen, Mrs. Chen and Mr. James Chen, each being one of our Controlling Shareholders and executive Directors; and (ii) Ms. Christy Chen, one of our Controlling Shareholders. Bravo International and its subsidiaries are therefore connected persons of our Company for the purpose of the Listing Rules. Accordingly, the transactions under the Bravo Shipping Service Framework Agreement will constitute continuing connected transactions for our Company upon Listing.

Since each of the applicable percentage ratios under Chapter 14A of the Listing Rules in respect of the annual caps for the Bravo Shipping Service Agreement is expected to be less than 5% and the total consideration is less than HK\$3 million on an annual basis, the transactions under the Bravo Shipping Service Agreement fall within the *de minimis* threshold under Rule 14A.76(1)(a) of the Listing Rules and will be fully exempt from the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

2. IT Services from Information Dynamics to our Group

TEH Shipping and Information Dynamics entered into an IT services licence agreement dated January 18, 2011 (the "**Original Agreement**") pursuant to which Information Dynamics agreed to licence certain shipping management IT systems (the "**IT Services**") to TEH Shipping. On October 22, 2024, our Company (for itself and on behalf of its subsidiaries) entered into a supplemental agreement to the Original Agreement (as amended, the "**IT Services License Agreement**") with Information Dynamics and TEH Shipping pursuant to which the rights and obligations of TEH Shipping under the Original Agreement are assigned and novated to our Company. The term of the IT Services Licence Agreement will expire on December 31, 2026.

Pricing policies

The fees payable by our Group to Information Dynamics in respect of the IT Services provided to our Group will be determined with reference to (i) the monthly user licence fee; (ii) the annual database maintenance fee; and (iii) weekly business requirement specification ("**BRS**") per user fee. The fee arrangement for the IT Services was determined taking into account the rates offered by Independent Third Parties for comparable services.

Reasons for the transaction

Historically, Information Dynamics has been providing the IT Services to TEH Shipping which in turn has been sharing such services with us at no cost as the service fees were not significant. Following the disposal of our stake in TEH Shipping pursuant to Reorganization, we started to license such IT Services directly from Information Dynamics. In view of (i) Information Dynamics' experience in providing such services to clients in the shipping

CONNECTED TRANSACTIONS

industry; (ii) our familiarity with Information Dynamics' shipping management IT systems; and (iii) that the service fees and other terms under the IT Services Licence Agreement are fair and reasonable, we consider it beneficial for our Group to engage Information Dynamics for the IT Services.

The transactions contemplated under the IT Services Licence Agreement are on normal commercial terms or better and in accordance with terms that are fair and reasonable and in the interests of our Company and Shareholders as a whole.

Historical transaction amounts

There was no historical transaction amount for the IT Services for the years ended December 31, 2021 and 2022, as our Group shared such IT Services licensed by TEH Shipping from Information Dynamics at no cost. Following the Reorganization, for the year ended December 31, 2023 and the four months ended April 30, 2024, the service fees we paid to Information Dynamics for the IT Services amounted to approximately US\$510,000 and US\$104,000, respectively.

Annual caps

Our Directors estimate that the maximum amount of service fees payable by us to Information Dynamics in relation to the IT Services for each of the three years ending December 31, 2026 will not exceed US\$500,000, US\$500,000 and US\$500,000, respectively. In arriving at the above annual caps, our Directors have considered (i) the existing and expected demand for IT Services, taking into account our Group's projected growth and development, digital maturity and allocation of resources in the next three years; and (ii) the expected migration to a new shipping management IT system (currently under development by our Group) in 2024. The annual caps are estimated based on the estimated user number of the IT Services of 750 and the estimated unit software maintenance and other fees of approximately US\$500,000 for each of the three years ending December 31, 2026.

Implication under the Listing Rules

Information Dynamics is indirectly wholly-owned by Mr. Sharafuddin, one of our Controlling Shareholders. Information Dynamics and its subsidiaries are associates of Mr. Sharafuddin and thus connected persons of our Company for the purpose of the Listing Rules. Accordingly, the transactions under the IT Services Licence Agreement will constitute continuing connected transactions for our Company upon Listing.

Since each of the applicable percentage ratios under Chapter 14A of the Listing Rules in respect of the annual caps for the IT Services Licence Agreement is expected to be less than 0.1% on an annual basis, the transactions under the IT Services Licence Agreement fall within the *de minimis* threshold under Rule 14A.76(1)(c) of the Listing Rules and will be fully exempt from the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

CONNECTED TRANSACTIONS

B. PARTIALLY EXEMPT CONTINUING CONNECTED TRANSACTIONS SUBJECT TO THE REPORTING, ANNUAL REVIEW AND ANNOUNCEMENT REQUIREMENTS BUT EXEMPT FROM CIRCULAR AND INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENTS

1. Vessel Chartering Services from Cross Strait Holding to our Group

On October 22, 2024, our Company (for itself and on behalf of its subsidiaries) and Cross Strait Holding entered into a master agreement (the “**Master Vessel Charter Agreement**”) for the provision of vessel chartering services (the “**Vessel Chartering Services**”) from Cross Strait Holding to our Group for a term commencing from the Listing Date to December 31, 2026, which may be renewed as the parties may mutually agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations.

Pricing policies

As a general principle, the price and terms of the individual vessel charters in respect of the Vessel Chartering Services to be provided pursuant to the Master Vessel Charter Agreement will be determined in the ordinary course of business, on normal commercial terms, negotiated on arm's length basis and at prices and on terms no less favorable to our Group than those available to Independent Third Parties. Subject to the general principle disclosed above, the charter fees payable by our Group for the Vessel Chartering Services shall be determined with reference to (i) the number, type and lease term of vessels required; and (ii) the prevailing market rate for the comparable type of vessels based on the standard charter hire index published in an industry report.

Reasons for the transaction

Historically, our Group has been chartering a vessel from TEH Shipping for operating various trade lanes such that we would be able to cater to the varying market demands in terms of shipping capacity for different trade lanes, and to operate trade lanes with vessels of appropriate capability. In May 2023, such vessel was transferred from TEH Shipping to its wholly-owned subsidiary, Cross Strait Holding, due to their internal restructuring. For the same reasons, we consider it beneficial for our Group to continue with such vessel chartering arrangement to avoid any disruption to our normal business operations.

Historical transaction amounts

For the years ended December 31, 2021, 2022 and 2023 and the four months ended April 30, 2024, the fees we paid to TEH Shipping/Cross Strait Holding for the Vessel Chartering Services amounted to approximately US\$8,733,000, US\$23,178,000, US\$15,555,000 and US\$4,840,000, respectively.

CONNECTED TRANSACTIONS

The increase in the historical transaction amounts for the year ended December 31, 2021 to the year ended December 31, 2022 was due to increased numbers of chartered-in vessels and increased charter rates. The decrease in the historical transaction amounts for the year ended December 31, 2022 to the year ended December 31, 2023 was due to an overall increased supply for container vessels resulting in decreased charter rates in 2023.

Annual caps

Our Directors estimate that the maximum amount of annual vessel charter fees payable from us to Cross Strait Holding for the three years ending December 31, 2026 will not exceed US\$16,000,000, US\$16,000,000 and US\$16,000,000, respectively. These maximum charter fee amounts above were determined with reference to (i) the historical transaction amounts; (ii) the anticipated business volume for different trade lanes; (iii) an existing vessel charter agreement entered into between our Group and Cross Strait Holding; and (iv) the corresponding requirements for vessel for the three years ending December 31, 2024, 2025 and 2026. The annual caps are estimated based on the transaction amount of approximately US\$3,640,000 for the first quarter in 2024 as we expect that the number of chartered-in vessels and the charter rates for the Vessel Chartering Services will remain at a similar level for the three years ending December 31, 2026. As compared with the historical transaction amounts during the Track Record Period, the increase in the relevant proposed annual caps is primarily due to (i) the significant increase in the prevailing market chartering rates since 2021; and (ii) the higher charter fees payable from us to TEH Shipping for the years ending December 31, 2021 and 2022 due to short-term vessel charter agreements signed between our Group and TEH Shipping (as compared to the lower charter fee payable by us pursuant to the existing long-term vessel charter agreement subsequently entered into between our Group and Cross Strait Holding).

Implication under the Listing Rules

Cross Strait Holding is a wholly-owned subsidiary of TEH Shipping. TEH Shipping is a majority-controlled company (as defined in the Listing Rules) of Mr. Chen and his family members, namely Mrs. Chen, Mr. James Chen and Ms. Christy Chen. As such, Cross Strait Holdings and TEH Shipping are associates of the aforesaid Controlling Shareholders and thus connected persons of our Company for the purpose of the Listing Rules. Accordingly, the transactions under the Master Vessel Charter Agreement will constitute continuing connected transactions of our Company upon Listing.

Since one or more of the applicable percentage ratios under Chapter 14A of the Listing Rules in respect of the annual caps under the Master Vessel Charter Agreement is expected to be more than 0.1% but less than 5% on an annual basis, the transactions under the Master Vessel Charter Agreement constitute continuing connected transactions for our Company which will be subject to the reporting, annual review and announcement requirements but exempt from circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

CONNECTED TRANSACTIONS

2. TSTW Slot Charters from our Group to TEH Shipping

On October 22, 2024, our Company (for itself and on behalf of its subsidiaries) and TEH Shipping entered into a master agreement (the “**Master TSTW Slot Charter Agreement**”) for the chartering of slots for trade lane(s) between Taiwan and Hong Kong (the “**TSTW Slot Charters**”) from our Company (or its subsidiaries) to TEH Shipping for a term commencing from the Listing Date to December 31, 2026, which may be renewed as the parties may mutually agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations.

Pricing policies

The charter fees under the individual slot charters entered into under the Master TSTW Slot Charter Agreement are calculated with reference to the standard charter hire index published in an industry report.

Reasons for the transaction

Historically, in line with normal market practice, TEH Shipping has been chartering slots from our Group for a trade lane between Taiwan and Hong Kong. TEH Shipping has been chartering such slots from us for onward exchange of such slots with an Independent Third Party for the slots of a Cross-strait Trade Lane of such third party between Taiwan (via Hong Kong) and an extra port in mainland China, namely Shekou. See “Relationship with our Controlling Shareholders — Independence from Controlling Shareholders” for further details of such slot exchange arrangements between TEH Shipping and the third party. As of the Latest Practicable Date, TEH Shipping was not chartering slots from our Group for any trade lane other than that between Taiwan and Hong Kong for the above purpose. We have been generating revenue from chartering our excess slots to TEH Shipping under this arrangement. For the same reasons, we consider it beneficial for our Group to continue with such slot chartering arrangements as part of our normal business operations.

Historical transaction amounts

For the years ended December 31, 2021, 2022 and 2023 and the four months ended April 30, 2024, the fees we received from TEH Shipping for TSTW Slot Charters amounted to approximately US\$25,649,000, US\$14,475,000, US\$4,120,000 and US\$859,000, respectively. The fluctuations of these amounts presented above were mainly due to the decreased slot charter rates in 2022 and 2023 and the overall decrease in shipping volume in 2023.

CONNECTED TRANSACTIONS

Annual caps

Our Directors estimate that the maximum amount of annual fees receivable from TEH Shipping for TSTW Slot Charters under the Master TSTW Slot Charter Agreement for the three years ending December 31, 2026 will not exceed US\$4,000,000, US\$4,000,000 and US\$4,000,000, respectively. The estimated maximum charter fee amounts above were determined with reference to (i) the historical transaction amounts; (ii) the anticipated business volume for different trade lanes; and (iii) the corresponding requirements for slots for the three years ending December 31, 2024, 2025 and 2026. The annual caps are estimated based on the most recent historical transaction amount of US\$4,120,000 for the year ended December 31, 2023, and the existing weekly slot charters of 400 TEU by TEH Shipping since May 2023. The decrease in the proposed annual caps for the three years ending December 31, 2026 from the historical transaction amount for the year ended December 31, 2021 is primarily due to (i) the downward pressure on chartering fee rates as a result of the overall global slowdown in the demand for container shipping services since mid-2022, leading to the a decrease in slot fee rates; and (ii) the reduced requirements for slots attributable to the economic outlook for three years ending December 31, 2026.

Implication under the Listing Rules

TEH Shipping is a majority-controlled company (as defined in the Listing Rules) of Mr. Chen and his family members, namely Mrs. Chen, Mr. James Chen and Ms. Christy Chen. As such, TEH Shipping is an associate of the aforesaid Controlling Shareholders and thus connected persons of our Company for the purpose of the Listing Rules. Accordingly, the transactions under the Master TSTW Slot Charter Agreement will constitute continuing connected transactions of our Company upon Listing.

Since one or more of the applicable percentage ratios under Chapter 14A of the Listing Rules in respect of the annual caps under the Master TSTW Slot Charter Agreement is expected to be more than 0.1% but less than 5% on an annual basis, the transactions under the Master TSTW Slot Charter Agreement constitute continuing connected transactions for our Company which will be subject to the reporting, annual review and announcement requirements but exempt from circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

3. TSHK Slot Charters from TEH Shipping to our Group

On October 22, 2024, our Company (for itself and on behalf of its subsidiaries) and TEH Shipping entered into a master agreement (the “**Master TSHK Slot Charter Agreement**”) for the chartering of slots from TEH Shipping to our Company (or its subsidiaries) (the “**TSHK Slot Charters**”) for a term commencing from the Listing Date to December 31, 2026, which may be renewed as the parties may mutually agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations.

CONNECTED TRANSACTIONS

Pricing policies

The charter fees under the individual slot charters entered into under the Master TSHK Slot Charter Agreement are calculated with reference to the standard charter hire index published in an industry report.

Reasons for the transaction

Historically, in line with normal market practice, our Group has been chartering slots from TEH Shipping to meet demands for shipments between Taiwan and destinations to which our Group do not operate any direct trade lanes from Taiwan (such as ports in India). For such purpose, our Group has been chartering slots from TEH Shipping for connecting trade lanes between Taiwan and certain ports in mainland China (such as Shekou) where shipments are able to be delivered onward to the relevant final destinations. For the same reason, we consider it beneficial for our Group to continue with such slot chartering arrangements as part of our normal business operations. For the avoidance of doubt, our Group will not charter slots for operation of the Cross-strait Trade Lane (between designated ports in mainland China and Taiwan). See “Relationship with our Controlling Shareholders — Independence from Controlling Shareholders” for details on how our Group’s business is delineated from that of TEH Shipping.

Historical transaction amounts

For the years ended December 31, 2021, 2022 and 2023 and the four months ended April 30, 2024, the slot chartering fees we paid to TEH Shipping amounted to approximately US\$12,074,000, US\$2,848,000, US\$1,446,000 and US\$684,000, respectively. We commenced slot chartering arrangements for long-haul shipments in 2021 and started incurring slot chartering fees as described in the paragraph headed “Reasons for the transaction” above. The decrease in the historical transaction amount from the year ended December 31, 2021 to the year ended December 31, 2022 was mainly due to TEH Shipping ceasing to operate its Asia-Indian Subcontinent trade lanes in 2022. The decrease in the historical transaction amount from the year ended December 31, 2022 to the year ended December 31, 2023 was mainly due to the decrease in demand for slots in 2023 and the decrease in charter fees since August 2023.

Annual caps

Our Directors estimate that the maximum amount of annual slot charter fees payable to TEH Shipping under the Master TSHK Slot Charter Agreement for the three years ending December 31, 2026 will not exceed US\$3,000,000, US\$3,000,000 and US\$3,000,000, respectively. The estimated maximum charter fee amounts above were determined with reference to (i) the historical transaction amounts; (ii) the anticipated business volume for different trade lanes; and (iii) the corresponding requirements for slots for the three years ending December 31, 2024, 2025 and 2026. The annual caps are estimated based on the transaction amount of approximately US\$573,000 for the first quarter in 2024 as we expect to

CONNECTED TRANSACTIONS

charter a relatively stable number of slots from TEH Shipping at a similar level for the three years ending December 31, 2026. The higher historical transaction amount for slots we chartered from TEH Shipping in 2021 as compared with the proposed annual caps for the three years ending December 31, 2026 is primarily attributable to the higher charter fees for slots on certain long-haul trade lanes which we chartered from TEH Shipping in 2021 (but TEH Shipping ceased to operate such long-haul trade lanes in 2022 and thus we no longer charter slots for such trade lanes since 2022).

Implication under the Listing Rules

TEH Shipping is a majority-controlled company (as defined in the Listing Rules) of Mr. Chen and his family members, namely Mrs. Chen, Mr. James Chen and Ms. Christy Chen. As such, TEH Shipping is an associate of the aforesaid Controlling Shareholders and thus connected persons of our Company for the purpose of the Listing Rules. Accordingly, the transactions under the Master TSHK Slot Charter Agreement will constitute continuing connected transactions of our Company upon Listing.

Since one or more of the applicable percentage ratios under Chapter 14A of the Listing Rules in respect of the annual caps under the Master TSHK Slot Charter Agreement is expected to be more than 0.1% but less than 5% on an annual basis, the transactions under the Master TSHK Slot Charter Agreement constitute continuing connected transactions for our Company which will be subject to the reporting, annual review and announcement requirements but exempt from circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

4. Sales and Marketing Services from our Group to TEH Shipping

On October 22, 2024, our Company (for itself and on behalf of its subsidiaries) entered into a sales and marketing services agreement (the "**Sales and Marketing Services Agreement**") with TEH Shipping, pursuant to which we agreed to provide sales and marketing services to TEH Shipping for its container shipping business (the "**Sales and Marketing Services**"). The Sales and Marketing Services Agreement has a term commencing from the Listing Date to December 31, 2026, which may be renewed as the parties may mutually agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations.

Pricing policies

The service fees for the Sales and Marketing Services are calculated based on a fixed rate on the total freight charges TEH Shipping received for shipments procured by or resulted from our Sales and Marketing Services. Such fee rates are determined taking into account the then prevailing market rates charged by other independent service providers for similar services in the market. Our Group will obtain fee quotes from service provider(s) who are Independent Third Parties for similar services in the market for the relevant territory, where available and practicable, and assess whether the fee rates payable by TEH Shipping are no less favorable to our Group than those charged by Independent Third Parties on our Group.

CONNECTED TRANSACTIONS

Reasons for the transaction

Historically, TEH Shipping has been engaging us for our sales and marketing services in light of our established network among freight forwarding companies. Considering that the service fees and other terms under Sales and Marketing Services Agreement are fair and reasonable, we consider it beneficial for our Group to continue to provide TEH Shipping with such services to generate an additional income stream.

The transactions contemplated under the Sales and Marketing Services Agreement are on normal commercial terms or better and in accordance with terms that are fair and reasonable and in the interests of our Company and Shareholders as a whole.

Historical transaction amounts

For the years ended December 31, 2021, 2022, and 2023 and the four months ended April 30, 2024, the service fees for the Sales and Marketing Services received by us from TEH Shipping amounted to approximately US\$2,112,000, US\$934,000, US\$574,000 and US\$197,000, respectively. The decrease in the historical transaction amounts above were mainly due to the decrease in TEH Shipping's demand for sales and marketing services as TEH Shipping ceased to operate its Asia — Indian Subcontinent trade lanes since the first quarter of 2022.

Annual caps

Our Directors estimate that the maximum amount of service fees receivable by us from TEH Shipping for the Sales and Marketing Services for the three years ending December 31, 2026 will not exceed US\$830,000, US\$830,000 and US\$830,000, respectively. In arriving at the above annual caps, our Directors have considered (i) the historical transaction amounts during the Track Record Period; and (ii) the anticipated business volume for different trade lanes. The annual caps are estimated based on the historical transaction amount for the eight months ended August 31, 2024 and our Company expects that the fee rates and TEH Shipping's demand of the Sales and Marketing Services will remain at a similar level from 2024 to 2026.

Implication under the Listing Rules

TEH Shipping is a majority-controlled company (as defined in the Listing Rules) of Mr. Chen and his family members, namely Mrs. Chen, Mr. James Chen and Ms. Christy Chen. As such, TEH Shipping is an associate of the aforesaid Controlling Shareholders and thus connected persons of our Company for the purpose of the Listing Rules. Accordingly, the transactions under the Sales and Marketing Services Agreement will constitute continuing connected transactions of our Company upon Listing.

CONNECTED TRANSACTIONS

Since one or more of the applicable percentage ratios (other than the profits ratio) under the Listing Rules in respect of the annual caps under the Sales and Marketing Services Agreement is expected to be more than 0.1% but less than 5% on an annual basis, the transactions under the Sales and Marketing Services Agreement constitute continuing connected transactions for our Company which will be subject to the reporting, annual review and announcement requirements but exempt from circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

5. Taiwan Agency Services from TSSA to our Group

On October 22, 2024, our Company (for itself and on behalf of its subsidiaries) entered into an agency service framework agreement (the “**Taiwan Agency Service Framework Agreement**”) with TSSA (for itself and on behalf of its subsidiaries), pursuant to which TSSA agreed to provide shipping agency services and other ancillary services to our Group within Taiwan, including but not limited to port agency, liner agency, inland agency, marketing and sales and container traffic management (the “**Taiwan Agency Services**”). The TSSA Agency Service Framework Agreement has a term commencing from the Listing Date to December 31, 2026, which may be renewed as the parties may mutually agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations.

Pricing policies

The service fees for the Taiwan Agency Services are calculated based on a fixed rate on the total net freight charges (subject to a minimum commission) we received from shipments handled by TSSA, a fixed fee on handling exports and transshipments (excluding all the associated surcharges, disbursements and other miscellaneous fees) as well as a fixed commission rate on the amount of container demurrage/detention collected by TSSA on behalf of our Group. Such fee rates are determined taking into account the then prevailing market rates charged by other independent service providers for similar services in the market. Prior to entering into an individual shipping agency contract with TSSA for the Taiwan Agency Services, our Group will obtain fee quotes from service provider(s) who are Independent Third Parties for similar services in the market for the relevant territory, where available and practicable, and assess whether the fee rates charged by TSSA are no less favorable to our Group than those charged by Independent Third Parties on our Group.

Reasons for the transaction

Historically, we have been engaging TSSA for its shipping agency services since 2001. In view of (i) the business network of TSSA in the shipping industry in Taiwan; (ii) the long-standing business relationship between TSSA and us as well as TSSA's understanding of our requirements and needs; and (iii) the fact that the service fees and other terms under the Taiwan Agency Service Framework Agreement are fair and reasonable, we consider it beneficial for our Group to continue to engage TSSA for such services to avoid any disruption to our normal business operations.

CONNECTED TRANSACTIONS

The transactions contemplated under the Taiwan Agency Service Framework Agreement are on normal commercial terms or better and in accordance with terms that are fair and reasonable and in the interests of our Company and Shareholders as a whole.

Historical transaction amounts

For the years ended December 31, 2021, 2022 and 2023 and the four months ended April 30, 2024, the service fees for the Taiwan Agency Services paid by us to TSSA amounted to approximately US\$4,802,000, US\$4,977,000, US\$2,480,000 and US\$826,000, respectively.

The increase in the historical transaction amounts from the year ended December 31, 2021 to the year ended December 31, 2022 was primarily due to (i) increase in freight rates and expenses as a result of the COVID-19 pandemic; (ii) the general increase in the market demand for our container shipping services in Taiwan; and (iii) our trade lanes expansion to service more ports during the year. The decrease in the historical transaction amounts from the year ended December 31, 2022 to the year ended December 31, 2023 was mainly due to the decrease in freight rates in 2023, as the impact from the COVID-19 pandemic continued to diminish.

Annual caps

Our Directors estimate that the maximum amount of service fees payable by us to TSSA in relation to the Taiwan Agency Services for the three years ending December 31, 2026 will not exceed US\$4,000,000, US\$4,000,000 and US\$4,000,000, respectively. In arriving at the above annual caps, our Directors have considered (i) the historical transaction amounts during the Track Record Period; (ii) the existing and expected demand for TSSA Shipping Agency Services by us in light of the anticipated increased frequency of calls within Taiwan and growth in cargo transport volume; and (iii) our Group's strategy in further developing our long-haul trade lanes. The annual caps are estimated based on the actual transaction amount for the eight months ended August 31, 2024 and our Company expects that the demand for the Taiwan Agency Services for 2024 to 2026 will remain stable.

Implication under the Listing Rules

TSSA is wholly-owned by Mr. Chen and his family members, namely Mrs. Chen, Mr. James Chen and Ms. Christy Chen, each being one of our Controlling Shareholders. As such, TSSA and its subsidiaries are associates of the aforesaid Controlling Shareholders and thus connected persons of our Company for the purpose of the Listing Rules. Accordingly, the transactions under the Taiwan Agency Service Framework Agreement will constitute continuing connected transaction of our Company upon Listing.

CONNECTED TRANSACTIONS

Since one or more of the applicable percentage ratios under Chapter 14A of the Listing Rules in respect of the annual caps under the Taiwan Agency Service Agreement is expected to be more than 0.1% but less than 5% on an annual basis, the transactions under the Taiwan Agency Service Agreement constitute continuing connected transactions for our Company which will be subject to the reporting, annual review and announcement requirements but exempt from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

6. Container lease from our Group to TEH Shipping

On October 22, 2024, our Company (for itself and on behalf of its subsidiaries) and TEH Shipping entered into a master agreement (the "**Master Container Lease Agreement**") for the lease of containers from our Group to TEH Shipping (including sharing of a shipping management software system with TEH Shipping) for a term commencing from the Listing Date to December 31, 2026, which may be renewed as the parties may mutually agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations.

Pricing policies

The rental under the individual container leases entered into under the Master Container Lease Agreement are calculated on a cost-plus basis taking into account (i) the maintenance costs incurred by our Group for the containers (including container insurance); (ii) the license fee of the shipping management software system incurred by us (which is calculated with reference to shipment volume); and (iii) a management fee charged by us at 5% of the costs and fees above.

Reasons for the transaction

Historically, our Group has been leasing containers to TEH Shipping for operating its trade lanes such that our Group has been able to generate income from excess containers when they are not used for shipments. For the same reason, we consider it beneficial for our Group to continue with such container leases in the future.

Historical transaction amounts

For the years ended December 31, 2021, 2022 and 2023 and the four months ended April 30, 2024, the container rentals received by us from TEH Shipping amounted to approximately US\$14,817,000, US\$5,426,000, US\$2,625,000 and US\$898,000, respectively.

The decrease in container lease rentals above during the three years ended December 31, 2023 was primarily due to (i) the decrease in the overall business volume and thus the demand for containers of TEH Shipping; and (ii) our decrease in the unit price charged for container lease rentals starting from the second half of 2022.

CONNECTED TRANSACTIONS

Annual caps

Our Directors estimate that the maximum amount of rentals receivable by us from TEH Shipping in relation to the container leases for the three years ending December 31, 2026 will not exceed US\$4,000,000, US\$4,000,000 and US\$4,000,000, respectively. In arriving at the above annual caps, our Directors have considered (i) the historical transaction amounts during the Track Record Period; and (ii) the removal of repositioning costs incurred by our Group for the containers in calculating the container rentals during 2022, leading to an expected reduction in the rental amount after 2022. The annual caps are estimated mainly based on the estimated annual volume of containers to be leased of approximately 96,000 TEU and an estimated unit cost of US\$35.33, US\$37.10 and US\$38.95 in 2024, 2025 and 2026, respectively.

Implication under the Listing Rules

TEH Shipping is a majority-controlled company (as defined in the Listing Rules) of Mr. Chen and his family members, namely Mrs. Chen, Mr. James Chen and Ms. Christy Chen. As such, TEH Shipping is an associate of the aforesaid Controlling Shareholders and thus connected persons of our Company for the purpose of the Listing Rules. Accordingly, the transactions under the Master Container Lease Agreement will constitute continuing connected transactions of our Company upon Listing.

Since one or more of the applicable percentage ratios under Chapter 14A of the Listing Rules in respect of the annual caps under the Master Container Lease Agreement is expected to be more than 0.1% but less than 5% on an annual basis, the transactions under the Master Container Lease Agreement constitute continuing connected transactions for our Company which will be subject to the reporting, annual review and announcement requirements but exempt from circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

7. Sharafuddin Agency Services from Diamond Shipping, Sharaf Pakistan Agency, TS Pakistan, TS India, TS UAE, Sharaf Kenya Agency, Sharaf Tanzania Agency, Sharaf Oman Agency and Sharaf SA Agency to our Group

On October 22, 2024, our Company (for itself and on behalf of its subsidiaries) entered into a master agency service framework agreement (the “**Master Sharafuddin Agency Service Framework Agreement**”) with Diamond Shipping, Sharaf Pakistan Agency (also for TS Pakistan), TS India, TS UAE, Sharaf Kenya Agency, Sharaf Tanzania Agency, Sharaf Oman Agency and Sharaf SA Agency (collectively, the “**Sharafuddin Agencies**”) (each for themselves and on behalf of their subsidiaries), pursuant to which the Sharafuddin Agencies agreed to provide shipping agency services and other ancillary services to our Group in Sri Lanka, Pakistan, India, the UAE, Kenya, Tanzania, Oman and Saudi Arabia (collectively, the “**Service Countries**”), including but not limited to liner agency, port and inland agency, marketing and sales, vessels management, container traffic management and administrative services (the “**Sharafuddin Agency Services**”). The Master Sharafuddin Agency Service Framework Agreement has a term commencing from the Listing Date to December 31, 2026, which may be renewed as the parties may mutually agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations.

CONNECTED TRANSACTIONS

Pricing policies

The service fees for the Sharafuddin Agency Services in Sri Lanka are calculated based on a fixed percentage on the total freight charges we received from shipments handled by Diamond Shipping, a fixed fee on handling exports and transshipments (excluding all the associated surcharges, disbursements and other miscellaneous fees).

The service fees for the Sharafuddin Agency Services in Pakistan, Kenya and Tanzania are calculated based on a fixed rate on the total net freight earnings from our shipments (subject to a minimum commission) and a fixed fee on handling exports and transshipments (excluding all surcharges and other handling and miscellaneous fees).

The service fees for the Sharafuddin Agency Services in India are calculated based on a fixed rate on the total net freight charges we received from shipments handled by TS India, a fixed fee on handling exports and transshipments (excluding all the associated surcharges, disbursements and other miscellaneous fees) as well as a fixed commission rates on the amount of container demurrage/detention, off dock collection and equipment management charge collected by TS India on behalf of our Group.

The service fees for the Sharafuddin Agency Services in the UAE, Oman and Saudi Arabia are calculated based on a maximum price for imports, fixed percentage on the total freight charges we received from shipments handled by TS UAE, Sharaf Oman Agency and Sharaf SA Agency, respectively, fixed fee on handling exports and transshipments (excluding all the associated surcharges, disbursements and other miscellaneous fees) as well as a fixed commission rate on the amount of container demurrage/detention collected by TS UAE, Sharaf Oman Agency and Sharaf SA Agency, respectively, on behalf of our Group.

Such fee rates for the Sharafuddin Agency Services are determined taking into account the then prevailing market price charged by independent service providers for similar services in the market. The commission rates charged by the Sharafuddin Agencies for the Sharafuddin Agency Services was in line with market levels and remained similar throughout the Track Record Period, and such fee rates are not expected to increase during the term of the Master Sharafuddin Agreement.

Prior to entering into an individual shipping agency contract with the Sharafuddin Agencies for the Sharafuddin Agency Services, our Group will obtain fee quotes from service provider(s) who are Independent Third Parties for similar services in the market for the relevant territory, where available and practicable, and assess whether the fee rates charged by the Sharafuddin Agencies are no less favorable to our Group than those charged by Independent Third Parties on our Group.

CONNECTED TRANSACTIONS

Reasons for the transaction

Historically, we have been engaging the Sharafuddin Agencies for their Sharafuddin Agency Services. In view of (i) the increasing demand for our container shipping services in the Service Countries; (ii) the business network of the Sharafuddin Agencies in the shipping industry in the Service Countries; (iii) the long-standing business relationship among the Sharafuddin Agencies and our Group; (iv) the Sharafuddin Agencies' understanding of our operations, sales activities, requirements and needs; (v) the standards of the Sharafuddin Agency Services provided by the Sharafuddin Agencies to our Group; and (vi) the fair and reasonable service fees and other terms under the Master Sharafuddin Agency Service Framework Agreement, we consider it beneficial for our Group to continue to engage the Sharafuddin Agencies for such services to avoid any disruption to our normal business operations.

The transactions contemplated under the Master Sharafuddin Agency Service Framework Agreement are on normal commercial terms or better and in accordance with terms that are fair and reasonable and in the interests of our Company and Shareholders as a whole.

Historical transaction amounts

For the years ended December 31, 2021, 2022 and 2023 and the four months ended April 30, 2024, the approximate service fees for the Sharafuddin Agency Services provided by us to the Sharafuddin Agencies amounted to the following:

Service Countries	For the years ended December 31,			For the four months ended
	2021 (US\$)	2022 (US\$)	2023 (US\$)	April 30, 2024 (US\$)
Sri Lanka	Nil	17,000	Nil	Nil
Pakistan	2,988,000	2,693,000	1,091,000	298,000
India	4,325,000	3,888,000	1,044,000	272,000
UAE	Nil	109,000	176,000	182,000
Kenya	Nil	5,000	77,000	34,000
Tanzania	Nil	2,000	239,000	130,000
Oman	Nil	Nil	Nil	Nil
Saudi Arabia	Nil	Nil	Nil	Nil
Total	<u>7,313,000</u>	<u>6,714,000</u>	<u>2,627,000</u>	<u>916,000</u>

CONNECTED TRANSACTIONS

Due to the shift in our Company's business focus away from the Sri Lankan shipping market for the years ended December 31, 2021 and 2023, respectively, there was no historical transaction amounts during such periods. In 2022, in light of market demands, our Group recommenced its business in Sri Lanka and thus we incurred service fees for the Sharafuddin Agency Services in Sri Lanka in 2022.

The decrease in the historical transaction amounts for the Sharafuddin Agency Services in Pakistan and India from the years ended December 31, 2022 to the year ended December 31, 2023 was primarily due to the decrease of freight rates on the relevant trade lanes in Pakistan and India in 2023, as the impact from the COVID-19 pandemic continued to diminish.

We started to operate trade lanes in Kenya and Tanzania in December 2022 and accordingly, we started to incur fees for Sharafuddin Agency Services in Kenya and Tanzania in 2022. The increase of the service fees in Kenya and Tanzania for the year ended December 31, 2023 and the four months ended April 30, 2024 was mainly due to our Group's market expansion in the East Africa trade lanes.

In 2022, our Group expanded our trade lanes to UAE and TS UAE started to provide the Sharafuddin Agency Services in UAE to our Group in the same year. The increase in service fees in UAE for the year ended December 31, 2023 was primarily due to our expansion of trade lanes to Middle East in 2023. There were no historical transaction amounts in Oman and Saudi Arabia for the Track Record Period and in April 2024, our Group expanded our trade lanes in the Middle East and accordingly, we started to incur service fees for Sharafuddin Agency Services in Oman and Saudi Arabia in 2024.

The overall decrease in the historical transaction amounts for the year ended December 31, 2023 compared to the previous years was primarily due to the declining global freight rates and geopolitical tensions and instability in certain regions that the Sharafuddin Agency Services cover. In 2024, our Group's average freight rate and average commission per TEU increased as a whole and especially in regions served by trade lanes subject to the Sharafuddin Agency Services, with a significant increase in average freight rate starting from the second half of 2024.

Annual caps

Our Directors estimate that the maximum amount of service fees payable by us to the Sharafuddin Agencies in relation to the Sharafuddin Agency Services for the three years ending December 31, 2026 will not exceed US\$8,100,000, US\$7,600,000 and US\$8,500,000, respectively.

In arriving at the above annual caps, our Directors have considered (i) the historical transaction amounts during the Track Record Period (and in particular, the average freight rate and average commission per TEU for each trade lane subject to the Sharafuddin Agency Services); (ii) our existing and expected demand for the Sharafuddin Agency Services by us in light of the anticipated increased frequency of calls in the Service Countries and growth in

CONNECTED TRANSACTIONS

cargo transport volume; (iii) our vessel upgrades to one 4,200 TEU vessel and two 7,000 TEU vessels for three out of the seven trade lanes servicing India; (iv) our expansion of one new trade lane servicing India in August 2023; and (v) our rapid expansion in the Middle East which involves the commencement of operations for two new trade lanes since November 2023 and two upcoming new trade lanes by the end of 2024. The annual caps are estimated based on the historical average commission per TEU for the eight months ended August 31, 2024 and the total vessel capacity for all the trade lanes subject to the Sharafuddin Agency Services for the three years ending December 31, 2026.

As compared with the historical transaction amounts during the Track Record Period, the increase in the relevant proposed annual caps is primarily due to (i) the general increase in the global freight rate from mid-2020 to 2022; (ii) the estimated higher service fees payable to us due to our expansion in operations of long-haul trade lanes in the Asia Pacific Region such as the Asia – Indian Subcontinent trade lanes; (iii) our Company's planned expansion of businesses in the Service Countries, notably in East Africa, India and the Middle East as these are our Group's focused markets in the few years ahead; and (iv) the overall increase in the total vessel capacity for our trade lanes covered by the Sharafuddin Agency Services (which took into account the overall increase in trade lanes being operated, upsize of vessels or launch of new trade lanes), thereby increasing the total vessel capacity for each trade lane covered by the Sharafuddin Agency Services and the corresponding average commission per TEU and leading to a higher proposed annual cap in comparison.

Implication under the Listing Rules

Each of Diamond Shipping and Sharaf Tanzania Agency is a 30%-controlled company (as defined in the Listing Rules) of Mr. Sharafuddin, one of our Controlling Shareholders. Each of Sharaf Kenya Agency and Sharaf SA Agency is a majority-controlled company (as defined in the Listing Rules) of Mr. Sharafuddin, one of our Controlling Shareholders. Sharaf Pakistan Agency is indirectly wholly-owned by Mr. Sharafuddin, one of our Controlling Shareholders. TS Pakistan, on the basis of being our direct non-wholly owned subsidiary owned as to 51% by our Company and indirectly owned as to 49% by Mr. Sharafuddin, one of our Controlling Shareholders, will be a connected subsidiary and thus a connected person of our Company. TS India is indirectly owned as to 60% by Mr. Sharafuddin, one of our Controlling Shareholders. TS UAE is a joint venture of our Company and Sharaf Investment, LLC (a company ultimately controlled by Mr. Sharafuddin) and is directly owned as to 51% by the Company and indirectly owned as to 49% by Mr. Sharafuddin, one of our Controlling Shareholders. Sharaf Oman Agency is indirectly owned as to 70% by Mr. Sharafuddin, one of our Controlling Shareholders. Diamond Shipping, Sharaf Pakistan Agency, TS India, TS UAE, Sharaf Kenya Agency, Sharaf Tanzania Agency, Sharaf Oman Agency and Sharaf SA Agency and their respective subsidiaries are associates of Mr. Sharafuddin and thus connected persons of our Company for the purpose of the Listing Rules.

Accordingly, the transactions under the Master Sharafuddin Agency Service Framework Agreement will constitute continuing connected transactions for our Company upon Listing.

CONNECTED TRANSACTIONS

Since one or more of the applicable percentage ratios under Chapter 14A of the Listing Rules in respect of the annual caps under the Master Sharafuddin Agency Service Framework Agreement is expected to be more than 0.1% but less than 5% on an annual basis, the transactions under the Master Sharafuddin Agency Service Framework Agreement constitute continuing connected transactions for our Company which will be subject to the reporting, annual review and announcement requirements but exempt from circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

APPLICATION FOR WAIVER

The transactions described under “— B. Partially exempt continuing connected transactions subject to the reporting, annual review and announcement requirements but exempt from circular and independent shareholders' approval requirements” above constitute our continuing connected transactions under the Listing Rules which are subject to the reporting, annual review and announcement requirements but exempt from the circular and independent shareholders' approval requirements of the Listing Rules.

In respect of these continuing connected transactions, pursuant to Rule 14A.105 of the Listing Rules, we have applied for, and the Stock Exchange has granted, waivers exempting us from strict compliance with the announcement requirement under Chapter 14A of the Listing Rules, subject to the condition that the aggregate amounts of the continuing connected transactions for each financial year shall not exceed the relevant amounts set forth in the respective annual caps (as stated above).

DIRECTORS' VIEW

Our Directors (including our independent non-executive Directors) consider that all the continuing connected transactions described under “— B. Partially exempt continuing connected transactions subject to the reporting, annual review and announcement requirements but exempt from circular and independent shareholders' approval requirements” above have been and will be entered into: (i) in the ordinary and usual course of our business; (ii) on normal commercial terms or better and in accordance with the respective terms that are fair and reasonable and in the interests of our Company and our Shareholders as a whole; and (iii) the proposed annual caps in relation thereto are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

JOINT SPONSORS' VIEW

Based on (i) the relevant documents and information provided by our Group, (ii) participation in the due diligence and discussions with our management; and (iii) the relevant representations and confirmations from our Company and our Directors, the Joint Sponsors are of the view (i) that the continuing connected transactions described in “— B. Partially exempt continuing connected transactions subject to the reporting, annual review and announcement requirements but exempt from circular and independent shareholders' approval requirements” above, and for which waivers have been sought, have been and will be entered into: (i) in the ordinary and usual course of our business; (ii) on normal commercial terms or better and in accordance with the respective terms that are fair and reasonable and in the interests of our Company and our Shareholders as a whole; and (iii) the proposed annual caps in relation thereto are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

DIRECTORS AND SENIOR MANAGEMENT

BOARD OF DIRECTORS

Our Board of Directors comprises of eight Directors, including five executive Directors and three independent non-executive Directors. The powers and duties of our Board include convening general meetings and reporting our Board's work at our Shareholders' meetings, determining our business and investment plans, preparing our annual financial budgets and financial reports, formulating proposals for profit distributions and exercising other powers, functions and duties as conferred by the Articles. We have entered into service agreements with each of our executive Directors. We have also entered into letters of appointment with each of our independent non-executive Directors.

The table below sets out certain information in respect of our Directors:

Name	Age	Existing position(s) in our Company	Date of joining our Group	Date of appointment as Director	Roles and responsibilities	Relationship with other Directors or senior management
<i>Executive Directors</i>						
Mr. Chen Teh-Sheng (陳德勝)	72	Executive Director, chief executive officer and chairman of our Board	March 2, 2001	March 2, 2001	Formulating the overall business direction, strategic development and management of our Group; and overseeing our Board	Spouse of Mrs. Chen and father of Mr. James Chen
Mrs. Chen Chuang Chuang-Li (莊壯麗)	69	Executive Director	March 2, 2001	November 3, 2006	Overseeing the strategic development and financial affairs of our Group	Spouse of Mr. Chen and mother of Mr. James Chen
Mr. To Hung-Lin (涂鴻麟)	52	Executive Director and president	May 13, 2015	May 13, 2015	Overseeing the operations and day-to-day management of our Group	None

DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Existing position(s) in our Company	Date of joining our Group	Date of appointment as Director	Roles and responsibilities	Relationship with other Directors or senior management
Mr. Chow Hong Man (周航敏)	55	Executive Director and general manager	April 16, 2001	October 6, 2008	Overseeing the operations and day-to-day management of our Company in Hong Kong	None
Mr. Chen Shao-Hsiang (陳劭翔)	41	Executive Director and vice president	September 27, 2022	September 27, 2022	Overseeing our Group's planning, marketing and marine departments and formulating our Group's medium to long term strategies and investments	Son of Mr. Chen and Mrs. Chen
<i>Independent non-executive Directors</i>						
Mr. Wu Youn-Ger (吳榮貴)	73	Independent non- executive Director	October 15, 2024	October 15, 2024	Supervising and providing independent advice to our Board	None
Mr. Chang Shan-Hui (張山輝)	71	Independent non- executive Director	October 15, 2024	October 15, 2024	Supervising and providing independent advice to our Board	None
Mr. Yang Li-Yen (楊豐彥)	71	Independent non- executive Director	October 15, 2024	October 15, 2024	Supervising and providing independent advice to our Board	None

DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Chen Teh-Sheng (陳德勝), aged 72, founded our Group in March 2001. Mr. Chen was appointed as our Director on March 2, 2001 and was re-designated as our executive Director, chief executive officer and chairman of our Board on April 25, 2023. He is responsible for formulating the overall business directions, strategic development and management of our Group and overseeing our Board. He currently holds directorships in various subsidiaries of our Group. Mr. Chen is the husband of Mrs. Chen, a Controlling Shareholder and an executive Director, and the father of Mr. James Chen, a Controlling Shareholder and an executive Director, and Ms. Christy Chen, a Controlling Shareholder.

Mr. Chen has over 42 years of experience in the shipping industry. Prior to founding our Group, from November 1981 to January 2000, he served in various positions at Wan Hai Lines, Ltd. (萬海航運) (“**Wan Hai Lines**”), a company principally engaged in container shipping in Taiwan, where he served for more than 10 years as its president and his last position as a senior advisor. He was primarily responsible for overseeing the overall management of Wan Hai Lines. Since April 2021, he has been serving as a director of CR Classification Society (財團法人中國驗船中心), a non-governmental and non-profit organization that primarily performs classification survey, statutory survey, technical consultation, independent survey and ISO 9001 certification for ships in Taiwan.

Mr. Chen obtained a bachelor’s degree in business administration from National Cheng Chi University in Taiwan in June 1975.

Mrs. Chen Chuang Chuang-Li (莊壯麗), aged 69, joined our Group in March 2001. Mrs. Chen was appointed as our Director on November 3, 2006 and was redesignated as our executive Director on April 25, 2023. She is responsible for overseeing the strategic development and financial affairs of our Group. Mrs. Chen is the wife of Mr. Chen, our founder, chief executive officer and chairman of our Board, a Controlling Shareholder and an executive Director, and the mother of Mr. James Chen, a Controlling Shareholder and an executive Director, and Ms. Christy Chen, a Controlling Shareholder.

Mrs. Chen has over 23 years of experience in the shipping industry. Prior to joining our Group, from August 1972 to January 1975, Mrs. Chen worked at Yu Chang Paper Products Co., Ltd. (裕昌紙器股份有限公司), a pulp and paper company in Taiwan. From April 1975 to August 1984, she worked at You Li Paper and Carton Co., Ltd. (友力紙業股份有限公司), a pulp and paper company in Taiwan. Since November 2000, she has been serving as a director and the chairlady of TSSA, a shipping agency company wholly-owned by Mr. Chen and his family members, namely Mrs. Chen, Mr. James Chen and Ms. Christy Chen, where she is primarily responsible for overseeing the strategic development and management.

Mrs. Chen graduated with a major in business from National Keelung Commercial & Industrial Vocational Senior High School in Taiwan in July 1972.

DIRECTORS AND SENIOR MANAGEMENT

Mr. To Hung-Lin (涂鴻麟), aged 52, joined our Group and was appointed as our Director on May 13, 2015 and was redesignated as our executive Director on April 25, 2023. Mr. To has served in various positions in our Group with his latest position as an executive Director and president of our Company. He is responsible for overseeing the operations and day-to-day management of our Group.

Mr. To has over 28 years of experience in the shipping industry. Prior to joining our Group, from July 1996 to June 2001, he served in various positions at Wan Hai Lines, with his last position as a foreign representative, where he was primarily responsible for managing the overseas sales functions of the company in various regions including Singapore, Malaysia and China.

Mr. To obtained a bachelor's degree of business in international business from Soochow University (東吳大學) in Taiwan in June 1994. He also obtained a master's degree of business in shipping management from National Taiwan Ocean University in Taiwan in June 2008. He obtained a teaching certificate issued by the Ministry of Education of Taiwan in February 2009.

Mr. Chow Hong Man (周航敏), aged 55, joined our Group in April 2001 as the general manager and was appointed as our Director on October 6, 2008 and was redesignated as our executive Director on April 25, 2023. He is responsible for overseeing the operations and day-to-day management of our Company in Hong Kong.

Mr. Chow has over 29 years of experience in the shipping industry. Prior to joining our Group, from May 1995 to May 2001, he served as a manager of the sales department at Wan Hai Lines (HK) Limited, a subsidiary of Wan Hai Lines in Hong Kong. Since March 2007, he has been serving as a director of Chinatop Shipping Co. Limited (漢峰船務有限公司), a shipping agency company with a focus on the wider Pearl River Delta Region, where he is primarily responsible for non-executive functions of the company. From February 2014 to January 2022, he served as a director at Hande International Trade Limited (漢德國際貿易有限公司), a trading company in Hong Kong, where he is primarily responsible for non-executive functions of the company. From March 2019 to January 2022, he served as a director at HT Airfreight Co., Ltd. (匯德空運物流有限公司), an air freight company in mainland China and Hong Kong, where he is primarily responsible for non-executive functions of the company.

Mr. Chow obtained a bachelor's degree in statistics from The Chinese University of Hong Kong in Hong Kong in December 1995.

Mr. Chen Shao-Hsiang (陳劭翔), aged 41, joined our Group as a Director and vice president on September 27, 2022 and was redesignated as our executive Director on April 25, 2023. Mr. James Chen is responsible for overseeing our Group's planning, marketing and marine department and formulating our Group's medium to long term strategies and investments. He currently holds directorships in various subsidiaries of our Group. Mr. James

DIRECTORS AND SENIOR MANAGEMENT

Chen is the son of Mr. Chen, our founder and chief executive officer, a Controlling Shareholder, an executive Director and chairman of our Board, and Mrs. Chen, a Controlling Shareholder and an executive Director, and the brother of Ms. Christy Chen, a Controlling Shareholder.

Mr. James Chen has over 16 years of experience in the shipping industry. Prior to joining our Group, since July 2008, he successively served in various roles in TEH Shipping with his last position as a vice president since July 2018. From July 2008 to June 2009, he served as an auditor for overseas agents of TEH Shipping, where he was primarily responsible for managing the auditing the overseas agencies. From July 2009 to July 2014, he served as a planning specialist in the planning department of TEH Shipping, where he was primarily responsible for service design and financial analysis and agency management. From July 2014 to July 2018, he served as a junior vice president and head of the planning department of TEH Shipping, where he was primarily responsible for strategic planning, service design, agency management and partners relations liaison. Since August 2008, he has also been serving as a director of TSSA, where he is primarily responsible for overseeing the strategic development and management.

Mr. James Chen obtained a bachelor's degree in management from London School of Economics & Political Science in the United Kingdom in July 2007. He also obtained a master's degree in energy, trade and finance from Bayes Business School of City, University of London (formerly known as Cass Business School of City, University of London) in the United Kingdom in October 2008.

Independent non-executive Directors

Mr. Wu Youn-Ger (吳榮貴), aged 73, was appointed as our independent non-executive Director on October 15, 2024. He is responsible for supervising and providing independent advice to our Board.

Mr. Wu has over 46 years of experience in the education and shipping industry. Prior to joining our Group, from December 1977 to October 1978, he served as a researcher at the Import and Export Prices Review Committee (進出口物價審議委員會) of the Directorate General of Budgeting, Accounting & Statistics, Executive Yuan (行政院主計處), where he was primarily responsible for compiling the inaugural Import and Export Price Index for publication. From August 1978 to January 2002, he served in various positions as an instructor, associate professor, professor and chairman of the Department of Shipping & Transportation Management (航運管理學系), the dean of Student Affairs (訓導長) and the dean of College of Marine Science (海運學院) at National Taiwan Ocean University (台灣海洋大學). From September 1998 to July 2001, he served as the director general of Department of Navigation and Aviation (航政司) under the Ministry of Transportation and Communication of Taiwan, where he was primarily responsible for the administration of authorities in the maritime, port and civil aviation industries. From February 2002 to January 2005, he served as the president of Taipei University of Marine Technology (台北海洋科技大學) (formerly known as China College of Marine Technology and Commerce (中國海事商業專科學校)), where he was

DIRECTORS AND SENIOR MANAGEMENT

primarily responsible for college administration. From February 2005 to January 2016, he served as a professor at the Department of Marketing & Logistics Management (行銷與物流管理系) and the dean of College of Business Management (商管學院) of Taipei City University of Science and Technology (台北城市科技大學). From September 2016 to June 2019, Mr. Wu served as an independent director of Chien Shing Harbour Service Co., Ltd. (建新國際股份有限公司), a company principally engaged in port terminal, trucking and warehousing services in Taiwan and whose shares are listed on the Taiwan Stock Exchange (stock code: 8367), where he was primarily responsible for supervising and providing independent advice to the board. From August 2008 to June 2018, he served as a director of Yang Ming Marine Transport Corporation (陽明海運股份有限公司), a company principally engaged in marine transportation services in Taiwan and whose shares are listed on the Taiwan Stock Exchange (stock code: 2609).

Mr. Wu obtained a bachelor's degree in shipping, transportation and management from National Taiwan Ocean University in Taiwan in June 1973. He obtained a master's degree in economics from Chinese Cultural University (中國文化大學) (a university in Taiwan) in June 1977. He also obtained a doctor's degree in economics from the University of Hawaii at Manoa in the U.S. in August 1983.

Mr. Chang Shan-Hui (張山輝), aged 71, was appointed as our independent non-executive Director on October 15, 2024. He is responsible for supervising and providing independent advice to our Board.

Mr. Chang has over 36 years of experience in accounting. Prior to joining our Group, from July 1988 to December 1989, he founded and served as the person-in-charge and lead accountant at Chang, Shan-Hui CPA Firm (張山輝會計師事務所), an accounting firm in Taiwan. From January 1990 to December 1997, he served as a partner at Shin Ding Joint CPAs' Firm (欣鼎聯合會計師事務所), an accounting firm in Taiwan, where he was primarily responsible for overseeing and managing the operations of the firm's Kaohsiung branch. From January 1998 to December 2010, he served as a partner of WeTec International CPAs (誠品聯合會計師事務所), an accounting firm in Taiwan, where he was primarily responsible for overseeing and managing the operations of the firm's Kaohsiung branch. Since January 2011, he has been serving as a partner and the person-in-charge of the Kaohsiung branch of EnWise CPAs & Co. (建智聯合會計師事務所), an accounting firm in Taiwan, where he has been primarily responsible for managing the operations of the firm's Kaohsiung branch.

Since April 1999, Mr. Chang successively served as a supervisor and director at Thinking Electronic Industrial Co., Ltd. (興勤電子工業股份有限公司), a company principally engaged in the production and sales of thermistors, varistors, electronic components in Taiwan whose shares are listed on the Taiwan Stock Exchange (stock code: 2428). From June 2008 to June 2014, he served as a supervisor at Bank of Kaohsiung Co. Ltd., a commercial bank headquartered in Kaohsiung whose shares are listed on the Taiwan Stock Exchange (stock code: 2836). From June 2008 to June 2014, he served as a director of Yung Chi Paint & Varnish MFG. Co., Ltd (永記造漆工業股份有限公司), a paint manufacturing factory in Taiwan whose shares are listed on the Taiwan Stock Exchange (stock code: 1726). Since February 2007, Mr.

DIRECTORS AND SENIOR MANAGEMENT

Chang has been serving as a supervisor at Jin Lian Cheng Resources and Technology Co., Ltd. (金聯成資源科技股份有限公司), a company principally engaged in recycling of lead-acid and lithium batteries in Taiwan. From April 2011 to August 2023, he served as a reorganization supervisor at Panbiotic Laboratories Co., Ltd. (臺灣汎生製藥廠股份有限公司), a pharmaceutical company in Taiwan. From October 2015 to November 2019, he served as an independent director at Taiwan Artcci Co., Ltd. (台灣藝術股份有限公司), a company principally engaged in the artwork sales and exhibitions, development of art villages for tourists and other art and cultural activities in Taiwan whose shares were listed on the Taipei Emerging Stock Market (stock code: 8479), where he was primarily responsible for supervising and providing independent advice to the board.

Mr. Chang obtained a bachelor's degree in business administration from National Cheng Chi University (國立政治大學) in Taiwan in June 1975. He also obtained a certified public accountant qualification issued by the Ministry of Finance of Taiwan (台灣財政部) in September 1988. Mr. Chang was awarded the Praised Tax Agent (績優稅務代理人) by the Ministry of Finance of Taiwan (台灣財政部) in June 2012.

Mr. Yang Li-Yen (楊豐彥), aged 71, was appointed as our independent non-executive Director on October 15, 2024. He is responsible for supervising and providing independent advice to our Board.

Mr. Yang has over 45 years of experience in the banking and finance industry. Prior to joining our Group, from April 1979 to July 2012, he served in various positions at Bank of Taiwan (臺灣銀行), a commercial bank in Taiwan, with his last position as an executive vice president, where he was primarily responsible for overseeing and managing the bank's overall operations. From June 2006 to November 2010, November 2010 to September 2016 and July 2012 to September 2016, he served as a supervisor, director and president, respectively, at Hua Nan Commercial Bank, Ltd. (華南商業銀行股份有限公司), a commercial bank in Taiwan, where he was primarily responsible for the bank's overall operations. From September 2016 to February 2018, he served as the president and director at Mega International Commercial Bank Co., Ltd. (兆豐國際商業銀行股份有限公司), a commercial bank in Taiwan, and a general manager and director of Mega Financial Holdings Co., Ltd. (兆豐金融控股股份有限公司), a financial corporation in Taiwan whose shares are listed on the Taiwan Stock Exchange (stock code: 2886), where he was primarily responsible for the bank's overall operations. Since June 2020, he has been serving as an independent director, convener of the audit committee and the remuneration committee at Kuo Yang Construction Co., Ltd. (國揚實業股份有限公司), a construction company in Taiwan whose shares are listed on the Taiwan Stock Exchange (stock code: 2505), where he is primarily responsible for supervising and providing independent advice to the board.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Yang obtained a bachelor's degree in business administration from National Taiwan University in Taiwan in June 1975. He also passed the senior financial personnel examination (金融人員高等考試) in Taiwan in December 1978.

SENIOR MANAGEMENT

In addition to our executive Directors, the following table below sets forth the key information of our senior management:

Name	Age	Existing position(s) in our Company	Date of joining our Group	Date of appointment as senior management	Roles and responsibilities	Relationship with other Directors and senior management
Mr. Huang Jen-Chieh (黃仁傑)	52	Senior vice president	September 27, 2022	September 27, 2022	Overseeing and managing the landside operations, container maintenance and sales of our Group	None

Our senior management is responsible for the day-to-day operations and management of our business. For the biographical information of our executive Directors, see “ — Board of Directors — Executive Directors” above.

Mr. Huang Jen-Chieh (黃仁傑), aged 52, joined our Company as a senior vice president in September 2022. He is primarily responsible for overseeing and managing the landside operations, container maintenance and sales of our Group.

Mr. Huang has over 28 years of experience in the shipping industry. Prior to joining our Group, from July 1996 to May 2001, he served as a container terminal project manager at Wan Hai Lines, where he was primarily responsible for construction coordination and operational set-up of the new terminal. Since May 2001, he successively served in various roles in TEH Shipping such as manager of the operations department and vice president, with his last position as a senior vice president. Since October 2018, Mr. Huang has been serving as a director of Taiwan Foundation International Pte. Ltd. (台灣國際控股股份有限公司), a company principally engaged in the investment of global logistics in Southeast Asian countries in Singapore, where he is primarily responsible for reviewing and endorsing investment decisions of the company.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Huang obtained a bachelor's degree in transportation engineering and management from National Yang Ming Chiao Tung University in Taiwan in June 1994.

Save as disclosed above, none of our Directors have held any other directorships in listed companies during the three years immediately preceding the date of this prospectus.

Save as disclosed above, to the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, there was no information relating to our Directors that is required to be disclosed pursuant to paragraphs (b) to (v) of Rule 13.51(2) of the Listing Rules or any other matters concerning any Director that needs to be brought to the attention of our Shareholders as of the Latest Practicable Date.

Save as disclosed above, none of our Directors and senior management is personally related to any of our other Directors, senior management, substantial shareholders or Controlling Shareholders.

COMPANY SECRETARY

Mr. Chan Chung Kik, Lewis (陳仲戟), aged 51, joined our Group in May 2022 as our chief financial officer and was appointed as our company secretary on September 27, 2022.

Mr. Chan has over 27 years of experience in auditing, accounting and corporate finance. Prior to joining our Group, from May 1997 to February 2001, he served in various positions at Grant Thornton, an accounting firm in Hong Kong, with his last position as an audit supervising senior where he was primarily responsible for providing auditing services. From February 2001 to February 2005, he served in various positions at Ernst & Young, an accounting firm in Hong Kong, with his last position as a manager where he was primarily responsible for audit of listed and unlisted companies in Hong Kong and mainland China. From March 2005 to March 2006, he served as a group finance manager at Tianjin Development Holdings Limited, a company principally engaged in the supply of electricity, water, heat and thermal power whose shares are listed on the Main Board of the Stock Exchange (stock code: 882), where he was primarily responsible for financial matters. From August 2006 to May 2007, he served as the financial controller and company secretary at Tianjin Lishen Battery Joint-Stock Co., Ltd. (天津力神電池股份有限公司), a company principally engaged in specializing in the technological development, manufacture and sales of Li-ion batteries in mainland China, where he was primarily responsible for the financial functions and company secretarial matters. From July 2007 to May 2015, he served as the chief financial officer and company secretary at Xingye Alloy Materials Group Limited (formerly known as Xingye Copper International Group Limited), a company principally engaged in the manufacture of high precision copper plates and strips whose shares are listed on the Main Board of the Stock Exchange (stock code: 505), where he was primarily responsible for the overall financial management and company secretarial functions of the group. From April 2015 to May 2020, he served as the chief financial officer and joint company secretary of Denox Environmental & Technology Holdings Limited, a company principally engaged in the design, development, manufacture and sales of plate-type DeNOx catalysts and the provision of environmental

DIRECTORS AND SENIOR MANAGEMENT

protection consulting services in mainland China whose shares are listed on the Main Board of the Stock Exchange (stock code: 1452), where he was primarily responsible for financial management. From August 2020 to July 2021, he served as the chief financial officer and company secretary of Litu Holdings Limited (formerly known as Brilliant Circle Holdings International Limited), a company principally engaged in printing and manufacture of cigarette packaging and related materials whose shares are listed on the Main Board of the Stock Exchange (stock code: 1008), where he was primarily responsible for the overall financial management and company secretarial functions of the group.

In addition, Mr. Chan previously held and currently holds independent non-executive directorships in the following listed companies:

Name of company	Principal business	Place of listing and stock code	Period of service
Shandong Xinhua Pharmaceutical Company Limited	Development, manufacture and sales of bulk pharmaceutical, preparations and chemical products	Main Board of the Stock Exchange (stock code: 719) and Shenzhen Stock Exchange (stock code: 756)	May 2014 to June 2018
Kwan On Holdings Limited	Civil engineering	Main Board of the Stock Exchange (stock code: 1559)	March 2015 to September 2016
HG Semiconductor Limited (formerly known as Hongguang Lighting Holdings Company Limited)	Design, development and manufacturing of light emitting diode (LED) lamp beads, LED lighting products and subcontracting services	Main Board of the Stock Exchange (stock code: 6908)	December 2016 to June 2023
Peking University Resources (Holdings) Company Limited	Property development	Main Board of the Stock Exchange (stock code: 618)	March 2017 to September 2021
Founder Holdings Limited	Information products	Main Board of the Stock Exchange (stock code: 418)	March 2017 to present
Wing Chi Holdings Limited	Subcontractor for foundation and site formation	Main Board of the Stock Exchange (stock code: 6080)	September 2017 to present
Hong Kong Aerospace Technology Group Ltd (formerly known as Eternity Technology Holdings Limited)	Research and development, manufacture and sales of printed circuit board assembly (PCBA) and fully assembled electronic products	Main Board of the Stock Exchange (stock code: 1725)	July 2018 to July 2021

DIRECTORS AND SENIOR MANAGEMENT

Mr. Chan obtained a bachelor's degree of commerce in accounting from University of Canberra in Australia in September 1997. He has been a member of CPA Australia since July 2001 and a fellow of the Hong Kong Institute of Certified Public Accountants since March 2015.

BOARD COMMITTEES

Our Board has established our Audit Committee, Remuneration Committee and Nomination Committee and delegated various responsibilities to these committees, which assist our Board in discharging its duties and overseeing particular aspects of our Group's activities.

Audit Committee

We have established our Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraphs D.3 of the Corporate Governance Code (“CG Code”) as set out in Appendix C1 to the Listing Rules. Our Audit Committee consists of Mr. Chang Shan-Hui, Mr. Wu Youn-Ger and Mr. Yang Li-Yen. Mr. Chang Shan-Hui is the chairperson of our Audit Committee.

The primary duties of our Audit Committee are to (i) review and supervise our financial reporting process and internal control system of our Group, risk management and internal audit; (ii) provide advice and comments to our Board in respect of financial, risk management and internal control matters; and (iii) perform other duties and responsibilities as may be assigned by our Board.

Remuneration Committee

We have established our Remuneration Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph E.1 of the CG Code as set out in Appendix C1 to the Listing Rules. Our Remuneration Committee consists of Mr. Yang Li-Yen, Mr. Wu Youn-Ger and Mr. Chang Shan-Hui. Mr. Yang Li-Yen is the chairperson of our Remuneration Committee.

The primary duties of our Remuneration Committee include, but not limited to (i) establishing, reviewing and providing advice to our Board on our policy and structure concerning remuneration of our Directors and senior management and on the establishment of a formal and transparent procedure for developing policies concerning such remuneration; (ii) determining the terms of the specific remuneration package of each Director and senior management; and (iii) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by our Directors from time to time.

DIRECTORS AND SENIOR MANAGEMENT

Nomination Committee

We have established our Nomination Committee with written terms of reference in compliance with paragraph B.3 of the CG Code as set out in Appendix C1 to the Listing Rules. Our Nomination Committee consists of Mr. Chen Teh-Sheng, Mr. Wu Youn-Ger, Mr. Chang Shan-Hui and Mr. Yang Li-Yen. Mr. Chen Teh-Sheng is the chairperson of Nomination Committee.

The primary duties of our Nomination Committee are to (i) review the structure, size and composition of our Board on a regular basis and make recommendations to our Board regarding any proposed changes to the composition of our Board; (ii) identify, select or make recommendations to our Board on the selection of individuals nominated for directorship, and ensure the diversity of our Board members; (iii) perform review on the contributions made by our Directors (including our independent non-executive Directors) and the sufficiency of time devoted to perform their duties; (iv) assess the independence of our independent non-executive Directors; and (v) make recommendations to our Board on relevant matters relating to the appointment, re-appointment and removal of our Directors and succession planning for our Directors.

CORPORATE GOVERNANCE

Our Company aims to achieve high standards of corporate governance which are crucial to the development and safeguard the interests of our Shareholders. To accomplish this, our Company expects to comply with the CG Code and the associated Listing Rules after the Listing.

Chairman and chief executive officer

Mr. Chen, who is one of our executive Directors, will continue to assume the responsibilities as our chairman and chief executive officer upon Listing. Code provision C.2.1 of the CG Code as set out in Appendix C1 to the Listing Rules states that the roles of the chairman and chief executive officer should be separate and should not be performed by the same individual. Our Board believes that Mr. Chen should continue to assume the responsibilities of chief executive officer upon Listing as this arrangement will improve the efficiency of our decision-making and execution process given his knowledge of our Group's affairs. Further, our Company has put in place an appropriate check-and-balance mechanism through our Board and our independent non-executive Directors. In light of the above, our Board considers that the deviation from Code provision C.2.1 of the CG Code is appropriate in the circumstances of our Company.

DIRECTORS AND SENIOR MANAGEMENT

Board diversity policy

Our Board has adopted a board diversity policy which sets out the approach to achieve diversity on our Board. Our Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in supporting the attainment of our Company's strategic objectives and sustainable development. Our Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to talent, skills, gender, age, cultural and educational background, ethnicity, professional experience, independence, knowledge and length of service. We will select potential Board candidates based on merit and his/her potential contribution to our Board while taking into consideration our own business model and specific needs from time to time. All Board appointments will be based on meritocracy and candidates will be considered against objective criteria, having due regard to the benefits of diversity on our Board.

Our Board has a balanced mix of knowledge, skills and experience in a range of industries, including, without limitation, shipping, financial and education industry. Members of our Board have obtained degrees in various majors including business administration, shipping management and statistics. We have three independent non-executive Directors from different industry backgrounds, including accounting, education and shipping industries. Furthermore, our Directors are of a wide range of age, from 41 years old to 73 years old.

With regards to gender diversity on our Board, we recognize the particular importance of gender diversity. Our Board currently comprises one female Director and eight male Directors. We have taken and will continue to take steps to promote and enhance gender diversity at all levels of our Company, including but without limitation at our Board and senior management levels. Our board diversity policy provides that our Board should aim to increase the proportion of female members over time after Listing where possible when selecting and making recommendations on suitable candidates for Board appointments. We will also ensure that there is gender diversity when recruiting staff at mid to senior level so that we will have a pipeline of female senior management and potential successors to our Board going forward. It is our objective to maintain an appropriate balance of gender diversity with reference to the expectations of stakeholders and international and local recommended best practices.

Our Nomination Committee is responsible for ensuring the diversity of our Board members. After Listing, our Nomination Committee will review our board diversity policy and its implementation from time to time to monitor its continued effectiveness and we will disclose the implementation of our board diversity policy, including any measurable objectives set for implementing the board diversity policy and the progress on achieving these objectives, in our corporate governance report on an annual basis.

DIRECTORS AND SENIOR MANAGEMENT

CONFIRMATION FROM OUR DIRECTORS

Rule 8.10 of the Listing Rules

Each of our Directors confirms that as of the Latest Practicable Date, he or she did not have any interest in a business which competes or is likely to compete, directly or indirectly, with our business, and requires disclosure under Rule 8.10 of the Listing Rules.

Rule 3.09D of the Listing Rules

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules on September 27, 2022 and May 28, 2024; and (ii) understands his or her obligations as a director of a listed issuer on the Stock Exchange under the Listing Rules.

Rule 3.13 of the Listing Rules

Each of our independent non-executive Directors confirms (i) his independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules; (ii) that he has no past or present financial or other interest in the business of the Company or its subsidiaries or any connection with any core connected person of the Company under the Listing Rules as of the Latest Practicable Date; and (iii) that there are no other factors that may affect his independence at the time of his appointments.

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

Our Directors and members of our senior management receive compensation from our Group in the form of fees, salaries and other benefits and contribution to pension scheme.

The aggregate remuneration (including fees, salaries, allowances and benefits in kind, discretionary bonuses and retirement scheme contributions) paid to our Directors for each of the three years ended December 31, 2023 and the four months ended April 30, 2024 was approximately US\$165,000, US\$302,000, US\$690,000 and US\$205,000, respectively. Save as disclosed above, no other amounts have been paid or are payable by any member of our Group to our Directors for each of the three years ended December 31, 2023 and the four months ended April 30, 2024.

The five highest paid individuals of our Group in respect of each of the three years ended December 31, 2023 and the four months ended April 30, 2024 included four, four, two and one employees, respectively, who were not Directors. The aggregate amount of salaries, other benefits, discretionary bonuses and retirement scheme contributions paid to such individuals (but excluding any of our Directors and chief executive) in respect of each of the three years ended December 31, 2023 and the four months ended April 30, 2024 was approximately US\$371,000, US\$406,000, US\$265,000 and US\$52,000, respectively.

DIRECTORS AND SENIOR MANAGEMENT

No remuneration was paid by us to our Directors or the five highest paid individuals as an inducement to join or upon joining us or as a compensation for loss of office in respect of each of the three years ended December 31, 2023 and the four months ended April 30, 2024. Further, none of our Directors had waived or agreed to waive any remuneration during the same periods.

Under the arrangement currently in force, the aggregate remuneration (including fees, salaries, allowances and benefits in kind and retirement scheme contributions) of our Directors for the year ending December 31, 2024 is estimated to be no more than approximately US\$970,000.

Our Board will review and determine the remuneration and compensation packages of our Directors and senior management and will, following the Listing, receive recommendation from the remuneration and appraisal committee which will take into account salaries paid by comparable companies, time commitment and responsibilities of our Directors and performance of our Group.

COMPETITION

Certain of our Directors, namely Mr. Chen and Mr. James Chen, held interests in shipping agency businesses. We consider that there are clear business delineation between the principal business activities conducted by our Group and the shipping agency business as elaborated in the section “Relationship with our Controlling Shareholders — Independence from Controlling Shareholders”. Each of our Directors confirms that as of the Latest Practicable Date, he/she did not have any interest in a business, apart from the business of our Group, which competes or is likely to compete, either directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

From time to time our independent non-executive Directors may serve on the boards of both private and public companies within the broader container shipping industries. However, as these independent non-executive Directors are neither our Controlling Shareholders nor members of our executive management team, we believe that their interests in such companies as directors would not render us incapable of carrying on our business independently from the other companies in which they may hold directorships from time to time.

COMPLIANCE ADVISOR

We have appointed Innovax Capital Limited as our compliance advisor pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, our compliance advisor will advise our Company in the following circumstances:

- before the publication of any regulatory announcement, circular and financial report;

DIRECTORS AND SENIOR MANAGEMENT

- where a transaction, which might be notifiable or connected transaction, is contemplated including shares issues and share repurchases;
- where our Company proposes to use the proceeds from the Global Offering in a manner different from that detailed in this prospectus or where our business activities, developments or results deviate from any forecast, estimate or other information in this prospectus; and
- where the Stock Exchange makes an inquiry of our Company regarding unusual movements in the price or trading volume of our Shares under Rule 13.10 of the Listing Rules.

The term of the appointment shall commence on the Listing Date and end on the date on which our Company distribute our annual report in respect of our financial results for the first full financial year commencing after the Listing Date.

SHARE CAPITAL

All of the issued shares in our Company comprise fully paid ordinary shares. Pursuant to the Companies Ordinance, with effect from March 3, 2014, companies incorporated in Hong Kong no longer have an authorized share capital and there is no longer the concept of par value in respect of issued shares. Accordingly, our Company does not have authorized share capital and our Shares have no par value.

As of the Latest Practicable Date, our Company's issued and paid-up share capital was US\$1,400,000,000.

The following is a description of the share capital of our Company in issue and to be issued as fully paid or credited as fully paid immediately before and following the completion of the Global Offering (without taking into account any Shares which may be issued upon the exercise of the Offer Size Adjustment Option and the Over-allotment Option):

Issued and to be issued, fully paid or credited as fully paid:

Shares in issue as of the date of this prospectus	1,400,000,000
Shares to be issued under the Global Offering	<u>250,940,000</u>
Total	<u><u>1,650,940,000</u></u>

ASSUMPTIONS

The above table assumes that the Global Offering becomes unconditional and the issue of Shares pursuant to the Global Offering are made. It takes no account of any Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option and the Over-allotment Option or any Shares that may be issued or bought back by us pursuant to the general mandates granted to our Directors to issue or buyback Shares as described below.

RANKINGS

The Offer Shares will be ordinary shares in the share capital of our Company and will carry the same rights in all respects with all Shares in issue or to be issued as mentioned in this prospectus and, in particular, will rank in full for all dividends or other distributions declared, made or paid on the Shares in respect of a record date which falls after the date of this prospectus.

SHARE CAPITAL

GENERAL MANDATE TO ALLOT AND ISSUE SHARES

Subject to the Global Offering becoming unconditional, our Directors have been granted a general mandate to allot, issue and deal with Shares in the share capital of our Company with a total number of issued shares of not more than the sum of:

- (1) 20% of the total number of Shares in issue immediately following the completion of the Global Offering (without taking into account any Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option and the Over-allotment Option); and
- (2) the total number of Shares bought back by our Company (if any) pursuant to the general mandate to buyback Shares granted to our Directors referred to below.

Our Directors may, in addition to the Shares which they are authorized to issue under this general mandate, allot, issue or deal with Shares under a rights issue, scrip dividend scheme or similar arrangement.

This general mandate will remain in effect until the earliest of:

- (i) the conclusion of the next annual general meeting of our Company; or
- (ii) the expiration of the period within which the next annual general meeting of our Company is required by the Articles or any applicable laws to be held; Or
- (iii) the date on which such general mandate is varied or revoked by an ordinary resolution of our Shareholders in general meeting.

Further information on this general mandate is set out in “Statutory and General Information — A. Further information about our Group — 5. Written resolutions of our Shareholders passed on October 15, 2024” in Appendix IV to this prospectus.

GENERAL MANDATE TO BUYBACK SHARES

Subject to the Global Offering becoming unconditional, our Directors have been granted a general mandate to exercise all the powers of our Company to buy back Shares with a total number of Shares of not more than 10% of the total number of Shares in issue immediately following the completion of the Global Offering (excluding Shares which may be allotted and issued pursuant to the exercise of the Offer Size Adjustment Option and the Over-allotment Option).

This mandate only relates to buybacks made on the Stock Exchange or any other stock exchange on which the Shares are listed (and which is recognized by the SFC and the Stock Exchange for this purpose), and which are in accordance with the Listing Rules. A summary

SHARE CAPITAL

of the relevant Listing Rules is set out in “Statutory and General Information — A. Further information about our Group — 7. Buyback by our Company of our own securities” in Appendix IV to this prospectus. This general mandate will remain in effect until the earliest of:

- (i) the conclusion of the next annual general meeting of our Company; or
- (ii) the expiration of the period within which the next annual general meeting of our Company is required by the Articles or any applicable laws to be held; or
- (iii) the date on which such general mandate is varied or revoked by an ordinary resolution of our Shareholders in general meeting.

Further information on this general mandate is set out in “Statutory and General Information — A. Further information about our Group — 5. Written resolutions of our Shareholders passed on October 15, 2024” in Appendix IV to this prospectus.

CIRCUMSTANCES UNDER WHICH GENERAL MEETINGS ARE REQUIRED

Pursuant to the Companies Ordinance and the Articles of Association, our Company may from time to time by ordinary Shareholders’ resolution (i) increase its capital; (ii) convert all or any of its Share into a larger or smaller number of existing Shares; (iii) divide its Shares into classes; (iv) subdivide its Shares; and (v) cancel any Shares which have not been taken. In addition, our Company may reduce its share capital by Shareholders’ special resolution. For details, please refer to “Summary of Articles of Association – Changes in capital” in Appendix III to this prospectus.

Further, all or any of the special rights (unless otherwise provided by the terms of issue) attached to our Shares or any class of Shares may be varied or abrogated either with the consent in writing of the holders of not less than 75% of the total voting rights of the holders of the Shares or Shares of that class, or with the sanction of a special resolution passed at a general meeting of the holders of the Shares or at a separate general meeting of the holders of the Shares of that class. For details, please refer to “Summary of Articles of Association – Modification of Rights” in Appendix III to this prospectus.

CORNERSTONE INVESTORS

THE CORNERSTONE PLACING

We have entered into cornerstone investment agreements (each a “**Cornerstone Investment Agreement**”, and, collectively the “**Cornerstone Investment Agreements**”) with the cornerstone investors set out below (each a “**Cornerstone Investor**”, and collectively the “**Cornerstone Investors**”), pursuant to which, subject to certain conditions precedent, the Cornerstone Investors have agreed to subscribe, or cause their designated entities to subscribe, at the Offer Price, for a certain number of Offer Shares (rounded down to the nearest whole board lot of 1,000 Shares) with an aggregate net amount of approximately US\$63.87 million (or approximately HK\$496.32 million, calculated based on an exchange rate of US\$1.00 to HK\$7.7712) (exclusive of brokerage, SFC transaction levy, AFRC transaction levy and the Stock Exchange trading fee) (the “**Cornerstone Placing**”).

Assuming an Offer Price of HK\$3.50 per Offer Share, being the low-end of the indicative Offer Price range set out in this prospectus, the total number of Offer Shares to be subscribed by the Cornerstone Investors would be 141,804,000 Offer Shares, representing approximately (i) 56.51% of the Shares offered pursuant to the Global Offering (assuming that the Offer Size Adjustment Option and the Over-allotment Option are not exercised); (ii) approximately 8.59% of our total issued shares immediately upon completion of the Global Offering (assuming that the Offer Size Adjustment Option and the Over-allotment Option are not exercised); (iii) approximately 8.40% of our total issued shares immediately upon completion of the Global Offering (assuming that Offer Size Adjustment Option is exercised in full and the Over-allotment Option is not exercised); and (iv) approximately 8.19% of our total issued shares immediately upon completion of the Global Offering and the full exercise of the Offer Size Adjustment Option and the Over-allotment Option.

Assuming an Offer Price of HK\$4.00 per Offer Share, being the mid-point of the indicative Offer Price range set out in this prospectus, the total number of Offer Shares to be subscribed by the Cornerstone Investors would be 124,078,000 Offer Shares, representing approximately (i) 49.45% of the Shares offered pursuant to the Global Offering (assuming that the Offer Size Adjustment Option and the Over-allotment Option are not exercised), (ii) approximately 7.52% of our total issued shares immediately upon completion of the Global Offering (assuming that the Offer Size Adjustment Option and the Over-allotment Option are not exercised); (iii) approximately 7.35% of our total issued shares immediately upon completion of the Global Offering (assuming that Offer Size Adjustment Option is exercised in full and the Over-allotment Option is not exercised); and (iv) approximately 7.16% of our total issued shares immediately upon completion of the Global Offering and the full exercise of the Offer Size Adjustment Option and the Over-allotment Option.

Assuming an Offer Price of HK\$4.50 per Offer Share, being the high-end of the indicative Offer Price range set out in this prospectus, the total number of Offer Shares to be subscribed by the Cornerstone Investors would be 110,292,000 Offer Shares, representing approximately (i) 43.95% of the Shares offered pursuant to the Global Offering (assuming that the Offer Size Adjustment Option and the Over-allotment Option are not exercised), (ii) approximately 6.68% of our total issued shares immediately upon completion of the Global Offering (assuming that

CORNERSTONE INVESTORS

the Offer Size Adjustment Option and the Over-allotment Option are not exercised); (iii) approximately 6.53% of our total issued shares immediately upon completion of the Global Offering (assuming that Offer Size Adjustment Option is exercised in full and the Over-allotment Option is not exercised); and (iv) approximately 6.37% of our total issued shares immediately upon completion of the Global Offering and the full exercise of the Offer Size Adjustment Option and the Over-allotment Option.

Our Company is of the view that (i) introducing the Cornerstone Investors to the Global Offering would help to ensure a reasonable size of solid commitment at the commencement of the marketing period; and (ii) by leveraging on the Cornerstone Investors' reputation, the Cornerstone Placing would contribute to elevating the profile of our Company and providing confidence to the market in respect of our business and prospects.

The Cornerstone Placing will form part of the International Offering, and the Cornerstone Investors will not subscribe any Offer Shares under the Global Offering other than pursuant to the Cornerstone Investment Agreements. The Offer Shares to be subscribed by the Cornerstone Investors will rank *pari passu* in all respects with the fully paid Shares in issue following the completion of the Global Offering and will be listed on the Stock Exchange and counted towards the public float of our Company for the purpose of Rule 8.08 of the Listing Rules and in compliance with the requirement under Rule 8.08(3) of the Listing Rules.

There are no side agreements and arrangements between our Company and the Cornerstone Investors or any benefit, direct or indirect, conferred on the Cornerstone Investors by virtue of or in relation to the Listing, other than a guaranteed allocation of the relevant Offer Shares at the Offer Price. Each of the Cornerstone Investors has confirmed that all necessary approvals have been obtained with respect to the relevant cornerstone investment. Save as disclosed below, none of the Cornerstone Investors or their holding companies is listed on any stock exchange, and each of the Cornerstone Investors has confirmed that no specific approval from any stock exchange (if relevant) or its shareholders is required for the relevant cornerstone investment. All of the Cornerstone Investors have agreed that they shall fully pay for the relevant Offer Shares no later than 8:00 a.m. on the Listing Date. There will also be no delayed delivery of the Offer Shares to be subscribed by the Cornerstone Investors and no deferred settlement of payment of the investment amounts for all of the Cornerstone Investors under the Cornerstone Investment Agreement.

Immediately upon the completion of the Global Offering, (i) none of the Cornerstone Investors will become substantial Shareholders of our Company; and (ii) the Cornerstone Investors or their close associates will not, by virtue of their cornerstone investments, have any Board representation in our Company.

Other than a guaranteed allocation of the relevant Offer Shares at the Offer Price, the Cornerstone Investors do not have any preferential rights in the Cornerstone Investment Agreements compared with other public Shareholders.

CORNERSTONE INVESTORS

Among the Cornerstone Investors, Crane Movement is an existing minority Shareholder. The Stock Exchange has granted a waiver from strict compliance with Rule 10.04 and consent under Paragraph 5(2) of Appendix F1 to the Listing Rules so that Crane Movement may participate in the Global Offering as a cornerstone investor. For further details, please refer to the section headed “Waiver from Strict Compliance with the Listing Rules — Rule 10.04 of the Listing Rules and Written Consent Under Paragraph 5(2) of Appendix F1 to the Listing Rules”.

Save as otherwise disclosed, as confirmed by each of the Cornerstone Investors, to the best knowledge of our Company and after making reasonable enquiries:

- (i) each of the Cornerstone Investors and their beneficial owners is an Independent Third Party and is not our connected person (as defined under the Listing Rules) or its respective associate(s);
- (ii) none of the Cornerstone Investors are accustomed to taking or have taken any instructions from our Company, its subsidiaries, our Directors, chief executive, Controlling Shareholders, substantial Shareholders, existing Shareholders or any of their subsidiaries or their respective close associates in relation to the acquisition, disposal, voting or other disposition of the Shares registered in their name or otherwise held by them;
- (iii) each Cornerstone Investor has confirmed that their subscriptions under the Cornerstone Placing would be financed by its own internal financial resources or the financial resources of its parent company; and
- (iv) none of the subscription of the relevant Offer Shares by any of the Cornerstone Investors is financed by our Company, its subsidiaries, our Directors, chief executive, Controlling Shareholders, substantial Shareholders, existing Shareholders or any of their respective subsidiaries or their respective close associates.

The total number of Offer Shares to be subscribed by the Cornerstone Investors may be affected by reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering in the event of over-subscription under the Hong Kong Public Offering as described in “Structure of the Global Offering — The Hong Kong Public Offering — Reallocation and Clawback” in this prospectus. Each of the Cornerstone Investors has agreed that in the event that the requirements under Rule 8.08(3) of the Listing Rules, which stipulates that no more than 50% of the Shares in public hands on the Listing Date (i.e. prior to the exercise of the Over-allotment Option) can be beneficially owned by the three largest public shareholders, may not be complied with on the Listing Date, the allocation of the number of Investor Shares to be subscribed for by the Cornerstone Investors may be adjusted to ensure compliance with Rules 8.08(3). Details of the actual number of Offer Shares to be allocated to the Cornerstone Investors will be disclosed in the allotment results announcement to be published by our Company.

CORNERSTONE INVESTORS

OUR CORNERSTONE INVESTORS

The tables below set forth details of the Cornerstone Placing:

Based on the Offer Price of HK\$3.50 (being the low-end of the indicative Offer Price range) and assuming the Offer Size Adjustment Option is not exercised

Cornerstone Investor (each as defined below)	Total investment amount	Number of Offer Shares ¹	Approximately % of total number of Offer Shares		Approximately % of total Shares in issue immediately following the completion of Global Offering	
			Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is exercised in full	Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is exercised in full
	<i>(USD in millions)</i>		<i>(approximate)</i>	<i>(approximate)</i>	<i>(approximate)</i>	<i>(approximate)</i>
Indigo						
Rainbow	15.00	33,305,000	13.27%	11.54%	2.02%	1.97%
Ms. Hung	13.00	28,864,000	11.50%	10.00%	1.75%	1.71%
Worldwide						
Logistics ²	12.87	28,568,000	11.38%	9.90%	1.73%	1.69%
Metro Shine	9.00	19,983,000	7.96%	6.92%	1.21%	1.18%
Ms. Wang	8.00	17,762,000	7.08%	6.15%	1.08%	1.05%
Crane						
Movement ³	6.00	13,322,000	5.31%	4.62%	0.81%	0.79%
Total	63.87	141,804,000	56.51%	49.14%	8.59%	8.40%

CORNERSTONE INVESTORS

Based on the Offer Price of HK\$3.50 (being the low-end of the indicative Offer Price range) and assuming the Offer Size Adjustment Option is fully exercised

Cornerstone Investor (each as defined below)	Total investment amount	Number of Offer Shares ¹	Approximately % of total number of Offer Shares		Approximately % of total Shares in issue immediately following the completion of Global Offering	
			Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is exercised in full	Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is exercised in full
	(USD in millions)		(approximate)	(approximate)	(approximate)	(approximate)
Indigo						
Rainbow	15.00	33,305,000	11.54%	10.04%	1.97%	1.92%
Ms. Hung	13.00	28,864,000	10.00%	8.70%	1.71%	1.67%
Worldwide						
Logistics ²	12.87	28,568,000	9.90%	8.61%	1.69%	1.65%
Metro Shine	9.00	19,983,000	6.92%	6.02%	1.18%	1.15%
Ms. Wang	8.00	17,762,000	6.15%	5.35%	1.05%	1.03%
Crane						
Movement ³	6.00	13,322,000	4.62%	4.01%	0.79%	0.77%
Total	63.87	141,804,000	49.14%	42.73%	8.40%	8.19%

CORNERSTONE INVESTORS

Based on the Offer Price of HK\$4.00 (being the mid-point of the indicative Offer Price range) and assuming the Offer Size Adjustment Option is not exercised

Cornerstone Investor (each as defined below)	Total investment amount	Number of Offer Shares ¹	Approximately % of total number of Offer Shares		Approximately % of total Shares in issue immediately following the completion of Global Offering	
			Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is exercised in full	Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is exercised in full
	<i>(USD in millions)</i>		<i>(approximate)</i>	<i>(approximate)</i>	<i>(approximate)</i>	<i>(approximate)</i>
Indigo						
Rainbow	15.00	29,142,000	11.61%	10.10%	1.77%	1.73%
Ms. Hung	13.00	25,256,000	10.06%	8.75%	1.53%	1.50%
Worldwide						
Logistics ²	12.87	24,997,000	9.96%	8.66%	1.51%	1.48%
Metro Shine	9.00	17,485,000	6.97%	6.06%	1.06%	1.04%
Ms. Wang	8.00	15,542,000	6.19%	5.39%	0.94%	0.92%
Crane						
Movement ⁴	6.00	11,656,000	4.64%	4.04%	0.71%	0.69%
Total	63.87	124,078,000	49.45%	43.00%	7.52%	7.35%

CORNERSTONE INVESTORS

Based on the Offer Price of HK\$4.00 (being the mid-point of the indicative Offer Price range) and assuming the Offer Size Adjustment Option is fully exercised

Cornerstone Investor (each as defined below)	Total investment amount	Number of Offer Shares ¹	Approximately % of total number of Offer Shares		Approximately % of total Shares in issue immediately following the completion of Global Offering	
			Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is exercised in full	Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is exercised in full
	<i>(USD in millions)</i>		<i>(approximate)</i>	<i>(approximate)</i>	<i>(approximate)</i>	<i>(approximate)</i>
Indigo						
Rainbow	15.00	29,142,000	10.10%	8.78%	1.73%	1.68%
Ms. Hung	13.00	25,256,000	8.75%	7.61%	1.50%	1.46%
Worldwide						
Logistics ²	12.87	24,997,000	8.66%	7.53%	1.48%	1.44%
Metro Shine	9.00	17,485,000	6.06%	5.27%	1.04%	1.01%
Ms. Wang	8.00	15,542,000	5.39%	4.68%	0.92%	0.90%
Crane						
Movement ⁴	6.00	11,656,000	4.04%	3.51%	0.69%	0.67%
Total	63.87	124,078,000	43.00%	37.39%	7.35%	7.16%

CORNERSTONE INVESTORS

Based on the Offer Price of HK\$4.50 (being the high-end of the indicative Offer Price range) and assuming the Offer Size Adjustment Option is not exercised

Cornerstone Investor (each as defined below)	Total investment amount	Number of Offer Shares ¹	Approximately % of total number of Offer Shares		Approximately % of total Shares in issue immediately following the completion of Global Offering	
			Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is exercised in full	Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is exercised in full
	(USD in millions)		(approximate)	(approximate)	(approximate)	(approximate)
Indigo						
Rainbow	15.00	25,904,000	10.32%	8.98%	1.57%	1.53%
Ms. Hung	13.00	22,450,000	8.95%	7.78%	1.36%	1.33%
Worldwide						
Logistics ²	12.87	22,220,000	8.85%	7.70%	1.35%	1.32%
Metro Shine	9.00	15,542,000	6.19%	5.39%	0.94%	0.92%
Ms. Wang	8.00	13,815,000	5.51%	4.79%	0.84%	0.82%
Crane						
Movement ⁵	6.00	10,361,000	4.13%	3.59%	0.63%	0.61%
Total	63.87	110,292,000	43.95%	38.22%	6.68%	6.53%

CORNERSTONE INVESTORS

Based on the Offer Price of HK\$4.50 (being the high-end of the indicative Offer Price range) and assuming the Offer Size Adjustment Option is fully exercised

Cornerstone Investor (each as defined below)	Total investment amount	Number of Offer Shares ¹	Approximately % of total number of Offer Shares		Approximately % of total Shares in issue immediately following the completion of Global Offering	
			Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is exercised in full	Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is exercised in full
	(USD in millions)		(approximate)	(approximate)	(approximate)	(approximate)
Indigo						
Rainbow	15.00	25,904,000	8.98%	7.81%	1.53%	1.50%
Ms. Hung	13.00	22,450,000	7.78%	6.76%	1.33%	1.30%
Worldwide						
Logistics ²	12.87	22,220,000	7.70%	6.70%	1.32%	1.28%
Metro Shine	9.00	15,542,000	5.39%	4.68%	0.92%	0.90%
Ms. Wang	8.00	13,815,000	4.79%	4.16%	0.82%	0.80%
Crane						
Movement ⁵	6.00	10,361,000	3.59%	3.12%	0.61%	0.60%
Total	63.87	110,292,000	38.22%	33.23%	6.53%	6.37%

Notes:

All share numbers and percentages in this table are for illustrative purpose only.

- (1) The number of Shares to be subscribed by each Cornerstone Investor is calculated based on the relevant investment amount in Hong Kong dollars (calculated at the exchange rate as quoted in the section headed “Information about this prospectus and the Global Offering — Exchange Rate Conversion” with respect to investment amounts in currencies other than Hong Kong dollars) and the Offer Price, rounded down to the nearest whole board lot of 1,000 Shares; provided that if there are differences between the exchange rate set out in the section headed “Information about this prospectus and the Global Offering — Exchange Rate Conversion” in this prospectus and the exchange rate on the actual date of payment, the Overall Coordinator and our Company shall have the sole and absolute discretion to adjust the number of Shares to be subscribed by the Cornerstone Investors (as applicable) based on the actual amount of Hong Kong dollars received.
- (2) The investment amount of Worldwide Logistics in the table is the US dollars equivalents of their respective investment amount in HK\$, which is HK\$99.99 million.
- (3) Upon the completion of the Bonus Issue and immediately prior to the Global Offering, Crane Movement held 29,655,600 Shares. Assuming an Offer Price of HK\$3.50 per Offer Share, being the low-end of the indicative Offer Price range, the total number of Shares to be held by Crane Movement would be 42,977,600 Shares, representing approximately (i) 2.60% of our total issued shares immediately upon completion of the Global Offering (assuming that the Offer Size Adjustment Option and the Over-allotment Option are not exercised); (ii) approximately 2.55% of our total issued shares immediately upon completion of the Global Offering

CORNERSTONE INVESTORS

(assuming that Offer Size Adjustment Option is exercised in full and the Over-allotment Option is not exercised); (iii) 2.55% of our total issued shares immediately upon completion of the Global Offering (assuming that Offer Size Adjustment Option is not exercised and the Over-allotment Option is exercised in full); and (iv) 2.48% of our total issued shares immediately upon completion of the Global Offering and the full exercise of the Offer Size Adjustment Option and the Over-allotment Option.

- (4) Upon the completion of the Bonus Issue and immediately prior to the Global Offering, Crane Movement held 29,655,600 Shares. Assuming an Offer Price of HK\$4.00 per Offer Share, being the mid-point of the indicative Offer Price range, the total number of Shares to be held by Crane Movement would be 41,311,600 Shares, representing approximately (i) 2.50% of our total issued shares immediately upon completion of the Global Offering (assuming that the Offer Size Adjustment Option and the Over-allotment Option are not exercised); (ii) approximately 2.45% of our total issued shares immediately upon completion of the Global Offering (assuming that Offer Size Adjustment Option is exercised in full and the Over-allotment Option is not exercised); (iii) 2.45% of our total issued shares immediately upon completion of the Global Offering (assuming that Offer Size Adjustment Option is not exercised and the Over-allotment Option is exercised in full); and (iv) 2.39% of our total issued shares immediately upon completion of the Global Offering and the full exercise of the Offer Size Adjustment Option and the Over-allotment Option.
- (5) Upon the completion of the Bonus Issue and immediately prior to the Global Offering, Crane Movement held 29,655,600 Shares. Assuming an Offer Price of HK\$4.50 per Offer Share, being the high-end of the indicative Offer Price range, the total number of Shares to be held by Crane Movement would be 40,016,600 Shares, representing approximately (i) 2.42% of our total issued shares immediately upon completion of the Global Offering (assuming that the Offer Size Adjustment Option and the Over-allotment Option are not exercised); (ii) approximately 2.37% of our total issued shares immediately upon completion of the Global Offering (assuming that Offer Size Adjustment Option is exercised in full and the Over-allotment Option is not exercised); (iii) 2.37% of our total issued shares immediately upon completion of the Global Offering (assuming that Offer Size Adjustment Option is not exercised and the Over-allotment Option is exercised in full); and (iv) 2.31% of our total issued shares immediately upon completion of the Global Offering and the full exercise of the Offer Size Adjustment Option and the Over-allotment Option.

The information about our Cornerstone Investors set forth below has been provided by the Cornerstone Investors in relation to the Cornerstone Placing.

Indigo Rainbow

Indigo Rainbow Limited (“**Indigo Rainbow**”) is a company incorporated in the BVI on October 3, 2024 and indirectly wholly-owned by Hutchison Port Holdings Limited (“**HPH**”), which in turn is indirectly controlled by CK Hutchison Holdings Limited (“**CKHH**”), whose shares are listed on the Main Board of the Stock Exchange (stock code: 0001). Indigo Rainbow, HPH and CKHH are Independent Third Parties.

HPH is a flagship holding company of the ports and related services division of CKHH (the “**Hutchison Ports Group**”), which is the world’s leading port network operating 53 ports spanning 24 countries throughout Asia, the Middle East, Africa, Europe, the Americas and Australasia and handled 82.1 million TEU in 2023. The operating companies of certain terminals of the Hutchison Ports Group and our Company (or its affiliates or associates, as the case may be) have entered into arm’s length terminal services arrangements. Indigo Rainbow is a member of the Hutchison Ports Group, which became acquainted with our Company through HPH during HPH’s ordinary course of operations.

Ms. Hung

Ms. HUNG Chi-Li (洪綺勵) (“**Ms. Hung**”) is an individual Cornerstone Investor and an Independent Third Party. To the best knowledge of our Directors, Ms. Hung is the sister, and is not a close associate, of Mr. Hung. Ms. Hung invests in stocks from time to time with a track record to invest in numerous listed shipping companies.

Ms. Hung has extensive experience in the logistics industry. Ms. Hung is a director of Fullblos, Inv. Co., Ltd* (百糧開發股份有限公司), a company principally engaged in the development and investment in Taiwan. Ms. Hung is also the person in charge of Hui Shin Logistics Co., Ltd.* (滙興集運有限公司) and Hui Sheng Industrial Co., Ltd.* (滙盛興業股份有限公司), both of which are companies principally engaged in container leasing and shipment tallying services. Ms. Hung became acquainted with our Company through the introduction of Mr. Hung, one of our existing Shareholders, after learning of the Proposed Listing from public sources.

Worldwide Logistics

Worldwide Logistics Holding HK Limited (環世物流控股香港有限公司) (“**Worldwide Logistics**”, together with its affiliates, the “**WWL Group**”) is a company incorporated in Hong Kong with limited liability on November 5, 2019. Worldwide Logistics is ultimately controlled by Mr. Lin Jie (林傑), an Independent Third Party.

The WWL Group is a global logistics services provider and a leading freight forwarding company headquartered in Shanghai, with 43 subsidiaries and offices established in the PRC. The WWL Group’s international headquarter is located in Singapore and it has established nearly 30 overseas branches. During the Track Record Period, WWL Group was one of our customers. Worldwide Logistics became acquainted with our Company through the WWL Group during the WWL Group’s ordinary course of operations.

Metro Shine

Metro Shine Group Limited (“**Metro Shine**”) is an investment holding company incorporated in the BVI with limited liability on May 15, 2007 and is wholly owned by Mr. Chang Shun-Chi (張順吉) (“**Mr. Chang**”) and his family members, all of which are Independent Third Parties. Mr. Chang is the founder, chairman and general manager of Maxmart Shipping & Trading Company Limited (“**Maxmart**”), a shipping agency company in Taiwan. Mr. Chang has diverse experience in the maritime industry including ship brokerage, sales and purchase of ships and chartering. During the Track Record Period, Maxmart was one of our suppliers. Metro Shine approached our Company through Mr. Chang who became acquainted with our Company during the ordinary course of operations of Maxmart.

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Ms. Wang

Ms. WANG Yi-Fen (王意分) (“**Ms. Wang**”) is an individual Cornerstone Investor and an Independent Third Party. To the best knowledge of our Directors, Ms. Wang is the sister-in-law of Mr. Hung and wife of Mr. Hung Chen-Yang (洪禎陽), the brother of Mr. Hung, and is not a close associate, of Mr. Hung. Mr. Hung Chen-Yang has extensive experience in the logistics industry and is the chairman of United Logistics. Mr. Hung Chen-Yang is also the representative of Kuo Yang Harbour Affairs Co., Ltd.* (國揚裝卸股份有限公司) and Central Freight Terminal Co., Ltd.* (中央貨櫃倉儲股份有限公司) (“**Central Freight**”), both of which are companies principally engaged in logistics and container storage services. During the Track Record Period, Central Freight was one of our suppliers. Ms. Wang became acquainted with our Company through the introduction of Mr. Hung, one of our existing Shareholders, after learning of the Proposed Listing from public sources.

Crane Movement

Crane Movement is a company incorporated in the BVI with limited liability, which is wholly owned by Mr. Hung, an Independent Third Party. Mr. Hung has extensive experience in the logistics industry and is the founder of United Logistics, a container vessel stevedoring company established in Taiwan. During the Track Record Period, United Logistics was one of our suppliers.

As disclosed in “Waiver from Strict Compliance with the Listing Rules – Rule 10.04 of the Listing Rules and Written Consent Under Paragraph 5(2) of Appendix F1 to the Listing Rules”, Crane Movement is an existing Shareholder holding approximate 2.12% Shares as of the Latest Practicable Date. Therefore, our Company has applied for, and the Stock Exchange has granted, a waiver from strict compliance with Rule 10.04 and consent under paragraph 5(2) of Appendix F1 to the Listing Rules so that Crane Movement may participate in the Global Offering as a cornerstone investor.

CLOSING CONDITIONS

The subscription obligation of each Cornerstone Investor under the respective Cornerstone Investment Agreement is subject to, among other things, the following closing conditions:

- (a) the Underwriting Agreements being entered into and having become effective and unconditional (in accordance with their respective original terms or as subsequently waived or varied by agreement of the parties thereto) by no later than the time and date as specified in these Underwriting Agreements, and neither of the aforesaid Underwriting Agreements having been terminated;
- (b) the Offer Price having been agreed upon between our Company and the Overall Coordinators (for themselves and on behalf of the Underwriters);

CORNERSTONE INVESTORS

- (c) the Stock Exchange having granted the listing of, and permission to deal in, the Shares (including the Investor Shares defined in the Cornerstone Investment Agreements) as well as other applicable waivers and approvals and such approval, permission or waiver having not been revoked prior to the commencement of dealings in the Shares on the Stock Exchange;
- (d) no laws shall have been enacted or promulgated by any governmental authority which prohibits the consummation of the transactions contemplated in the Global Offering or the Cornerstone Investment Agreements, and there shall be no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions; and
- (e) the respective representations, warranties, undertakings, acknowledgements and confirmations of the Cornerstone Investor and, as the case may be, our Company under the respective Cornerstone Investment Agreements are (as of the date of each of the Cornerstone Investment Agreement) and will be (as of the Listing Date) accurate and true in all respects and not misleading and that there is no breach of the Cornerstone Investment Agreement on the part of the Cornerstone Investor and, as the case may be, our Company.

RESTRICTIONS ON THE CORNERSTONE INVESTORS

Each of the Cornerstone Investors has agreed that it will not, whether directly or indirectly, at any time during the period of six (6) months from the Listing Date (the “**Lock-up Period**”), dispose of any of the Offer Shares they have purchased pursuant to the relevant Cornerstone Investment Agreement, save for certain limited circumstances, such as transfers to any of its wholly-owned subsidiaries who will be bound by the same obligations of such Cornerstone Investor, including the Lock-up Period restriction.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, the following persons will, immediately prior to and following the completion of the Global Offering (without taking into account any Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option and the Over-allotment Option), have interests or short positions in our Shares or underlying Shares, which would be required to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly interested in 10% or more of the issued voting shares of our Company:

Name of Shareholder	Nature of interest	Shares held as of the date of this prospectus immediately prior to the completion of the Global Offering ⁽¹⁾		Shares held immediately following the completion of the Global Offering	
		Number	Percentage	Number	Percentage
Prevalence ⁽²⁾	Beneficial owner	176,829,400	12.63%	176,829,400	10.71%
		Shares (L)		Shares (L)	
TS Investment ⁽²⁾	Beneficial owner	162,073,020	11.58%	162,073,020	9.82%
		Shares (L)		Shares (L)	
Providence ⁽²⁾	Beneficial owner	140,000,000	10%	140,000,000	8.48%
		Shares (L)		Shares (L)	
AM Holding ⁽²⁾	Beneficial owner	140,000,000	10%	140,000,000	8.48%
		Shares (L)		Shares (L)	
Maritime Legacy ⁽²⁾	Interest in a controlled corporation	618,902,420	44.21%	618,902,420	37.49%
		Shares (L)		Shares (L)	
TS Chen Holding ⁽²⁾	Interest in a controlled corporation	618,902,420	44.21%	618,902,420	37.49%
		Shares (L)		Shares (L)	
Mr. Chen ⁽²⁾	Interest in a controlled corporation	618,902,420	44.21%	618,902,420	37.49%
		Shares (L)		Shares (L)	
	Interest of spouse				
Search & Search ⁽²⁾	Interest in a controlled corporation	618,902,420	44.21%	618,902,420	37.49%
		Shares (L)		Shares (L)	
Mrs. Chen ⁽²⁾	Interest in a controlled corporation	618,902,420	44.21%	618,902,420	37.49%
		Shares (L)		Shares (L)	
	Interest of spouse				
JC Righteous ⁽²⁾	Interest in a controlled corporation	618,902,420	44.21%	618,902,420	37.49%
		Shares (L)		Shares (L)	
Mr. James Chen ⁽²⁾	Interest in a controlled corporation	618,902,420	44.21%	618,902,420	37.49%
		Shares (L)		Shares (L)	
Ms. Chen Wei ⁽²⁾	Interest of spouse	618,902,420	44.21%	618,902,420	37.49%
		Shares (L)		Shares (L)	
Avermay ⁽²⁾	Interest in a controlled corporation	618,902,420	44.21%	618,902,420	37.49%
		Shares (L)		Shares (L)	
Ms. Christy Chen ⁽²⁾	Interest in a controlled corporation	618,902,420	44.21%	618,902,420	37.49%
		Shares (L)		Shares (L)	
Mr. Liu Ting-Jui ⁽²⁾	Interest of spouse	618,902,420	44.21%	618,902,420	37.49%
		Shares (L)		Shares (L)	
Vision Investments ⁽³⁾	Beneficial owner	618,902,420	44.21%	618,902,420	37.49%
		Shares (L)		Shares (L)	
Nova Foundation ⁽³⁾	Interest in a controlled corporation	618,902,420	44.21%	618,902,420	37.49%
		Shares (L)		Shares (L)	

SUBSTANTIAL SHAREHOLDERS

Name of Shareholder	Nature of interest	Shares held as of the date of this prospectus immediately prior to the completion of the Global Offering ⁽¹⁾		Shares held immediately following the completion of the Global Offering	
		Number	Percentage	Number	Percentage
Mr. Sharafuddin ⁽³⁾	Interest in a controlled corporation	618,902,420	44.21%	618,902,420	37.49%
Mrs. Zubaida M Taherwali ⁽³⁾	Interest of spouse	618,902,420	44.21%	618,902,420	37.49%
Kentship ⁽⁴⁾	Beneficial owner	97,720,000	6.98%	97,720,000	5.92%
Mr. Wu ⁽⁴⁾	Beneficial owner	30,328,820	2.16%	30,328,820	1.84%
	Interest in a controlled corporation	97,720,000	6.98%	97,720,000	5.92%
Mrs. Wu Huang Yueh-Chiung ⁽⁴⁾	Interest of spouse	128,048,820	9.14%	128,048,820	7.76%

Notes:

- (1) The letter “L” denotes the person’s long position in our Shares.
- (2) Each of TS Investment, Prevalence, Providence and AM Holding is wholly-owned by Maritime Legacy. Maritime Legacy is owned as to 26.19% by TS Chen Holding (a company wholly-owned by Mr. Chen), 28.57% by Search & Search (a company wholly-owned by Mrs. Chen), 22.62% by JC Righteous (a company wholly-owned by Mr. James Chen) and 22.62% by Avermay (a company wholly-owned by Mr. Christy Chen). Mr. Chen, Mrs. Chen, Mr. James Chen and Ms. Christy Chen, by virtue of their family relationship, are parties acting in concert with each other in respect of our Company. By virtue of the SFO, each of Mr. Chen, Mrs. Chen, Mr. James Chen, Ms. Christy Chen, TS Chen Holding, Search & Search, JC Righteous, Avermay and Maritime Legacy is deemed to be interested in the Shares held by TS Investment, Prevalence, Providence and AM Holding. Ms. Chen Wei is the spouse of Mr. James Chen and Mr. Liu Ying-Jui is the spouse of Ms. Christy Chen. By virtue of the SFO, Ms. Chen and Mr. Liu Ying-Jui are deemed to be interested in the Shares in which Mr. James Chen and Ms. Christy Chen are interested, respectively.
- (3) Vision Investments is wholly-owned by Nova Foundation, and pursuant to the rules of Nova Foundation, Vision Investments is beneficially held by Nova Foundation for its founder only, namely Mr. Sharafuddin, and shall not be beneficially held for any other beneficiary or person for a period expiring twelve months after the Listing Date. Mr. Sharafuddin thus deemed to be interested in the Shares held by Vision Investments by virtue of the SFO. Mrs. Zubaida M Taherwali is the spouse of Mr. Sharafuddin and is therefore deemed to be interested in the Shares in which Mr. Sharafuddin is interested.
- (4) Kentship is wholly-owned by Mr. Wu and by virtue of the SFO, Mr. Wu is deemed to be interested in the Shares held by Kentship. Mrs. Wu Huang Yueh-Chiung is the spouse of Mr. Wu and is therefore deemed to be interested in the Shares in which Mr. Wu is interested.

Assuming that the Offer Size Adjustment Option is not exercised and the Over-Allotment Option is fully exercised, the interest of (i) each of TS Investment, Prevalence, Providence, AM Holding, Maritime Legacy, TS Chen Holding, Mr. Chen, Search & Search, Mrs. Chen, JC Righteous, Mr. James Chen, Ms. Chen Wei, Avermay, Ms. Christy Chen, Mr. Liu Ting-Jui, Vision Investments, Nova Foundation, Mr. Sharafuddin and Mrs. Zubaida M Taherwali will be approximately 36.65%; (ii) Kentship will be approximately 5.79%; and (iii) each of Mr. Wu and Mrs. Wu Huang Yueh-Chiung will be approximately 7.58%, in our Shares, respectively.

SUBSTANTIAL SHAREHOLDERS

Except as disclosed above, our Directors are not aware of any other person who will, immediately following the completion of the Global Offering (assuming that the Offer Size Adjustment Option and the Over-allotment Option are not exercised), have any interest and/or short positions in the Shares of our Company which would fall to be disclosed to us pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who are, directly or indirectly, interested in 10% or more of the nominal value of any class of our share capital carrying rights to vote in all circumstances at general meetings of our Company or any other member of our Group.

FINANCIAL INFORMATION

You should read the following discussion and analysis in conjunction with consolidated financial statements, including the notes thereto included in the Accountants' Report in Appendix I to this prospectus and the selected historical financial information presented elsewhere to this prospectus. Our consolidated financial statements were prepared in accordance with HKFRSs.

The following discussion and analysis contain forward-looking statements that involve risks and uncertainties. These statements are based on assumptions and analysis that we make considering our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, our actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause future results to differ significantly from those projected in the forward-looking statements include, but are not limited to, those discussed in the sections headed "Risk Factors", "Forward-Looking Statements" and elsewhere in this document.

OVERVIEW

We are an Asia Pacific Region focused container shipping company. We ranked the 21st in terms of fleet size among the container shipping companies globally with a market share of 0.3% as of January 1, 2024 and ranked the sixth in terms of fleet size among the Asia Pacific Region focused container shipping companies with a market share of 2.3% in December 2023.

For the years ended December 31, 2021, 2022 and 2023 and the four months ended April 30, 2023 and 2024, we generated revenue of US\$1,837.4 million, US\$2,443.5 million, US\$874.6 million, US\$318.2 million and US\$318.0 million, respectively.

BASIS OF PRESENTATION

Our Company was incorporated as a private company with limited liability on March 2, 2001. See "History, Reorganization and Corporate Structure" for further details.

Our historical financial information has been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants. Our historical financial information has been prepared on a historical cost basis.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been and will continue to be affected by a number of factors, many of which may be beyond our control, including those factors set out in the section entitled "Risk Factors" and those set out below.

FINANCIAL INFORMATION

Market volatility

The financial performance of the container shipping industry has historically been highly volatile, mainly affected by changes in the supply and demand for container shipping services depending on the global and regional economy. Therefore, if the global or regional trades or sentiments are adversely affected due to reasons such as slowing economic growth and recessions, there may be a decline in the demand for our services. Furthermore, the container shipping industry is dynamic and volatile and has in recent years been affected by volatility in market charter and freight rates, bunker prices and crew expenses owing to reasons such as the total number and size of vessels in the world and their deployment, the prices of steel and other raw materials of vessels, changes in demand for products transported by containerships, environmental and other regulatory developments, political uncertainties between countries or regions and the rise of trade protectionism. In addition to creating fluctuations in our major costs and revenue, political and trade disputes could also adversely affect the international or regional trade volume. For more details on the risks we face in relation to market volatility and economic downturn, see “Risk Factors — Risks relating to our business and industry — The volatile and cyclical nature of the global container shipping industry could have a material and adverse effect on our business and results of operations” and “Risk Factors — Risks relating to our key markets, especially the Asia Pacific Region — Any severe or prolonged downturn in the Asia Pacific Region’s or global economy could materially and adversely affect our business and financial condition”.

According to the Drewry Report, the outbreak of COVID-19 led to a collapse in global demand in the second quarter of 2020 commensurate with the declining global economy, and then a surge in global demand in the second half in 2020 due to a rapid development in e-commerce. Furthermore, the global supply chain networks, including the container shipping industry, have been disrupted with the occurrence of the COVID-19 pandemic in the wake of quarantine measures employed by governments worldwide. Therefore, such a surge in the demand for shipping services, combined with the limited shipping capacity among container shipping companies, resulted in higher freight rates and increased profitability of container shipping companies. For example, according to the weekly World Container Index published by Drewry, the average freight rate between 2012 and 2019 was US\$1,632.3 per FEU, and increased dramatically from mid-2020 and peaked in September 2021 at US\$10,377.2 per FEU. Since the peak, freight rates have begun and continued to fall as a result of slowing demand growth and the ease of supply chain disruption and port congestion, which increased effective capacity. For more details on the impact of COVID-19 on us, see “Risk Factors — Risks relating to our business and industry — Our prospects may be adversely affected by COVID-19 or other adverse public health developments”. Furthermore, the Russia-Ukraine conflict has also disrupted global supply chain networks, particularly in industries reliant on oil and natural gases. In addition, the Houthi militants have initiated attacks on vessels traversing the Red Sea since the fourth quarter of 2023. As a result, most of the major container shipping companies opted to sail their vessels via the Cape of Good Hope (commonly referred to as Red Sea diversion) starting from mid-December 2023, which increased the sailing time and distance for vessels bound for European destinations and reduced the effective shipping capacity. Drewry’s World Container Index increased from US\$1,661.0 per FEU as of December 21, 2023 to US\$3,489.3 per FEU as of October 3, 2024. Although these factors on the global supply chain networks also increased our revenue and profitability as well as created new opportunities for us, it is difficult to assess or predict the extent to which the demand for our services and our future financial performance may be impacted in the future.

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Mainly driven by the changes of the market rates, our average freight rates increased by 36.2% from US\$1,084 per TEU in 2021 to US\$1,476 per TEU in 2022, and then decreased by 62.9% to US\$547 per TEU in 2023. Our average freight rates decreased by 8.2% from US\$601 per TEU for the four months ended April 30, 2023 to US\$552 per TEU for the same period in 2024. For the years ended December 31, 2021, 2022 and 2023 and the four months ended April 30, 2023 and 2024, we generated revenue of US\$1,837.4 million, US\$2,443.5 million, US\$874.6 million, US\$318.2 million and US\$318.0 million, respectively.

Economic development in the markets in which we operate our business

We strategically focus on the Asia Pacific Region. According to the Drewry Report, the Asia Pacific Region is the largest and one of the fastest growing markets over past three decades both in terms of shipping volume due to strong growth in consumption, increasing trade links within Asia and fast growing cross-border trade and e-commerce. Regional free-trade agreements, such as the Regional Comprehensive Economic Partnership (“RCEP”) and the China – ASEAN Free Trade Agreement (“AFTA”), also boost trade volume among relevant countries and regions. The Asia Pacific Region is our core market, and accounted for more than 90% of our total shipping volume in 2023.

The shipping volume and profitability in the markets in which we operate can affect our business, results of operations and prospects, including adjustments of services, service frequency and service networks, which we expect will be affected by factors such as economic cycles, import and export policies, changes in political conditions and economical relationships in the relevant markets. For example, we launched new services in the Asia – Oceania and the Asia – Indian Subcontinent markets in 2022 to capitalize on the high freight rates in these two markets. In addition, to address the market condition that has affected long-haul services in the Transpacific and the Asia – Europe markets where deployment of smaller vessels became less profitable or even loss-making in light of the continued decline of freight rates, we decided to suspend our services in the Transpacific and Asia – Europe markets in December 2022, pending future market recovery. We also suspended our service to New Zealand in August 2023 mainly due to the continued declined freight rate which made our independent service not economically justifiable. For more details on how the economic development in the markets in which we operate our business may affect our business, see “Risk Factors — Risks relating to our key markets, especially the Asia Pacific Region — If there is a decrease in the level of imports and exports of goods in markets where we operate, our business, results of operations and prospects may be materially and adversely affected” and “Risk Factors — Risks relating to our key markets, especially the Asia Pacific Region — We face risks associated with our development plan”.

FINANCIAL INFORMATION

Freight rates

Freight rates generally reflect the state of shipping demand and supply. Our freight rates are largely in line with market rates. However, market freight rates can be volatile due to various reasons including, among others:

- changes in global container shipping supply and demand and capacity utilization;
- the trend of vessel upsizing, leading to periods of structural overcapacity;
- changes in competition on specific services;
- bunker prices and other operational costs;
- development of alliances and vessel sharing arrangements;
- cargo and container type;
- services offered including point to point or port to port services and other logistics services; and
- relative importance of spot or contract market.

For example, our average freight rate in the Asia Pacific Region increased by 21.4% from US\$1,061 per TEU in 2021 to US\$1,288 per TEU in 2022, and then decreased by 58.2% to US\$539 per TEU in 2023. Our average freight rates in the Asia Pacific Region decreased by 12.0% from US\$594 per TEU for the four months ended April 30, 2023 to US\$523 per TEU for the same period in 2024. According to the Drewry Report, the freight rate in the Asia Pacific Region increased sharply from November 2020 and peaked in January 2022, mainly driven by the global supply chain disruption, container box shortage, port congestion, and most importantly, re-assigning vessels by container shipping companies to more profitable East-West trade lane which further reduced the supply capacity in the Asia Pacific Region. Following the peak, the Intra-Asia freight rates began a correction, returning to pre-pandemic levels in the second half of 2023. The Red Sea diversions occurred simultaneously with the pre-Lunar New Year cargo rush in January 2024, which drove up the spot market rates. During the first quarter of 2024, the spot rates started to stabilize. In May 2024, the spot rates experienced another surge due to a number of factors, including a stronger-than-expected demand for consumer imports into the United States, preemptive ordering or shipping as a hedge against anticipated prolonged lead times and geopolitical tensions in the Middle East, constrained capacity supply from Asia to Europe, adverse meteorological conditions and congestion at key Asian ports, as well as container equipment shortage in major export regions. Drewry's World Container Index increased from US\$1,661.0 per FEU as of December 21, 2023 to US\$3,489.3 per FEU as of October 3, 2024.

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Cost structure

Vessel building and purchase costs, chartering expenses of vessels and containers as well as bunker costs are key components of our cost structure that are most sensitive to cyclical fluctuations. We recognize short-term leases of vessels and containers with a term of 12 months or less as an expense over the lease term. For leases of vessels and containers with a term of more than 12 months, they are recognized as right-of-use assets and expensed through depreciation. Our depreciation expenses are mainly attributable to (i) the depreciation of our long-term leased vessels and containers which are depreciated over their unexpired lease terms and (ii) the depreciation of our owned vessels and containers which are depreciated over their estimated useful lives. Thus, the charter fees and acquisition costs of vessels and containers have a long-term impact on our results of operations. Our depreciation expenses were US\$120.9 million, US\$242.1 million, US\$204.4 million, US\$71.0 million and US\$58.3 million, respectively, representing 13.3%, 17.9%, 22.5%, 22.1% and 18.7% of our cost of sales for the years ended December 31, 2021, 2022 and 2023 and the four months ended April 30, 2023 and 2024, respectively. Our depreciation expenses decreased at a slower pace than the decrease in our revenue in 2023 which contributed to our gross loss. After our disposal of 10 owned vessels and returning of 12 chartered-in vessels, we still had the slower pace of decrease in our depreciation expenses in 2023 primarily because (i) 12 new vessels were delivered to us in 2023 and we started to record their depreciation expenses after delivery and (ii) we could not return certain long-term leased vessels and containers before their leases expired. As of December 31, 2021, 2022 and 2023, and April 30, 2024, we had 36, 45, 35 and 38 long-term chartered-in vessels and owned vessels. Our depreciation expenses may increase further with the delivery of the new vessels. As of the Latest Practicable Date, we had ordered three 7,000 TEU vessels, one of which is expected to be delivered by the end of 2024 and the remaining two of which are expected to be delivered in 2026 and 2027, respectively. In addition, as of the same date, we had ordered two 4,300 TEU and three 14,000 TEU vessels, which are expected to be delivered in 2027.

Fluctuations in vessel charter rates mainly reflect changes in the supply of and demand for vessel capacity and container shipping services. Short-term vessel charter rates generally are subject to fluctuations from time to time. The changes of market vessel charter rates as well as the number of vessels we charter will affect our charter hire costs. For the years ended December 31, 2021, 2022 and 2023 and the four months ended April 30, 2023 and 2024, our charter hire costs for vessels were US\$88.0 million, US\$108.4 million, US\$45.5 million, US\$11.0 million and US\$23.1 million, respectively, representing 9.7%, 8.0%, 5.0%, 3.4% and 7.4% of our total cost of sales for the same periods, respectively. Similarly, the charter rates of containers are also subject to changes in the supply of and demand for containers and container shipping services as well as the specific types of containers that are in need. In general, new containers are more reliable compared to older ones, and as a result, we generally lease new containers, typically for a term of five or ten years. In 2021, 2022 and 2023, and for the four months ended April 30, 2023 and 2024, our container leasing expenses were US\$29.8 million, US\$59.9 million, US\$53.0 million, US\$18.2 million and US\$16.9 million, respectively.

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Vessel building and purchase costs are affected by a number of factors, including mainly the container shipping industry cycle, shipyard capacity and the prices of the raw material such as steel. Vessel building and purchase costs have a significant impact on our capital expenditures when we expand our fleet by the acquisition of vessels. For the years ended December 31, 2021, 2022 and 2023 and the four months ended April 30, 2024, we had incurred US\$369.5 million, US\$237.1 million, US\$335.6 million and US\$223.3 million, respectively, in vessel purchases. During the years ended December 31, 2021, 2022 and 2023 and the four months ended April 30, 2024, we purchased seven, nil, nil and nil second-hand vessels, respectively, and ordered 21, 20, nil and two newbuildings, respectively. Moreover, if we dispose of our own vessels, we may record significant capital gains or losses based on the purchase and sale prices. For example, as of December 31, 2023, we recorded a gain on disposals of property, plant and equipment and a gain on disposals of non-current assets classified as held for sale of US\$35.3 million, which was primarily contributable to our disposal of 10 owned vessels in 2023. As of the Latest Practicable Date, we have ordered eight new vessels.

Bunker expenses represent a significant portion of our operating expenses. For the years ended December 31, 2021, 2022 and 2023 and the four months ended April 30, 2023 and 2024, our bunker expenses accounted for US\$164.0 million, US\$312.9 million, US\$187.7 million, US\$67.9 million and US\$61.2 million, respectively, representing 18.1%, 23.1%, 20.7%, 21.2% and 19.7% of our cost of sales for the same periods, respectively. The fluctuation of cost per tonne during the Track Record Period was primarily a result of the fluctuation of the price of crude oil and the cheaper HSFO we consumed as we installed scrubbers on more of our owned vessels in these periods. Although we seek to control our costs by purchasing bunker fuel at favorable prices ahead of voyages where possible, regularly reviewing fuel prices in different markets, and purchasing bunker fuel for our vessels when such vessels are visiting bunkering ports that offer lower bunker price, bunker prices have historically been volatile and are subject to many economic and political factors such as the Russia-Ukraine conflict and Red Sea crisis that are beyond our control. We currently have not entered into agreements to hedge fluctuations in bunkers prices. Thus, our bunker expenses will continue to be affected by such volatility and in the meantime be subject to the level of growth of our business in the future.

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The following table sets forth a sensitivity analysis that demonstrates the impact of hypothetical fluctuations in key factors affecting our financial performance for the periods indicated:

	Year ended December 31,			Four months ended April 30,
	2021	2022	2023	2024
	<i>US\$'000, except for %</i>			
<i>A decrease in average freight rates by 10%</i>				
Revenue impact	(171,639)	(230,158)	(80,173)	(29,599)
Profit before tax impact	(171,639)	(230,158)	(80,173)	(29,599)
<i>An increase in vessel depreciation costs by 10%</i>				
Vessel depreciation	98,816	184,829	152,335	39,021
Cost impact	9,882	18,483	15,234	3,902
Profit before tax impact	(9,882)	(18,483)	(15,234)	(3,902)
<i>An increase in charter rates of vessels by 10%</i>				
Short-term lease of vessels	87,977	108,431	45,534	23,125
Cost impact	8,798	10,843	4,553	2,313
Profit before tax impact	(8,798)	(10,843)	(4,553)	(2,313)
<i>An increase in charter rates of containers by 10%</i>				
Short-term lease of containers	18,221	31,502	25,532	7,167
Cost impact	1,822	3,150	2,553	717
Profit before tax impact	(1,822)	(3,150)	(2,553)	(717)
<i>An increase in bunker prices by 10%</i>				
Bunker costs	163,981	312,881	187,742	61,245
Cost impact	16,398	31,288	18,774	6,125
Profit before tax impact	(16,398)	(31,288)	(18,774)	(6,125)

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Our shipping volume and capacity

Our revenue and profitability are also affected by our shipping volume and their distribution among various markets with different profit margin levels. When designing liner services, we determine the schedule and the ports in rotation for each service taking into account, among others, the demand for shipping services from port to port, freight rate levels and voyage lead time, with a view to maximizing shipping volume and profitability in each service. Our shipping volume depends on demand for our container shipping services which in turn is affected by several key factors such as: (i) our quality of service, which affects our ability to retain and attract customers; (ii) our ability to secure shipping capacity in a cost-efficient way, and to effectively deploy capacity to meet demand; (iii) our operating efficiency; and (iv) our ability to maintain or expand existing and new markets.

Shipping volume distribution among different markets with varied freight rates also affect our profitability. For example, our shipping volume contributed by long-haul services in the Asia – Oceania, the Asia – Indian Subcontinent, the Transpacific and the Asia – Europe markets has increased from 10.5% of our total shipping volume in 2021 to 27.6% in 2022. The increased proportion of shipping volume contributed by such long-haul services enhanced our profitability in 2022.

Our shipping volume is also limited by our fleet capacity. As a way to optimize our vessels portfolio to address the adverse market condition, since the beginning of 2023, we have contracted to dispose of 10 of our owned vessels and returned nine of the chartered-in vessels when their charters expired. During the Track Record Period, we also chartered out some of our owned and chartered-in vessels depending on our capacity demand and market charter rate. Our shipping capacity decreased from 109,947 TEU as of December 31, 2022 to 89,818 TEU as of the same date in 2023. The decrease in our shipping capacity has also led to the overall decrease in our shipping volume from 1,559,142 TEU in 2022 to 1,466,431 TEU in 2023. Our shipping capacity then increased to 111,011 TEU as of April 30, 2024 primarily due to the delivery of five newbuildings. As of April 30, 2024, we had a total of 46 vessels (with the exclusion of any vessels which were chartered out by us) consisting of 36 owned vessels and 10 chartered-in vessels. From January 1, 2024 and up to the Latest Practicable Date, five newbuildings of 7,000 TEU have been delivered. As of the Latest Practicable Date, we had ordered three 7,000 TEU vessels, one of which is expected to be delivered by the end of 2024 and the remaining two of which are expected to be delivered in 2026 and 2027, respectively. In addition, as of the same date, we had ordered two 4,300 TEU and three 14,000 TEU vessels, which are expected to be delivered in 2027. In June 2024, we ordered three 14,000 TEU newbuildings, each at a purchase price of US\$145.0 million, which were expected to be delivered in 2027. See “Business — Our container shipping business — Our fleet — Our fleet profile” for details on the designated usage of these newly delivered newbuildings and “Business — Our container shipping business — Our fleet — Vessel capacity management” for details on our vessel capacity management plan.

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Seasonality

Our business historically has been seasonal in nature. Peak shipping periods may differ to a certain extent in some of the markets in which we currently operate, depending on the seasonality of the underlying commodities. For example, the overall demand for our Asia – Oceania market is highly seasonal, with the peak typically occurring in the second half of the year. The traditional peak season in the Asia Pacific Region is usually during the fourth quarter and before Chinese New Year.

MATERIAL ACCOUNTING POLICIES AND ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of our historical financial information in conformity with HKFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Our material accounting policies and significant estimates, assumptions and judgments are described below. See notes 2 and 3 to the Accountants' Report in Appendix I to this prospectus for further details on our accounting policies, accounting judgments and estimates.

Material accounting policies

Revenue and other income

We classify income as revenue when it arises from the provision of services in the ordinary course of our business.

Revenue is recognized when control over a service is transferred to the customer at the amount of promised consideration to which we are expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts. We list some of our revenue and other income recognition policies as follows.

Container shipping services

Revenue from container shipping services is recognized over time as the performance obligation is satisfied, including a share of revenue from incomplete voyages as at the end of the reporting period. Detention and demurrage fees are recognized over time until the time of the customer's late return or pick-up of containers.

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Other container shipping related services

Revenue from other container shipping related services is recognized over time upon the services have been rendered.

Dividends

Dividend income from unlisted investments is recognized when the shareholder's right to receive payment is established.

Interest income

Interest income is recognized as it accrues under the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortized cost (i.e. gross carrying amount net of loss allowance) of the asset.

Rental income from containers and charter hire revenue – vessels

Rental income from containers and charter hire revenue – vessels are recognized in equal instalments over the period covered by the contract period.

Trade and other receivables

A receivable is recognized when we have an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognized before we have an unconditional right to receive consideration, the amount is presented as a contract asset.

Trade receivables are initially measured at their transaction price and subsequently stated at amortized cost, using the effective interest method and including an allowance for credit losses.

Credit losses and impairment of assets

Credit losses from financial instruments

We recognize a loss allowance for expected credit losses (“ECLs”) on (i) financial assets measured at amortized cost (including cash and cash equivalents, trade receivables and other receivables which are held for the collection of contractual cash flows which represent solely payments of principal and interest) and (ii) contract assets as defined in HKFRS 15, *Revenues from contracts with customers*. See note 2(g)(i) to the Accountants' Report in Appendix I to this prospectus for further details of ECL assessment.

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Impairment of other non-current assets

We review internal and external sources of information at the end of each reporting period to identify indications that the following assets may be impaired or an impairment loss previously recognized no longer exists or may have decreased: (i) property, plant and equipment, including right-of-use assets and (ii) intangible assets. If any such indication exists, the asset's recoverable amount is estimated. See note 2(g)(ii) to the Accountants' Report in Appendix I to this prospectus for further details on impairment of other non-current assets.

Income tax

Income tax expense comprises current tax and deferred tax. It is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. We recognize deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

See note 2(o) to the Accountants' Report in Appendix I to this prospectus for further details of the accounting policy of income tax.

Property, plant and equipment

Property, plant and equipment (including right-of-use assets) are stated at cost less accumulated depreciation and impairment losses.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognized in profit or loss on the date of retirement or disposal.

Depreciation is calculated on straight line basis to write off the cost of property, plant and equipment, less their estimated residual value, if any, over their estimated useful lives.

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Where parts of an item of property, plant and equipment have different useful lives, the cost or valuation of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

Leased assets as a lessee

At inception of a contract, we assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

At the lease commencement date, we recognize a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When we enter into a lease in respect of a low-value asset, we decide whether to capitalize the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalized are recognized as an expense on a systematic basis over the lease term. See note 2(f) to the Accountants' Report in Appendix I to this prospectus for further details of the accounting policy of leased assets as a lessee.

Provisions and contingent liabilities

We recognize provisions when we have a legal or constructive obligation arising as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognized for any expected reimbursement that would be virtually certain. The amount recognized for the reimbursement is limited to the carrying amount of the provision.

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Onerous contracts

An onerous contract exists when we have a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. Provisions for onerous contracts are measured at the present value of the lower of the expected cost of terminating the contract and the net cost of continuing with the contract.

Accounting judgments and estimates

Estimated useful lives of vessels

Shipping vessels are depreciated on the straight-line basis over their estimated remaining useful lives, after considering estimated residual values. Significant judgment and estimate are required in determining the useful life of a vessel.

In determining the useful lives of our vessels, we consider our business model and asset management policy, the industry practice, and factors like expected usage of each shipping vessel, expected repair and maintenance, and technical or commercial obsolescence arising from changes or improvements in the shipping vessel market. In respect of the capitalized drydocking costs included in the cost of shipping vessels, we estimate the useful lives of these costs with reference to the expected periods between drydocking cycles of vessels until their next drydocking.

The depreciation charge in future periods will change where the estimated useful life or residual value of a shipping vessel is different from the previous estimate.

Revenue recognition

Our revenue arising from provision of shipping container and related services is recognized over time based on the percentage-of-completion of voyage. The method is based on historical trend, and the uncertainty of voyage days will lead to uncertainty in estimation of revenue.

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CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

The following table sets forth our consolidated statement of profit and loss for the periods indicated:

	For the year ended December 31,			For the four months ended April 30,	
	2021	2022	2023	2023	2024
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
				<i>(Unaudited)</i>	
Revenue	1,837,436	2,443,470	874,602	318,188	318,027
Cost of sales	(905,970)	(1,352,130)	(908,391)	(320,570)	(311,058)
Gross profit/(loss)	931,466	1,091,340	(33,789)	(2,382)	6,969
Other revenue	163,212	11,630	12,288	3,627	6,165
Other net income	1,302	(972)	34,217	13,518	(1,304)
Administrative and other operating expenses	(25,197)	(39,719)	(44,242)	(17,632)	(11,409)
Profit/(loss) from operations	1,070,783	1,062,279	(31,526)	(2,869)	421
Finance costs, net	(3,817)	14,618	44,369	18,033	8,978
Share of profits less losses of associates	19,320	8,888	995	74	421
Profit before taxation	1,086,286	1,085,785	13,838	15,238	9,820
Income tax (expense)/credit	(8,605)	(11,278)	6,544	2,645	(8)
Profit for the year/period	<u>1,077,681</u>	<u>1,074,507</u>	<u>20,382</u>	<u>17,883</u>	<u>9,812</u>
Attributable to:					
Equity shareholders of the Company	1,077,730	1,074,541	20,709	17,887	9,443
Non-controlling interests	(49)	(34)	(327)	(4)	369
Profit for the year/period	<u>1,077,681</u>	<u>1,074,507</u>	<u>20,382</u>	<u>17,883</u>	<u>9,812</u>

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DESCRIPTION OF MAJOR COMPONENTS IN OUR CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

Revenue

During the Track Record Period, we generated revenue from our container shipping services and other container shipping related services, mainly including demurrage charges, detention charges, slottage revenue and other shipping surcharges. Our revenue was US\$1,837.4 million, US\$2,443.5 million, US\$874.6 million, US\$318.2 million and US\$318.0 million, respectively, for the years ended December 31, 2021, 2022 and 2023 and the four months ended April 30, 2023 and 2024. The following table sets forth a breakdown of our revenue by business for the periods indicated:

	For the year ended December 31,						For the four months ended April 30,			
	2021		2022		2023		2023		2024	
	US\$'000	%	US\$'000	%	US\$'000	%	US\$'000	%	US\$'000	%
Provision of container shipping services	1,716,389	93.4	2,301,578	94.2	801,727	91.7	279,865	88.0	295,994	93.1
Other container shipping related services	121,047	6.6	141,892	5.8	72,875	8.3	38,323	12.0	22,033	6.9
Total	1,837,436	100.0	2,443,470	100.0	874,602	100.0	318,188	100.0	318,027	100.0

(Unaudited)

Container shipping services

For the years ended December 31, 2021, 2022 and 2023 and the four months ended April 30, 2023 and 2024, the revenue from our container shipping services was US\$1,716.4 million, US\$2,301.6 million, US\$801.7 million, US\$279.9 million and US\$296.0 million, respectively.

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The following table sets forth a breakdown of our revenue generated from container shipping services by market for the periods indicated:

	For the year ended December 31,						For the four months ended April 30,			
	2021		2022		2023		2023		2024	
	US\$'000	%	US\$'000	%	US\$'000	%	US\$'000	%	US\$'000	%
<i>Asia Pacific</i>										
<i>Region</i>	1,667,925	97.2	1,893,256	82.3	772,716	96.4	268,780	96.0	267,728	90.5
Greater China –										
North Asia	362,716	21.1	363,562	15.8	194,139	24.2	75,580	27.0	54,123	18.3
Greater China –										
Southeast Asia	592,486	34.5	476,007	20.7	247,909	30.9	78,295	28.0	88,556	29.9
Greater China	98,065	5.7	91,466	4.0	61,368	7.7	20,025	7.2	19,848	6.7
North Asia and										
Southeast Asia	93,164	5.4	73,022	3.2	54,422	6.8	19,427	6.9	17,213	5.8
Asia – Oceania	478,141	27.9	628,639	27.3	99,364	12.4	42,923	15.3	45,461	15.4
Asia – Indian										
Subcontinent	43,353	2.6	260,560	11.3	115,514	14.4	32,530	11.6	42,527	14.4
<i>Transpacific⁽¹⁾</i>	48,464	2.8	354,411	15.4	–	–	–	–	–	–
<i>Asia – Europe⁽¹⁾</i>	–	–	43,336	1.9	16	0.0	16	0.0	–	–
<i>Others⁽²⁾</i>	–	–	10,575	0.4	28,995	3.6	11,069	4.0	28,266	9.5
Total	1,716,389	100.0	2,301,578	100.0	801,727	100.0	279,865	100.0	295,994	100.0

Notes:

- (1) To address the market condition that has affected long-haul services in the Transpacific and the Asia – Europe markets where deployment of smaller vessels became less profitable or even loss-making in light of the continued decline of freight rates, we decided to suspend our services in the Transpacific and Asia – Europe markets in December 2022, and all services in the Transpacific and Asia – Europe markets had been suspended in February and in March 2023, respectively. See “Business – Our container shipping business – Our markets – Transpacific” and “Business – Our container shipping business – Our markets – Asia – Europe” for more details.
- (2) Others mainly included the trade lane connecting North Asia, Greater China, Malaysia and the Middle East (Jebel Ali, Damman and Sohar), the trade lane connecting Greater China and East Africa (Mombasa and Dar es Salaam), and the trade lane connecting India (Nhava Sheva and Mundra), Middle East (Jebel Ali and Khalifa) and East Africa (Mombasa and Dar es Salaam).

The revenue from our container shipping services is generally a function of shipping volume and freight rates.

Shipping volume

Our shipping volume was 1,583,574 TEU, 1,559,142 TEU, 1,466,431 TEU, 465,652 TEU and 536,606 TEU, respectively, for the years ended December 31, 2021, 2022 and 2023 and the four months ended April 30, 2023 and 2024.

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The following table sets forth our shipping volume by market for the periods indicated:

	For the year ended December 31,						For the four months ended April 30,			
	2021		2022		2023		2023		2024	
	<i>Shipping</i> <i>volume</i>	%	<i>Shipping</i> <i>volume</i>	%	<i>Shipping</i> <i>volume</i>	%	<i>Shipping</i> <i>volume</i>	%	<i>Shipping</i> <i>volume</i>	%
	<i>(TEU, except percentage)</i>									
Asia Pacific Region	1,571,974	99.3	1,470,045	94.3	1,433,097	97.7	452,393	97.2	512,289	95.4
Greater China –										
North Asia	447,856	28.3	421,127	27.0	398,900	27.2	127,399	27.4	134,872	25.1
Greater China –										
Southeast Asia	710,582	44.9	489,069	31.4	528,193	36.0	161,580	34.7	191,908	35.7
Greater China	148,224	9.4	137,010	8.8	134,696	9.2	40,449	8.7	45,385	8.5
North Asia and										
Southeast Asia	110,238	7.0	74,563	4.8	113,992	7.8	32,823	7.0	44,303	8.3
Asia – Oceania	142,971	9.0	210,851	13.5	103,512	7.1	41,596	8.9	39,617	7.4
Asia – Indian										
Subcontinent	12,103	0.8	137,425	8.8	153,804	10.5	48,546	10.4	56,204	10.5
Transpacific⁽¹⁾	11,600	0.7	72,392	4.6	–	–	–	–	–	–
Asia – Europe⁽¹⁾	–	–	11,364	0.7	11	0.0	11	0.0	–	–
Others⁽²⁾	–	–	5,341	0.4	33,323	2.3	13,248	2.8	24,317	4.6
Total	1,583,574	100.0	1,559,142	100.0	1,466,431	100.0	465,652	100.0	536,606	100.00

Notes:

- (1) To address the market condition that has affected long-haul services in the Transpacific and the Asia – Europe markets where deployment of smaller vessels became less profitable or even loss-making in light of the continued decline of freight rates, we decided to suspend our services in the Transpacific and Asia – Europe markets in December 2022, and all services in the Transpacific and Asia – Europe markets had been suspended in February and in March 2023, respectively. See “Business – Our container shipping business – Our markets – Transpacific” and “Business – Our container shipping business – Our markets – Asia – Europe” for more details.
- (2) Others mainly included the trade lane connecting North Asia, Greater China, Malaysia and the Middle East (Jebel Ali, Dammam and Sohar), the trade lane connecting Greater China and East Africa (Mombasa and Dar es Salaam), and the trade lane connecting India (Nhava Sheva and Mundra), Middle East (Jebel Ali and Khalifa) and East Africa (Mombasa and Dar es Salaam).

Asia Pacific Region

Our shipping volume in the Asia Pacific Region was 1,571,974 TEU, 1,470,045 TEU, 1,433,097 TEU, 452,393 TEU and 512,289 TEU, respectively, for the years ended December 31, 2021, 2022 and 2023 and the four months ended April 30, 2023 and 2024. The decrease in our shipping volume in 2022 was mainly because we allocated more shipping capacity to the Transpacific and Asia – Europe markets with stronger revenue and profitability performance which were long-haul services that need more time to complete a voyage compared with short-haul services and thus generally lowered the shipping volume. The decrease in our

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shipping volume in 2023 was mainly because, to address the adverse market condition, we managed our shipping capacity in light of the scheduled delivery of newbuildings in 2023 by chartering out vessels, returning chartered-in vessels when their charters expired and disposing of owned vessels and this led to a reduction of our shipping capacity and hence a lower shipping volume. The increase in shipping volume in the Asia Pacific Region for the four months ended April 30, 2024 was mainly because we launched several new services and upgraded a number of smaller vessels with larger vessels.

Greater China – North Asia market

Our shipping volume in the Greater China – North Asia market was 447,856 TEU, 421,127 TEU, 398,900 TEU, 127,399 TEU and 134,872 TEU for the years ended December 31, 2021, 2022 and 2023 and the four months ended April 30, 2023 and 2024, accounting for 28.3%, 27.0%, 27.2%, 27.4% and 25.1% of our total container shipping volume, respectively. The decrease in shipping volume in 2022 was mainly because we allocated certain shipping capacity from this market to markets with stronger revenue and profitability performance such as the Asia — Oceania, Asia — Indian Subcontinent and Transpacific markets. The decrease in shipping volume in 2023 was mainly because, to address the adverse market condition, we managed our shipping capacity in light of the scheduled delivery of newbuildings in 2023 by chartering out vessels, returning chartered-in vessels when their charters expired and disposing of owned vessels and this led to a reduction of our shipping capacity and hence a lower shipping volume. The increase in shipping volume for the four months ended April 30, 2024 in the Greater China — North Asia market was mainly because we deployed a number of larger vessels.

Greater China – Southeast Asia market

Our total shipping volume in the Greater China – Southeast Asia market was 710,582 TEU, 489,069 TEU, 528,193 TEU, 161,580 TEU and 191,908 TEU for the years ended December 31, 2021, 2022 and 2023 and the four months ended April 30, 2023 and 2024, respectively, accounting for 44.9%, 31.4%, 36.0%, 34.7% and 35.7% of our total container shipping volume for the same period, respectively. The decrease in shipping volume in 2022 was mainly because we allocated certain shipping capacity from the Greater China — Southeast Asia market to markets with stronger revenue and profitability performance such as the Asia — Oceania, Asia — Indian Subcontinent and Transpacific markets. The increase in shipping volume in 2023 was mainly because we deployed new vessels delivered in 2023 and launched new services in the second half of 2023 such as the service from Greater China to Sihanoukville, Bangkok, Laem Chabang, Ho Chi Minh, Batangas and Manila and the service from Greater China to Jakarta and Surabaya, thereby increasing the shipping volume. Nonetheless, the increase in shipping volume in 2023 was partially offset by the reduction of our shipping capacity in 2023 and hence a lower shipping volume mainly as a result of our management of our shipping capacity including chartering out vessels, returning chartered-in vessels when their charters expired and disposing of owned vessels. The increase in shipping volume for the four months ended April 30, 2024 in the Greater China — Southeast Asia market was mainly because we launched four new services and upgraded a smaller vessel with a larger vessel.

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Greater China market

Our shipping volume in the Greater China market was 148,224 TEU, 137,010 TEU, 134,696 TEU, 40,449 TEU and 45,385 TEU for the years ended December 31, 2021, 2022 and 2023 and the four months ended April 30, 2023 and 2024, respectively, accounting for 9.4%, 8.8%, 9.2%, 8.7% and 8.5% of our total container shipping volume for the same period, respectively. The decrease in shipping volume in the Greater China market in 2022 was mainly due to the port congestion at the port in Hong Kong. As Hong Kong implemented stringent coronavirus restrictions to contain local outbreaks, any suspected or confirmed active COVID-19 cases at ports on vessels may affect port operation and container and vessel traffic at ports, causing port congestion. Our shipping volume in the Greater China market in 2023 remained relatively stable. The increase in shipping volume for the four months ended April 30, 2024 in the Greater China market was mainly due to the increase in market demand.

North Asia and Southeast Asia market

Our total shipping volume in the North Asia and Southeast Asia market was 110,238 TEU, 74,563 TEU, 113,992 TEU, 32,823 TEU and 44,303 TEU for the years ended December 31, 2021, 2022 and 2023 and the four months ended April 30, 2023 and 2024, respectively, accounting for 7.0%, 4.8%, 7.8%, 7.0% and 8.3% of our total container shipping volume for the same period, respectively. The decrease in shipping volume in the 2022 was mainly because we allocated certain shipping capacity from this market to markets with stronger revenue and profitability performance such as the Asia — Oceania, Asia — Indian Subcontinent and Transpacific markets. The increase in shipping volume in 2023 was mainly because we deployed new vessels delivered in 2023 and launched new services such as the services from Pusan to Penang and Ho Chi Minh and from Pusan to Jakarta and Surabaya, thereby increasing the shipping volume. Nonetheless, the increase in shipping volume in 2023 was partially offset by the reduction of our shipping capacity and hence a lower shipping volume mainly as a result of our management of our shipping capacity including chartering out vessels, returning chartered-in vessels when their charters expired and disposing of owned vessels. The increase in shipping volume for the four months ended April 30, 2024 in the North Asia and Southeast Asia market was mainly because we launched two new services and upgraded a smaller vessel with a larger vessel.

Asia – Oceania market

Our total shipping volume in the Asia – Oceania market was 142,971 TEU, 210,851 TEU, 103,512 TEU, 41,596 TEU and 39,617 TEU for the years ended December 31, 2021, 2022 and 2023 and the four months ended April 30, 2023 and 2024, respectively, accounting for 9.0%, 13.5%, 7.1%, 8.9% and 7.4% of our total container shipping volume for the same period, respectively. The significant increase from 2021 to 2022 was mainly due to the launch of one new service from Asia to Australia and one new service from Asia to New Zealand in 2021 and our allocation of certain shipping capacity to markets with stronger revenue and profitability performance such as the Asia — Oceania market. Our total shipping volume in the Asia – Oceania market decreased in 2023 primarily because we suspended one independent service to Australia in April 2023 and the only one independent service to New Zealand in August 2023

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due to the continued decline in the freight rate which made our independent services not economically justifiable. Attributable to our flexible shipping capacity allocation mechanism, we later resumed one independent service to Australia in the fourth quarter of 2023, quickly responding to the increased freight rates and stronger market demand, largely driven by the port congestion and delays in shipments in Australia as a result of terminal union strikes. The decrease in shipping volume for the four months ended April 30, 2024 in the Asia — Oceania market was mainly because we suspended the only one independent service to New Zealand in August 2023 and the independent service to Australia in March 2024 due to the decline in the freight rate which made our independent services not economically justifiable.

Asia – Indian Subcontinent market

Our total shipping volume in the Asia – Indian Subcontinent market was 12,103 TEU, 137,425 TEU, 153,804 TEU, 48,546 TEU and 56,204 TEU for the years ended December 31, 2021, 2022 and 2023 and the four months ended April 30, 2023 and 2024, respectively, accounting for 0.8%, 8.8%, 10.5%, 10.4% and 10.5% of our total container shipping volume for the same period, respectively. The significant increase from 2021 to 2022 was mainly due to our focused development in this market as a result of the Reorganization in 2022 based on which TEH Shipping ceased to operate in this market, the strong market demand and relatively higher freight rate. The increase in shipping volume in 2023 was mainly because we launched a new service from the Far East to East India. The increase in shipping volume for the four months ended April 30, 2024 in the Asia — Indian Subcontinent market was mainly because we launched a new service and upgraded a smaller vessel with a larger vessel.

Transpacific market

For the Transpacific market, we commenced container shipping services from Greater China and Pusan to Vancouver in September 2021. We commenced shipping services via joint services from Asia to the U.S. East Coast in June 2022. Nonetheless, to address the market condition that has affected the services in the Transpacific market, we decided to suspend our services in the Transpacific market in December 2022, and all services in the Transpacific market had been suspended in February 2023. Our total shipping volume in the Transpacific market was 11,600 TEU, 72,392 TEU and nil for the years ended December 31, 2021, 2022 and 2023, respectively, accounting for 0.7%, 4.6% and nil of our total container shipping volume for the same period, respectively.

Asia – Europe market

We commenced container shipping services in the Asia – Europe market in March 2022. To address the market condition that has affected the services in the Asia – Europe market, we decided to suspend our services in the Asia — Europe market in December 2022, and the service in the Asia — Europe market had been suspended in March 2023. Our shipping volume in the Asia – Europe market was 11,364 TEU and 11 TEU for the years ended December 31, 2022 and 2023, respectively, accounting for 0.7% and less than 0.1% of our total container shipping volume for the same period, respectively.

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Others

Our total shipping volume in the others market was 5,341 TEU, 33,323 TEU, 13,248 TEU and 24,317 TEU for the year ended December 31, 2022 and 2023 and the four months ended April 30, 2023 and 2024, respectively, accounting for less than 1.0%, 2.3%, 2.8% and 4.6% of our total container shipping volume for the same period, respectively. The significant increase from 2022 to 2023 and from the four months ended April 30, 2023 to the same period in 2024 was mainly due to the launch of new services.

Freight rates

Freight rates are prices we charge shippers for each TEU shipped by us, and include fuel and other surcharges.

The following table sets forth the average freight rates by market for the periods indicated:

	For the year ended December 31,			For the four months ended April 30,	
	2021	2022	2023	2023	2024
	<i>(US\$ per TEU)</i>				
Asia Pacific Region	1,061	1,288	539	594	523
Greater China –					
North Asia	810	863	487	593	401
Greater China –					
Southeast Asia	834	973	469	485	461
Greater China	662	668	456	495	437
North Asia and					
Southeast Asia	845	979	477	592	389
Asia – Oceania	3,344	2,981	960	1,032	1,148
Asia – Indian					
Subcontinent	3,582	1,896	751	670	757
Transpacific⁽¹⁾	4,178	4,896	–	–	–
Asia – Europe⁽¹⁾	–	3,813	1,455	1,455	–
Others⁽²⁾	–	1,980	870	836	1,162
Group average	1,084	1,476	547	601	552

Notes:

- (1) To address the market condition that has affected long-haul services in the Transpacific and the Asia – Europe markets where deployment of smaller vessels became less profitable or even loss-making in light of the continued decline of freight rates, we decided to suspend our services in the Transpacific and Asia – Europe markets in December 2022, and all services in the Transpacific and Asia – Europe markets had been suspended in February and in March 2023, respectively. See “Business – Our container shipping business – Our markets – Transpacific” and “Business – Our container shipping business – Our markets – Asia – Europe” for more details.

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- (2) Others mainly included the trade lane connecting North Asia, Greater China, Malaysia and the Middle East (Jebel Ali, Dammam and Sohar), the trade lane connecting Greater China and East Africa (Mombasa and Dar es Salaam), and the trade lane connecting India (Nhava Sheva and Mundra), Middle East (Jebel Ali and Khalifa) and East Africa (Mombasa and Dar es Salaam).

The fluctuation of our freight rates during the Track Record Period was mainly driven by the changes of the market rates. According to the Drewry Report, the freight rate performance is fundamentally driven by the shipping supply and demand. Due to the increased demand combined with the relatively stagnant supply capacity partially attributable to COVID-19, the global freight rates started to increase in the second half of 2020. Drewry's World Container Index peaked in September 2021, at US\$10,377.2 per FEU. Since the peak, freight rates have begun and continued to fall as a result of slowing demand growth and the easing of supply chain disruption and port congestion, which increased effective capacity. The World Container Index reached its lowest point at US\$1,341.6 per FEU at the end of October 2023 before its recovery. The attacks on vessels in Red Sea by the Houthis in the fourth quarter of 2023 have precipitated market panic and the diversion of containerships, which in turn has driven an uptick in freight rates in early 2024. Our average freight rates increased by 36.2% from US\$1,084 per TEU in 2021 to US\$1,476 per TEU in 2022, and then decreased by 62.9% to US\$547 per TEU in 2023. Our average freight rates decreased by 8.2% from US\$601 TEU for the four months ended April 30, 2023 to US\$552 TEU for the same period in 2024 which is in line with the fluctuation of the freight rate in the relevant markets. As of October 3, 2024, Drewry's World Container Index reached US\$3,489.3 per FEU.

In particular, the freight rate in the Asia Pacific Region increased sharply from November 2020 and peaked in January 2022, driven by the global supply chain disruption, container box shortage, port congestions, and most importantly, the re-assigning of vessels by container shipping companies to more profitable East-West trade lane which further reduced the supply capacity in the Asia Pacific Region according to the Drewry Report. Following the peak, Intra-Asia freight rates began a correction, returning to pre-pandemic levels in the second half of 2023. In June 2024, Drewry's Intra-Asia freight rate index was at US\$939 per FEU, which is 16.5% higher than the average freight rate in December 2023. Our average freight rate in the Asia Pacific Region increased by 21.4% from US\$1,061 per TEU in 2021 to US\$1,288 per TEU in 2022, and then decreased by 58.2% to US\$539 per TEU in 2023. Our average freight rates in the Asia Pacific Region decreased by 12.0% from US\$594 per TEU for the four months ended April 30, 2023 to US\$523 per TEU for the same period in 2024 which is in line with the fluctuation of the freight rate in the relevant markets.

Within the Asia Pacific Region, we had relatively higher freight rates in the Asia – Oceania and Asia – Indian Subcontinent markets during the Track Record Period. Our average freight rate in Asia – Oceania market was US\$3,344 per TEU, US\$2,981 per TEU, US\$960 per TEU, US\$1,032 per TEU and US\$1,148 per TEU, respectively, for the years ended December 31, 2021, 2022 and 2023 and the four months ended April 30, 2023 and 2024. The decrease in our average freight rate in the Asia – Oceania market in 2022 was mainly due to the increased supply and decreased demand. The decrease in our average freight rate in the Asia – Oceania market in 2023 was generally in line with the market rate, which, according to the Drewry Report, experienced a sustained correction following its peak in January 2022, partially offset

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by congestions and delays in shipment at certain Australian ports caused by the terminal union strikes in late 2023, which, in turn, drove up the freight rate. The increase in our average freight rate in the Asia – Oceania market for the four months ended April 30, 2024 was mainly due to the increase in the relevant market rate in the same period. Our average freight rate in the Asia – Indian Subcontinent market was US\$3,582 per TEU, US\$1,896 per TEU, US\$751 per TEU, US\$670 per TEU and US\$757 per TEU, respectively, for the years ended December 31, 2021, 2022 and 2023 and the four months ended April 30, 2023 and 2024. The decreases in our average freight rate in the Asia – Indian Subcontinent market in 2022 and 2023 were mainly due to the decrease in the market rate, which, according to the Drewry Report, since reaching its peak in October 2021, has begun a correction until it reached a point of relative stability at the beginning of 2023. The increase in our average freight rate in the Asia – Indian Subcontinent market for the four months ended April 30, 2024 was mainly due to the increase in the relevant market rate in the same period.

The freight rate of the Transpacific eastbound started to surge from the second half of 2020, peaked in August 2021 and generally decreased afterwards. We launched long-haul services in the Transpacific market in September 2021. To address the freight rate decline that has affected the services in the Transpacific market, we decided to suspend our services in the Transpacific market in December 2022, and all services in the Transpacific market had been suspended in February 2023. Our average freight rate in the Transpacific market was US\$4,178 per TEU, US\$4,896 per TEU and nil, respectively, for the years ended December 31, 2021, 2022 and 2023.

The freight rate in the Asia – Europe market started to surge from January 2021 and peaked in September 2021. We launched long-haul services in the Asia – Europe market in March 2022. To address the freight rate decline that has affected the services in the Asia – Europe market, we decided to suspend our services in the Asia – Europe market in December 2022, and the service in the Asia – Europe market had been suspended in March 2023. Our average freight rate in Asia – Europe market was US\$3,813 per TEU in 2022 and US\$1,455 per TEU in 2023.

Other container shipping related services

For the years ended December 31, 2021, 2022 and 2023 and the four months ended April 30, 2023 and 2024, the revenue generated from other container shipping related services was US\$121.0 million, US\$141.9 million, US\$72.9 million, US\$38.3 million and US\$22.0 million, respectively. During the Track Record Period, we derived such revenue from collecting demurrage charges, detention charges, slottage revenue from slot chartering to TEH Shipping and other shipping surcharges. We levy demurrage charge when our customers hold our containers for delayed use inside the terminal, port or depot beyond the agreed amount of free time days, which are generally calculated per container unit. We levy detention charge when our customers hold our containers for delayed use outside the port, terminal or depot beyond the agreed amount of free time days, which are generally calculated by day depending on the type and size of the container.

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Cost of sales

During the Track Record Period, our cost of sales primarily represents (i) container handling expenses such as fees for stevedorage, storage and power supply, (ii) depreciation expenses of our owned and long-term leased vessels and containers, (iii) bunker costs, (iv) container rental and yard expenses, (v) vessel running cost such as crew benefit expenses, repair expenses, spare part costs and insurance costs, (vi) port charges such as tug service fees, pilotage fees and berthing and mooring fees, (vii) charter hire fees for vessels under short-term leases of one year or less and (viii) others mainly including commission expenses. Our cost of sales was US\$906.0 million, US\$1,352.1 million, US\$908.4 million, US\$320.6 million and US\$311.1 million, respectively, for the years ended December 31, 2021, 2022 and 2023 and the four months ended April 30, 2023 and 2024.

The following table sets forth a breakdown of our cost of sales by nature for the periods indicated:

	For the year ended December 31,						For the four months ended April 30,			
	2021		2022		2023		2023		2024	
	US\$'000	%	US\$'000	%	US\$'000	%	US\$'000	%	US\$'000	%
	<i>(Unaudited)</i>									
Container handling expenses	301,469	33.3	353,045	26.1	225,200	24.8	81,457	25.4	90,921	29.2
Depreciation	120,930	13.3	242,106	17.9	204,377	22.5	70,993	22.1	58,277	18.7
Bunkers	163,981	18.1	312,881	23.1	187,742	20.7	67,936	21.2	61,245	19.7
Container rental and yard expenses	95,095	10.5	156,389	11.6	103,859	11.4	39,227	12.2	31,342	10.1
Vessel running cost	47,077	5.2	65,417	4.9	64,047	7.1	23,880	7.4	20,629	6.6
Port charges	41,979	4.6	54,432	4.0	47,174	5.2	14,769	4.6	14,724	4.7
Charter hire	87,977	9.7	108,431	8.0	45,534	5.0	10,956	3.4	23,125	7.4
Others	47,462	5.3	59,429	4.4	30,458	3.4	11,352	3.5	10,795	3.5
Total cost of sales	905,972	100.0	1,352,130	100.0	908,391	100.0	320,570	100.0	311,058	100.0

Gross profit and gross profit margin

As a result of the foregoing, our gross profit was US\$931.5 million and US\$1,091.3 million, respectively, and our gross profit margin was 50.7% and 44.7%, respectively, for the years ended December 31, 2021 and 2022. For the year ended December 31, 2023, we incurred a gross loss of US\$33.8 million and our negative gross profit margin was 3.9%. For the four months ended April 30, 2023, we incurred a gross loss of US\$2.4 million and our negative gross profit margin was 0.7%. For the same period in 2024, our gross profit was US\$7.0 million and our gross profit margin was 2.2%.

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Other revenue

During the Track Record Period, we derived other revenue from container rentals and vessel chartering to TEH Shipping and other third parties. Our other revenue was US\$163.2 million, US\$11.6 million, US\$12.3 million, US\$3.6 million and US\$6.2 million, for the years ended December 31, 2021, 2022 and 2023, and the four months ended April 30, 2023 and 2024, respectively. Our charter hire revenue from vessels decreased from US\$148.2 million in 2021 to US\$5.9 million in 2022, mainly reflecting our vessel chartering to TEH Shipping. Our charter hire revenue from vessels then increased to US\$9.3 million in 2023, mainly reflecting our vessel chartering to other carriers. Such fluctuation generally depended on our vessel capacity needs which we would prioritize. Chartering out vessels is one of the ways for us to maintain our vessel fleet size flexibly to address changing market conditions. Our charter hire revenue from vessels increased from US\$2.4 million for the four months ended April 30, 2023 to US\$5.2 million for the four months ended April 30, 2024, mainly reflecting the increased number of vessels we chartered out with higher charter rates.

	For the year ended December 31,			For the four months ended April 30,	
	2021	2022	2023	2023	2024
			<i>US\$'000</i>		
				<i>(Unaudited)</i>	
Other revenue					
Rental income from containers	14,984	5,770	2,954	1,192	986
Charter hire revenue – vessels	148,228	5,860	9,334	2,435	5,179
Total	163,212	11,630	12,288	3,627	6,165

Other net income/(loss)

During the Track Record Period, our other net income or loss was primarily related to (i) gain or loss on disposals of property, plant and equipment mainly consisting of vessels and used containers, (ii) gain on disposals of non-current assets classified as held for sale, (iii) impairment loss on property, plant and equipment mainly representing the difference between the book value and the fair value after deducting the estimated direct selling cost of the vessels classified as non-current assets classified as held for sale, (iv) net foreign exchange gain or loss in connection with the revenue we recorded by different currencies, (v) loss on disposal of TEH Shipping, (vi) loss on termination of lease arrangement reflecting the payment we made due to the return of a vessel before its charter expired, comprising the sum of the contract charter rate less the lower market rate, multiplied by the remaining term of the charter. We returned the chartered-in vessel before its charter expired to avoid incurring extra costs such as the crew costs, insurance premiums and maintenance fees; and (vii) others. Our other net income was

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US\$1.3 million and US\$34.2 million for the years ended December 31, 2021 and 2023, respectively, and our other net loss was US\$1.0 million for the year ended December 31, 2022. Our other net income was US\$13.5 million for the four months ended April 30, 2023, and our other net loss was US\$1.3 million for the same period in 2024.

Our gain on disposals of property, plant and equipment amounted to US\$7.3 million in 2021 and US\$17.8 million in 2022, mainly due to the disposal of aged containers. Our gain on disposals of property, plant and equipment amounted to US\$10.2 million and gain on disposals of non-current assets classified as held for sale amounted to US\$25.2 million in 2023, primarily due to the disposal of 10 owned vessels and a number of owned containers. Our gain on disposals of property, plant and equipment amounted to US\$0.1 million for the same period in 2024, primarily due to the disposal of a number of owned containers.

The following table sets forth a breakdown of our other net income or loss for the periods indicated:

	For the year ended December 31,			For the four months ended April 30,	
	2021	2022	2023	2023	2024
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
				<i>(Unaudited)</i>	
Gain on disposals of property, plant and equipment	7,342	17,803	10,152	2,346	122
Gain on disposals of non-current assets classified as held for sale	–	–	25,160	9,525	–
Impairment loss on property, plant equipment	–	(6,105)	–	–	–
Net foreign exchange (loss)/gain	(6,454)	(12,853)	1,469	1,624	(1,835)
Loss on disposals of an associate	–	(1,473)	–	–	–
Loss on termination of lease arrangement	–	–	(3,095)	–	–
Others	414	1,656	531	23	409
Total other net income/(loss)	1,302	(972)	34,217	13,518	(1,304)

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Administrative and other operating expenses

During the Track Record Period, our administrative and other operating expenses primarily consist of (i) employee benefit expense, (ii) professional fees mainly including audit fees, legal service fees and other listing related expenses, (iii) depreciation and amortization on office and general staff equipment assets, (iv) office expenses mainly including office supplies and utilities and (v) others mainly including taxes, transportation and traveling expenses as well as business hospitality fees. Our administrative and other operating expenses were US\$25.2 million, US\$39.7 million, US\$44.2 million, US\$17.6 million and US\$11.4 million, respectively, for the years ended December 31, 2021, 2022 and 2023 and the four months ended April 30, 2023 and 2024.

The following table sets forth a breakdown of our administrative and other operating expenses for the periods indicated:

	For the year ended December 31,						For the four months ended April 30,			
	2021		2022		2023		2023		2024	
	US\$'000	%	US\$'000	%	US\$'000	%	US\$'000	%	US\$'000	%
	<i>(Unaudited)</i>									
Employee benefit expense	17,986	71.4	27,101	68.2	30,285	68.5	12,449	70.6	8,161	71.5
Professional fees	609	2.4	5,309	13.4	5,576	12.6	2,524	14.3	607	5.3
Depreciation and amortization	2,262	9.0	2,311	5.8	3,392	7.7	975	5.5	1,566	13.7
Office expenses	2,168	8.6	3,223	8.1	3,083	7.0	972	5.5	286	2.5
Others	2,172	8.6	1,775	4.5	1,906	4.3	712	4.1	789	6.9
Total	25,197	100.0	39,719	100.0	44,242	100.0	17,632	100.0	11,409	100.0

Finance costs, net

During the Track Record Period, our net finance costs consisted of interest on bank borrowings and lease liabilities, and our net finance income consisted of bank interest income. Our net finance costs were US\$3.8 million for the year ended December 31, 2021. Our net finance income was US\$14.6 million, US\$44.4 million, US\$18.0 million and US\$9.0 million, respectively, for the years ended December 31, 2022 and 2023 and the four months ended April 30, 2023 and 2024.

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The following table sets forth a breakdown of our net finance costs for the periods indicated:

	For the year ended December 31,			For the four months ended April 30,	
	2021	2022	2023	2023	2024
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
				<i>(Unaudited)</i>	
Bank interest income	(363)	(23,182)	(48,394)	(19,658)	(9,975)
Interest on bank borrowings	1,783	2,429	–	–	–
Interest on lease liabilities	2,397	6,135	4,025	1,625	997
	3,817	(14,618)	(44,369)	(18,033)	(8,978)

Share of profits less losses of associates

During the Track Record Period, our share of profits less losses of associates was primarily attributable to our interests in (i) TS India and (ii) TS Thailand, both of which primarily were engaged in shipping agency services and container shipping services, (iii) TEH Shipping which primarily was engaged in container shipping services for Cross-strait Trade Lanes, and (iv) TS UAE, which was primarily engaged in shipping agency services. Our share of profits less losses of associates were US\$19.3 million, US\$8.9 million, US\$1.0 million, US\$74,000 and US\$0.4 million, for the years ended December 31, 2021, 2022 and 2023 and the four months ended April 30, 2023 and 2024, respectively.

Income tax (expense)/credit

We are subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which our subsidiaries are incorporated and operate. During the Track Record Period, we were generally taxed at the prevailing statutory corporate income tax rate of 16.5% on the taxable income in Hong Kong and appropriate current rates of taxation ruling in other relevant countries and regions.

FINANCIAL INFORMATION

The following table sets forth a breakdown of our income tax expenses or credit for the periods indicated:

	For the year ended December 31,			For the four months ended April 30,	
	2021	2022	2023	2023	2024
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
				<i>(Unaudited)</i>	
Current tax – Hong Kong Profits Tax					
Provision for the year/period	8,542	3,754	665	–	–
Current tax – Outside Hong Kong					
Provision for the year/period	63	156	159	2	8
Deferred tax					
Origination and reversal of temporary differences	–	7,368	(7,368)	(2,647)	–
Total	8,605	11,278	(6,544)	(2,645)	8

RESULTS OF OPERATIONS

Four months ended April 30, 2024 compared to four months ended April 30, 2023

Revenue

Our revenue was US\$318.2 million and US\$318.0 million for the four months ended April 30, 2023 and 2024, respectively, and remained relatively stable.

Container shipping services

Revenue from our container shipping services increased by 5.8% from US\$279.9 million for the four months ended April 30, 2023 to US\$296.0 million for the same period in 2024, primarily due to the increase in our shipping volume. Our shipping volume increased by 15.2% from 465,652 TEU for the four months ended April 30, 2023 to 536,606 TEU for the same period in 2024 mainly because we launched several new services and upgraded some smaller vessels with larger vessels, partially offset by the decrease in our average freight rate from US\$601 per TEU for the four months ended April 30, 2023 to US\$552 per TEU for the same period in 2024.

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Asia Pacific Region

Our revenue from the Asia Pacific Region was US\$268.8 million and US\$267.7 million for the four months ended April 30, 2023 and for the same period in 2024, respectively, and remained relatively stable.

Others

Our revenue from the others market increased significantly from US\$11.1 million for the four months ended April 30, 2023 to US\$28.3 million for the same period in 2024, which was primarily because we launched a new service from Greater China to East Africa in November 2023 and a new service from Greater China to the Middle East and a new service from East Asia to the Middle East each in April 2024.

Other container shipping related services

Revenue from other container shipping related services decreased by 42.5% from US\$38.3 million for the four months ended April 30, 2023 to US\$22.0 million for the same period in 2024, mainly reflecting the lower average rates of demurrage charges and detention charges attributable to the decrease or suspension of our long-haul services in the Asia – Oceania, the Transpacific and the Asia – Europe markets which has a relatively higher average rates of demurrage charges and detention charges.

Cost of sales

Our cost of sales decreased by 3.0% from US\$320.6 million for the four months ended April 30, 2023 to US\$311.1 million for the same period in 2024 which was mainly due to the following reasons.

Our depreciation expenses decreased by 17.9% from US\$71.0 million for the four months ended April 30, 2023 to US\$58.3 million for the same period in 2024 mainly due to decreases in the number of our long-term leased vessels. For example, the number of our long-term leased vessels decreased from three as of December 31, 2023 to two as of April 30, 2024.

Our bunker costs decreased by 9.8% from US\$67.9 million for the four months ended April 30, 2023 to US\$61.2 million for the same period in 2024 mainly due to (i) the installation of scrubbers on a number of owned vessels in 2023, enabling us to switch from the relatively expensive VLSFO to the cheaper HSFO, while remaining in compliance with the IMO 2020 regulations, and (ii) the decrease in the number of our owned vessels and chartered-in vessels for the four months ended April 30, 2024.

Our container rental and yard expenses decreased by 20.1% from US\$39.2 million for the four months ended April 30, 2023 to US\$31.3 million for the same period in 2024, mainly because we eliminated the need for container yard space in higher-cost locations due to the suspension of our long-haul services in the Transpacific and the Asia – Europe markets in February and in March 2023, respectively and our service to New Zealand in August 2023, and our short-term leased containers decreased for the four months ended April 30, 2024.

FINANCIAL INFORMATION

Our vessel running cost decreased by 13.6% from US\$23.9 million for the four months ended April 30, 2023 to US\$20.6 million for the same period in 2024 primarily due to an increase in the proportion of new vessels resulting in a lower maintenance costs.

Gross profit and gross profit margin

As a result of the foregoing, we recorded a gross profit of US\$7.0 million for the four months ended April 30, 2024, with a gross profit margin of 2.2%, compared to a gross loss of US\$2.4 million for the same period in 2023.

Other revenue

Our other revenue increased by 70.0% from US\$3.6 million for the four months ended April 30, 2023 to US\$6.2 million for the same period in 2024 reflecting the increase in charter hire revenue of vessels from US\$2.4 million for the four months ended April 30, 2023 to US\$5.2 million for the same period in 2024 mainly due to the increased number of vessels we chartered out with higher charter rates.

Other net income/(loss)

Our other net income was US\$13.5 million for the four months ended April 30, 2023 and our other net loss was US\$1.3 million for the same period in 2024, primarily due to (i) the net foreign exchange loss of US\$1.8 million as a result of the appreciation of USD, our reporting currency, against different currencies we recorded as revenue and (ii) the decrease in gain on disposals of property, plant and equipment and gain on disposals of non-current assets classified as held for sale from US\$11.9 million for the four months ended April 30, 2023 to US\$0.1 million for the same period in 2024 primarily due to the significant profit generated from the disposal of vessels for the four months ended April 30, 2023 which did not recur.

Administrative and other operating expenses

Our administrative and other operating expenses decreased by 35.3% from US\$17.6 million for the four months ended April 30, 2023 to US\$11.7 million for the same period in 2024, primarily due to the decreases in employee benefit expense from US\$12.4 million for the four months ended April 30, 2023 to US\$8.2 million for the same period in 2024 mainly due to the decreases in bonus.

Finance costs, net

Our finance costs, net decreased by 50.2% from US\$18.0 million for the four months ended April 30, 2023 to US\$9.0 million for the same period in 2024, primarily due to the decrease in bank interest income from US\$19.7 million for the four months ended April 30, 2023 to US\$10.0 million for the same period in 2024 mainly due to a decrease in our time deposits as a result of the purchase payment made for newbuildings.

FINANCIAL INFORMATION

Share of profits less losses of associates

Our share of profits less losses of associates increased significantly from US\$74,000 for the four months ended April 30, 2023 to US\$0.4 million for the same period in 2024, primarily due to the increased contribution from TS India due to the increases in its freight rate and shipping volume in the Asia – Indian Subcontinent market.

Income tax (expense)/credit

Our income tax credit was US\$2.6 million for the four months ended April 30, 2023 and our income tax expense was US\$8,000 for the same period in 2024, primarily due to the origination of temporary differences, which changed from US\$2.6 million for the four months ended April 30, 2023 to nil for the same period in 2024.

Profit for the period

As a result of the foregoing, our profit for the period decreased by 45.1% from US\$17.9 million for the four months ended April 30, 2023 to US\$9.5 million for the same period in 2024.

Year ended December 31, 2023 compared to year ended December 31, 2022

Revenue

Our revenue decreased by 64.2% from US\$2,443.5 million for the year ended December 31, 2022 to US\$874.6 million for the year ended December 31, 2023, primarily reflecting the decrease in our revenue from container shipping services primarily due to the decrease in our freight rates and partially due to the slightly decreased shipping volume.

Container shipping services

Revenue from our container shipping services decreased by 65.2% from US\$2,301.6 million for the year ended December 31, 2022 to US\$801.7 million for the year ended December 31, 2023, primarily due to the decrease in our freight rates and partially due to the slightly decreased shipping volume. Our average freight rate decreased from US\$1,476 per TEU for the year ended December 31, 2022 to US\$547 per TEU for the year ended December 31, 2023, generally in line with the market rates movement. Our shipping volume decreased by 5.9% from 1,559,142 TEU for the year ended December 31, 2022 to 1,466,431 TEU for the year ended December 31, 2023, mainly because, to address the adverse market condition, we managed our shipping capacity in light of the scheduled delivery of newbuildings in 2023 by chartering out vessels, returning chartered-in vessels when their charters expired and disposing of owned vessels and this led to a reduction of our shipping capacity and hence a lower shipping volume.

FINANCIAL INFORMATION

Asia Pacific Region

Our revenue from the Asia Pacific Region decreased by 59.2% from US\$1,893.3 million for the year ended December 31, 2022 to US\$772.7 million for the year ended December 31, 2023, which was primarily due to the 58.2% decrease in our average freight rate from US\$1,288 per TEU for the year ended December 31, 2022 to US\$539 per TEU for the year ended December 31, 2023, generally in line with the market rates movement and our decreased proportion of shipping volume contributed by our Asia – Oceania market which had higher freight rates. For example, the proportion of shipping volume contributed by the Asia – Oceania market decreased from 13.5% of our total shipping volume for the year ended December 31, 2022 to 7.1% for the year ended December 31, 2023 mainly because we suspended one independent service to Australia in the beginning of 2023 and the only one independent service to New Zealand in August 2023 due to the continued declined freight rate which made our independent services not economically justifiable. Attributable to our flexible shipping capacity allocation mechanism, we later resumed one independent service to Australia in the fourth quarter of 2023, quickly responding to the increased freight rates and stronger market demand, largely driven by the port congestion and delays in shipments in Australia as a result of terminal union strikes.

Transpacific market

Our revenue from our Transpacific market decreased from US\$354.4 million for the year ended December 31, 2022 to nil for the year ended December 31, 2023, as we decided to suspend our services in the Transpacific market in December 2022, and all services in the Transpacific market had been suspended in February 2023.

Asia – Europe market

Revenue from our Asia – Europe market decreased significantly from US\$43.3 million for the year ended December 31, 2022 to US\$16,000 for the year ended December 31, 2023, as we decided to suspend our services in the Asia – Europe market in December 2022, and the service in the Asia – Europe market had been suspended in March 2023.

Other container shipping related services

Revenue from other container shipping related services decreased by 48.6% from US\$141.9 million for the year ended December 31, 2022 to US\$72.9 million for the year ended December 31, 2023, mainly reflecting the decreases in the demurrage charges and detention charges which were in line with the decrease in our shipping volume in 2023, and as a result of (i) the easing of port congestion caused by the COVID-19 pandemic, and (ii) the lower average rates of demurrage charges and detention charges attributable to the decrease or suspension of our long-haul services in the Asia – Oceania, the Transpacific and the Asia – Europe markets.

FINANCIAL INFORMATION

Cost of sales

Our cost of sales decreased by 32.8% from US\$1,352.1 million for the year ended December 31, 2022 to US\$908.4 million for the year ended December 31, 2023, which was mainly due to the following reasons.

Our container handling expenses decreased by 36.2% from US\$353.0 million for the year ended December 31, 2022 to US\$225.2 million for the year ended December 31, 2023 mainly due to the decreased stevedorage fees as a result of (i) the decreased shipping volume by absolute amounts and as a percentage of total shipping volume in long-haul services such as those in the Asia – Oceania, the Asia – Europe and the Transpacific markets where higher stevedorage fees were charged and (ii) the easing of labor shortages caused by the COVID-19 pandemic in 2022.

Our bunker costs decreased by 40.0% from US\$312.9 million for the year ended December 31, 2022 to US\$187.7 million for the year ended December 31, 2023 mainly due to (i) the installation of scrubbers on a number of owned vessels in 2023, enabling us to switch from the relatively expensive VLSFO to the cheaper HSFO, while remaining in compliance with the IMO 2020 regulations, and (ii) the decreased bunker consumption as a result of the decreased shipping volume by absolute amounts and as a percentage of total shipping volume in long-haul services such as those in the Asia – Oceania, Asia – Europe and the Transpacific markets . Our average bunker cost decreased from US\$749.5 per tonne for the year ended December 31, 2022 to US\$577.3 per tonne for the year ended December 31, 2023. Our bunker consumption decreased from 417,478 tonnes for the year ended December 31, 2022 to 325,198 tonnes for the year ended December 31, 2023.

Our charter hire expenses decreased by 58.0% from US\$108.4 million for the year ended December 31, 2022 to US\$45.5 million for the year ended December 31, 2023 mainly due to the returning of a number of short-term leased vessels upon the expiration of their charters.

Our container rental and yard expenses decreased by 33.6% from US\$156.4 million for the year ended December 31, 2022 to US\$103.9 million for the year ended December 31, 2023, mainly reflecting the decreased number of our leased containers because we added more owned containers to replace leased containers for long-term cost saving and partially due to the weakened market condition. Our leased containers capacity decreased from 205,241 TEU as of December 31, 2022 to 160,600 TEU as of December 31, 2023.

Our depreciation expenses decreased by 15.6% from US\$242.1 million for the year ended December 31, 2022 to US\$204.4 million for the year ended December 31, 2023 mainly due to the decreases in the number of our long-term leased vessels and containers, partially offset by the increases in the number of our owned vessels and containers. For example, the number of our long-term leased vessels decreased from 14 as of December 31, 2022 to three as of December 31, 2023, as we returned the leased vessels upon the expiration of their charters. In addition, we disposed of 10 owned vessels in 2023. Our leased containers capacity decreased from 205,241 TEU as of December 31, 2022 to 160,600 TEU as of December 31, 2023. On the other hand, 12 new vessels were delivered to us in 2023 and our owned containers capacity increased from 48,699 TEU as of December 31, 2022 to 71,677 TEU as of December 31, 2023, reflecting the upgrade and replacement regarding our vessel and container portfolio.

FINANCIAL INFORMATION

Gross loss and negative gross profit margin

We recorded a gross loss of US\$33.8 million for the year ended December 31, 2023, with a negative gross profit margin of 3.9%, primarily attributable to the decreases in (i) our average freight rates that declined at a pace faster than the decreases in our cost of sales and (ii) our shipping volume mainly as a result of our shipping capacity management.

Our average freight rates decreased by 62.9% from US\$1,476 per TEU in 2022 to US\$547 per TEU in 2023, mainly attributable to the changes of the market rates. According to the Drewry Report, since the peak in September 2021, the global freight rates have begun and continued to fall as a result of slowing demand growth and the easing of supply chain disruption and port congestion, which increased effective shipping capacity.

To address such adverse market condition, we managed our shipping capacity in light of the scheduled delivery of 12 newbuildings in 2023 by chartering out one vessel, returning 12 chartered-in vessels when their charters expired and disposing of 10 owned vessels and this led to a reduction of our shipping capacity during the year and hence a lower shipping volume.

Despite the shipping capacity management, our cost of sales decreased at a slower rate than that of our revenue in 2023. It was mainly because the average cost of key components of cost of sales such as container handling expenses, bunker costs, and container rental and yard expenses, which by their natures were not charged based on or referring to market freight rate, did not fluctuate in line with the movement of our freight rate, and the resulting decrease in revenue did not lead to the same level of decrease in our cost of sales in 2023. In addition, the long-term chartered-in vessels which we could not return before their leases expired as well as the deliveries of new vessels continued to generate depreciation expenses in 2023 even when our average freight rate has decreased significantly from US\$1,476 in 2022 to US\$547 in 2023. For example:

- Our container handling expenses as a percentage of our revenue increased from 14.4% in 2022 to 25.7% in 2023.
- Our bunker costs as a percentage of our revenue increased from 12.8% in 2022 to 21.5% in 2023.
- Our charter hire expenses as a percentage of our revenue increased from 4.4% in 2022 to 5.2% in 2023.
- Our container rental and yard expenses as a percentage of our revenue increased from 6.4% in 2022 to 11.9% in 2023.
- Our depreciation expenses as a percentage of our revenue increased from 9.9% in 2022 to 23.4% in 2023, mainly because (i) 12 new vessels were delivered to us in 2023 and we started to record their depreciation expenses after delivery, (ii) we could not return the low-utilized long-term leased vessels and containers before their charters and leases expired to reduce our depreciation expenses, and (iii) our owned containers capacity increased from 48,699 TEU as of December 31, 2022 to 71,677 TEU as of December 31, 2023.

FINANCIAL INFORMATION

Other revenue

Our other revenue increased by 5.7% from US\$11.6 million for the year ended December 31, 2022 to US\$12.3 million for the year ended December 31, 2023, reflecting the increase in charter hire revenue of vessels from US\$5.9 million for the year ended December 31, 2022 to US\$9.3 million for the year ended December 31, 2023 mainly due to the increased number of vessels we leased out to other carriers as we had been leasing out vessels only from November 2022, and continued until October 2023, depending on our capacity demand, partially offset by the decrease in rental income from containers from US\$5.8 million for the year ended December 31, 2022 to US\$3.0 million for the year ended December 31, 2023 mainly due to the decreases in the charter rates and number of the containers we leased out primarily because TEH Shipping ceased to operate in the Asia – Indian Subcontinent market after the Reorganization in 2022 which led to its decreased demand for containers.

Other net income/(loss)

Our other net loss was US\$1.0 million for the year ended December 31, 2022 and our other net income was US\$34.2 million for the year ended December 31, 2023, primarily due to (i) the gain on disposals of non-current assets classified as held for sale of US\$25.2 million for the year ended December 31, 2023 primarily due to disposal of owned vessels, (ii) the net foreign exchange gain of US\$1.5 million for the year ended December 31, 2023, compared to the net foreign exchange loss of US\$12.9 million in 2022, as a result of the depreciation of USD, our reporting currency, against different currencies we recorded as revenue and (iii) the incurrence of an impairment loss on property, plant and equipment of US\$6.1 million for the year ended December 31, 2022 mainly representing the difference between the book value and the fair value after deducting the estimated direct selling cost of the vessels classified as non-current assets classified as held for sale that we sold in 2023 while there was no such impairment loss in 2023, partially offset by the loss on termination of lease arrangement of US\$3.1 million for the year ended December 31, 2023 as we returned a vessel before its lease expired to manage our vessel capacity.

Administrative and other operating expenses

Our administrative and other operating expenses increased by 11.4% from US\$39.7 million for the year ended December 31, 2022 to US\$44.2 million for the year ended December 31, 2023, primarily due to the increases in (i) employee benefit expense from US\$27.1 million for the year ended December 31, 2022 to US\$30.3 million for the year ended December 31, 2023 mainly due to the increases in our administrative personnel as well as their compensation and bonus and (ii) depreciation and amortization from US\$2.3 million for the year ended December 31, 2022 to US\$3.4 million for the year ended December 31, 2023 mainly in relation to the vehicles and the financial operating system we purchased.

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Finance income

Our net finance income increased significantly from US\$14.6 million for the year ended December 31, 2022 to US\$44.4 million for the year ended December 31, 2023, primarily due to the increase in bank interest income from US\$23.2 million for the year ended December 31, 2022 to US\$48.4 million for the year ended December 31, 2023 mainly due to the increased bank interest rate of our time deposits and the decreases in (i) our interest on bank borrowings as we repaid all of our bank borrowings in advance in 2022 and (ii) our interest on lease liabilities from US\$6.1 million for the year ended December 31, 2022 to US\$4.0 million for the year ended December 31, 2023 mainly due to the decrease in lease liabilities primarily attributable to our return of a number of chartered-in vessels when their charters expired.

Share of profits less losses of associates

Our share of profits less losses of associates decreased significantly from US\$8.9 million for the year ended December 31, 2022 to US\$1.0 million for the year ended December 31, 2023, primarily due to the decreased contribution from (i) TEH Shipping from US\$6.8 million for the year ended December 31, 2022 to nil for the year ended December 31, 2023 as it ceased being our associate upon completion of our disposal of it as part of the Reorganization in September 2022 and (ii) TS India from US\$2.1 million for the year ended December 31, 2022 to US\$0.8 million for the year ended December 31, 2023 mainly due to the decreases in the freight rate in the Asia – Indian Subcontinent market.

Income tax (expense)/credit

Our income tax expenses were US\$11.3 million for the year ended December 31, 2022 and our income tax credit was US\$6.5 million for the year ended December 31, 2023, primarily due to (i) the origination of temporary differences, which shifted from US\$7.4 million in 2022 to negative US\$7.4 million in 2023, and (ii) the decrease in our income tax expense in Hong Kong from US\$3.8 million in 2022 to US\$0.7 million in 2023, mainly as a result of the declined container volume embarking from Hong Kong primarily due to a growing trend of shipping goods from the ports in mainland China as opposed to Hong Kong.

The origination of temporary differences amounted to US\$7.4 million in 2022 reflected the difference in depreciation of the vessels sold in 2022 among the subsidiaries of our Group under accounting and tax treatments as well as the utilization of the unused tax losses. The deferred tax credit in 2023 mainly reflected the reversal of the aforementioned origination of temporary differences of US\$7.4 million, due to the disposal of the vessels associated with such temporary differences by the respective Hong Kong entities.

Profit for the year

As a result of the foregoing, our profit for the period decreased by 98.1% from US\$1,074.5 million for the year ended December 31, 2022 to US\$20.4 million for the year ended December 31, 2023.

FINANCIAL INFORMATION

Year ended December 31, 2022 compared to year ended December 31, 2021

Revenue

Our revenue increased by 33.0% from US\$1,837.4 million for the year ended December 31, 2021 to US\$2,443.5 million for the year ended December 31, 2022, primarily reflecting the increase in our revenue from container shipping services primarily due to the increase in freight rates.

Container shipping services

Revenue from our container shipping services increased by 34.1% from US\$1,716.4 million for the year ended December 31, 2021 to US\$2,301.6 million for the year ended December 31, 2022, primarily due to increases in freight rates. Our average freight rate increased from US\$1,084 per TEU for the year ended December 31, 2021 to US\$1,476 per TEU for the year ended December 31, 2022, generally in line with the market rates movement and partially attributable to our expansion to long-haul services in the Asia – Oceania, Asia – Indian Subcontinent and Transpacific markets. Our shipping volume slightly decreased from 1,583,574 TEU for the year ended December 31, 2021 to 1,559,142 TEU for the year ended December 31, 2022, mainly because we had an increased proportion of both shipping capacity deployed in long-haul services and shipping volume contributed by long-haul services such as the Asia – Oceania, Asia – Indian Subcontinent and Transpacific markets, which need more days to complete a voyage as compared with short-haul services and thus generally lowered the shipping volume.

Asia Pacific Region

Our revenue from the Asia Pacific Region increased by 13.5% from US\$1,667.9 million for the year ended December 31, 2021 to US\$1,893.3 million for the year ended December 31, 2022, which was primarily due to the 21.4% increase in our average freight rate from US\$1,061 per TEU for the year ended December 31, 2021 to US\$1,288 per TEU for the year ended December 31, 2022, generally in line with the market rates movement and our increased proportion of shipping volume contributed by long-haul services such as Asia – Oceania and Asia – Indian Subcontinent markets which had higher freight rates. For example, the proportion of shipping volume contributed by the Asia – Oceania and Asia – Indian Subcontinent markets increased from 9.8% of our total shipping volume for the year ended December 31, 2021 to 22.3% for the year ended December 31, 2022.

Transpacific market

Revenue from our Transpacific market increased significantly from US\$48.5 million for the year ended December 31, 2021 to US\$354.4 million for the year ended December 31, 2022, as such long-haul services were launched in September 2021 and continued in 2022.

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Asia – Europe market

Revenue from our Asia – Europe market increased from nil for the year ended December 31, 2021 to US\$43.3 million for the year ended December 31, 2022, as such long-haul services were launched in March 2022.

Other container shipping related services

Revenue from other container shipping related services increased by 17.2% from US\$121.0 million for the year ended December 31, 2021 to US\$141.9 million for the year ended December 31, 2022, mainly reflecting the growth of demurrage charges and detention charges as a result of port congestion and the higher rates of demurrage charges and detention charges in our long-haul services.

Cost of sales

Our cost of sales increased by 49.2% from US\$906.0 million for the year ended December 31, 2021 to US\$1,352.1 million for the year ended December 31, 2022, which was mainly due to the following reasons.

Our bunker costs increased by 90.8% from US\$164.0 million for the year ended December 31, 2021 to US\$312.9 million for the year ended December 31, 2022 mainly due to (i) the increased average bunker cost which was generally in line with the increased market prices mainly as a result of the energy crisis situation caused by Russia-Ukraine conflict and the recovery in demand for oil according to the Drewry Report and (ii) the increased bunker consumption as a result of the increased shipping volume by absolute amounts and as a percentage of total shipping volume in long-haul services such as those in the Asia – Oceania, Asia –Indian Subcontinent and the Transpacific markets. Our average bunker cost increased from US\$507.0 per tonne for the year ended December 31, 2021 to US\$749.5 per tonne for the year ended December 31, 2022. Our bunker consumption increased from 323,412 tonnes for the year ended December 31, 2021 to 417,478 tonnes for the year ended December 31, 2022.

Our depreciation expenses increased significantly from US\$120.9 million for the year ended December 31, 2021 to US\$242.1 million for the year ended December 31, 2022 mainly due to increases in the number of our long-term leased vessels and containers and their average charter rates as well as the number of our owned vessels. For example, the number of our owned vessels and long-term leased vessels increased from 25 and 11, respectively, as of December 31, 2021 to 31 and 14, respectively, as of December 31, 2022. Our leased containers capacity increased from 170,303 TEU as of December 31, 2021 to 205,241 TEU as of December 31, 2022. The increases in our average charter rates of long-term leased vessels and containers were largely in line with the market trend.

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Our container rental and yard expenses increased by 64.5% from US\$95.1 million for the year ended December 31, 2021 to US\$156.4 million for the year ended December 31, 2022, mainly reflecting the increased number of our leased containers which was generally in line with our business expansion. Our leased containers capacity increased from 170,303 TEU as of December 31, 2021 to 205,241 TEU as of December 31, 2022.

Our container handling expenses increased by 17.1% from US\$301.5 million for the year ended December 31, 2021 to US\$353.0 million for the year ended December 31, 2022 mainly due to the increased stevedorage fees as a result of (i) the increased shipping volume by absolute amounts and as a percentage of total shipping volume in long-haul services such as those in the Asia – Oceania and the Transpacific markets where higher stevedorage fees were charged and (ii) the increased average stevedorage charges partly attributable to the labor shortage caused by the COVID-19 pandemic.

Our charter hire expenses increased by 23.2% from US\$88.0 million for the year ended December 31, 2021 to US\$108.4 million for the year ended December 31, 2022 mainly due to the increased charter rates for short-term (one year or less) leased vessels.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased by 17.2% from US\$931.5 million for the year ended December 31, 2021 to US\$1,091.3 million for the year ended December 31, 2022. Our gross profit margin decreased from 50.7% for the year ended December 31, 2021 to 44.7% for the year ended December 31, 2022 primarily attributable to the increases in our cost of sales that grew at a pace faster than the increases in our average freight rates primarily because of (i) the increases in long-haul services which incurred more bunkers, (ii) our increased depreciation expenses mainly due to increases in the number of our long-term leased vessels and containers and their average charter rates as well as the number of our owned vessels, (iii) the market freight rates which had begun and continued to fall as a result of slowing demand growth and the easing of supply chain disruption and port congestion since the peak in September 2021, especially that the average freight rate in the Asia – Indian Subcontinent market decreased by 47.1% from US\$3,582 per TEU in 2021 to US\$1,896 per TEU in 2022, experiencing the most significant drop in 2022 among all the markets where we operated, resulting in a much lower gross profit margin of this market compared to the previous year. Meanwhile, the shipping volume in the Asia – Indian Subcontinent market significantly increased in 2022 mainly as a result of our change of service model from slot chartering to primarily joint services in the area to meet the market demand, contributing to an increased proportion of revenue from the Asia – Indian Subcontinent market in 2022, which in turn lowered our overall gross profit margin in 2022.

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Other revenue

Our other revenue decreased significantly from US\$163.2 million for the year ended December 31, 2021 to US\$11.6 million for the year ended December 31, 2022, reflecting the decreases in (i) charter hire revenue of vessels from US\$148.2 million for the year ended December 31, 2021 to US\$5.9 million for the year ended December 31, 2022 mainly due to the decreased number of vessels we leased out to TEH Shipping and (ii) rental income from containers from US\$15.0 million for the year ended December 31, 2021 to US\$5.8 million for the year ended December 31, 2022 mainly due to the decreased number of containers we leased out to TEH Shipping, both due to TEH Shipping's reduced demand after its cessation of container shipping services in the Asia – Indian Subcontinent market upon restructuring and our prioritization of vessel and container utilization to serve our own growing demand.

Other net income/(loss)

Our other net income was US\$1.3 million for the year ended December 31, 2021 and our other net loss was US\$1.0 million for the year ended December 31, 2022, primarily due to (i) the net foreign exchange loss of US\$12.9 million as a result of the appreciation of USD, our reporting currency, against different currencies we recorded as revenue and (ii) the impairment loss on property, plant and equipment of US\$6.1 million mainly representing the difference between the book value and the fair value after deducting the estimated direct selling cost of the vessels classified as non-current assets classified as held for sale that we sold in 2023, partially offset by the increase of our gain on disposals of property, plant and equipment of US\$17.8 million consisting mainly of aged containers.

Administrative and other operating expenses

Our administrative and other operating expenses increased by 57.6% from US\$25.2 million for the year ended December 31, 2021 to US\$39.7 million for the year ended December 31, 2022, primarily due to the increases in (i) employee benefit expense from US\$18.0 million for the year ended December 31, 2021 to US\$27.1 million for the year ended December 31, 2022 mainly due to the increases in our administrative personnel as well as their compensation and bonus and (ii) professional fees from US\$0.6 million for the year ended December 31, 2021 to US\$5.3 million for the year ended December 31, 2022 mainly due to our proposed Listing.

Finance costs

Our net finance costs were US\$3.8 million for the year ended December 31, 2021 and our net finance income was US\$14.6 million for the year ended December 31, 2022, primarily due to the increase in bank interest income from US\$0.4 million for the year ended December 31, 2021 to US\$23.2 million for the year ended December 31, 2022 mainly due to our increased time deposit, primarily as a result of the increased bank interest rate and the increase in our cash and cash equivalents generated from our operating activities in 2022, partially offset by the increase in our interest on lease liabilities from US\$2.4 million for the year ended December 31, 2021 to US\$6.1 million for the year ended December 31, 2022 mainly due to the increase in lease liabilities primarily attributable to the increased number of our long-term leased vessels, the increased vessel charter rates and increased number of leased containers.

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Share of profits less losses of associates

Our share of profits less losses of associates decreased by 54.0% from US\$19.3 million for the year ended December 31, 2021 to US\$8.9 million for the year ended December 31, 2022, primarily due to the decreased contribution from TEH Shipping from US\$17.3 million for the year ended December 31, 2021 to US\$6.8 million for the year ended December 31, 2022 mainly due to TEH Shipping's ceasing to be our associate upon completion of our disposal of TEH Shipping as part of the Reorganization in September 2022.

Income tax expenses

Our income tax expenses increased by 31.1% from US\$8.6 million for the year ended December 31, 2021 to US\$11.3 million for the year ended December 31, 2022, primarily due to the origination of temporary differences of US\$7.4 million mainly reflecting the difference in depreciation of the vessels sold in 2022 among the subsidiaries of our Group under accounting and tax treatments as well as the utilization of the unused tax losses, partially offset by the decrease in our taxable profit in Hong Kong mainly as a result of the tightened border control measures to combat COVID-19 pandemic including disruption to the cross-border trucking services between Hong Kong and Guangdong Province which adversely impacted our outbound container shipping services from Hong Kong.

Profit for the year

As a result of the foregoing, our profit for the period slightly decreased from US\$1,077.7 million for the year ended December 31, 2021 to US\$1,074.5 million for the year ended December 31, 2022.

DESCRIPTION OF MAJOR LINE ITEMS IN OUR CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets forth selected information from our consolidated statements of financial position as of the dates indicated, which has been extracted from the Accountants' Report set out in Appendix I to this prospectus:

	As of December 31,			As of
	2021	2022	2023	April 30,
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>2024</i>
Total non-current assets	1,120,240	1,179,629	1,342,664	1,518,125
Total current assets	1,126,575	1,593,733	817,078	617,924
Total assets	<u>2,246,815</u>	<u>2,773,362</u>	<u>2,159,742</u>	<u>2,136,049</u>

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	As of December 31,			As of April 30,
	2021	2022	2023	2024
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Total current liabilities	396,433	387,063	255,645	230,847
Total non-current liabilities	402,708	235,332	132,539	123,861
Total liabilities	799,141	622,395	388,184	354,708
Net current assets	730,142	1,206,670	561,433	387,077
Net assets	1,447,674	2,150,967	1,771,558	1,781,341
Share capital	140,000	140,000	140,000	140,000
Reserves	1,307,084	2,010,505	1,631,394	1,640,633
Total equity attributable to equity Shareholders of our Company	1,447,084	2,150,505	1,771,394	1,780,633
Non-controlling interests	590	462	164	708
TOTAL EQUITY	1,447,674	2,150,967	1,771,558	1,781,341

The following table sets forth our current assets, current liabilities and net current assets as of the dates indicated:

	As of December 31,			As of April 30,	As of August 31,
	2021	2022	2023	2024	2024
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Current assets					
Bunkers	25,229	25,215	21,717	27,564	25,806
Contract assets	39,746	11,327	1,559	6,870	15,306
Trade and other receivables	193,513	104,925	77,465	99,186	90,808
Cash and cash equivalents	868,087	1,320,129	716,337	484,304	459,429
Non-current assets classified as held for sale	–	132,137	–	–	–
Total current assets	1,126,575	1,593,733	817,078	617,924	591,349

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	As of December 31,			As of April 30,	As of August 31,
	2021	2022	2023	2024	2024
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i> <i>(Unaudited)</i>
Current liabilities					
Contract liabilities	5,012	4,784	3,099	3,538	6,098
Trade and other payables	243,721	217,844	164,136	158,867	161,810
Bank borrowings	33,234	–	–	–	–
Lease liabilities	106,011	160,681	84,670	64,791	41,950
Tax payable	8,455	3,754	3,740	3,651	3,633
Total current liabilities	<u>396,433</u>	<u>387,063</u>	<u>255,645</u>	<u>230,847</u>	<u>213,491</u>
Net current assets	<u>730,142</u>	<u>1,206,670</u>	<u>561,433</u>	<u>387,077</u>	<u>377,858</u>

We had net current assets of US\$377.9 million as of August 31, 2024, primarily consisting of (i) cash and cash equivalents of US\$459.4 million and (ii) trade and other receivables of US\$90.8 million, partially offset by (i) trade and other payables of US\$161.8 million and (ii) lease liabilities of US\$42.0 million.

We had net current assets of US\$387.1 million as of April 30, 2024, primarily consisting of (i) cash and cash equivalents of US\$484.3 million and (ii) trade and other receivables of US\$99.2 million, partially offset by (i) trade and other payables of US\$158.9 million and (ii) lease liabilities of US\$64.8 million.

We had net current assets of US\$561.4 million as of December 31, 2023, primarily consisting of (i) cash and cash equivalents of US\$716.3 million and (ii) trade and other receivables of US\$77.5 million, partially offset by (i) trade and other payables of US\$164.1 million and (ii) lease liabilities of US\$84.7 million.

We had net current assets of US\$1,206.7 million as of December 31, 2022, primarily consisting of (i) cash and cash equivalents of US\$1,320.1 million and (ii) trade and other receivables of US\$104.9 million, partially offset by (i) trade and other payables of US\$217.8 million and (ii) lease liabilities of US\$160.7 million.

We had net current assets of US\$730.1 million as of December 31, 2021, primarily consisting of (i) cash and cash equivalents of US\$868.1 million and (ii) trade and other receivables of US\$193.5 million, partially offset by (i) trade and other payables of US\$243.7 million and (ii) lease liabilities of US\$106.0 million.

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The net current assets increased by 65.3% from US\$730.1 million as of December 31, 2021 to US\$1,206.7 million as of December 31, 2022, primarily due to the increase in cash and cash equivalents from US\$868.1 million as of December 31, 2021 to US\$1,320.1 million as of December 31, 2022, mainly attributable to the net cash generated from operating activities. The net current assets then decreased by 53.5% to US\$561.4 million as of December 31, 2023, primarily due to the decrease in cash and cash equivalents from US\$1,320.1 million as of December 31, 2022 to US\$716.3 million as of December 31, 2023, mainly attributable to our declaration and payment of the interim dividend of US\$400.0 million in 2023, purchases of vessels and containers and lease rentals, while our net cash generated from operating activities in 2023 decreased significantly mainly as a result of our decreased revenue. The net current assets then decreased by 31.1% to US\$387.1 million as of April 30, 2024, primarily due to the decrease in cash and cash equivalents from US\$716.3 million as of December 31, 2023 to US\$484.3 million as of April 30, 2024, mainly attributable to purchases of vessels and containers.

The net assets increased by 48.6% from US\$1,447.7 million as of December 31, 2021 to US\$2,151.0 million as of December 31, 2022, primarily due to the increased net profit, partially offset by the interim dividend of US\$370.0 million we paid in 2022. The net assets then decreased by 17.6% from US\$2,151.0 million as of December 31, 2022 to US\$1,771.6 million as of December 31, 2023, primarily due to the declaration and payment of the interim dividend of US\$400.0 million in 2023. The net assets then remained stable at US\$1,781.3 million as of April 30, 2024.

Property, plant and equipment

Our property, plant and equipment primarily consisted of (i) vessels, (ii) containers, (iii) leasehold improvements, (iv) furniture and equipment, (v) motor vehicles, (vi) land and building and (vii) right-of-use assets including mainly our vessels, containers and other properties under leases. The following table sets forth a breakdown of the net book value of our property, plant and equipment as of the dates indicated:

	As of December 31,			As of April 30,
	2021	2022	2023	2024
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Vessels	517,225	501,810	817,785	1,103,626
Containers	119,847	99,036	133,451	129,086
Leasehold improvements	85	37	93	81
Furniture and equipment	245	378	554	483
Motor vehicles	123	119	305	513
Land and building	3,433	3,204	3,094	2,864
Right-of-use assets	358,016	394,874	225,967	197,638
Total	998,974	999,458	1,181,249	1,434,291

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Our property, plant and equipment remained stable at US\$999.5 million as of December 31, 2022 primarily attributable to the increase in right-of-use assets from US\$358.0 million as of December 31, 2021 to US\$394.9 million as of December 31, 2022 mainly reflecting (i) the increased number of our vessels under charters with a contract term of over one year and increased vessel charter rates and (ii) the newly leased containers with a contract term of ten years, partially offset by the decreases in (i) vessels from US\$517.2 million as of December 31, 2021 to US\$501.8 million as of December 31, 2022 mainly reflecting the transfer to non-current assets classified as held for sale of US\$55.7 million as we committed to a plan to sell nine vessels in 2022, and (ii) containers from US\$119.8 million as of December 31, 2021 to US\$99.0 million as of December 31, 2022, mainly due to the disposal of our aged containers.

Our property, plant and equipment increased by 18.2% from US\$999.5 million as of December 31, 2022 to US\$1,181.2 million as of December 31, 2023 primarily attributable to the increases in (i) vessels from US\$501.8 million as of December 31, 2022 to US\$817.8 million as of December 31, 2023 mainly reflecting the delivery of 12 vessels to replace and upgrade our older vessels, partially offset by the disposal of our 10 owned vessels, and (ii) containers from US\$99.0 million as of December 31, 2022 to US\$133.5 million as of December 31, 2023, mainly due to our purchase of the owned containers to replace the leased ones, partially offset by the decrease in right-of-use assets from US\$394.9 million as of December 31, 2022 to US\$226.0 million as of December 31, 2023 mainly due to the return of a number of chartered-in vessels and leased containers.

Our property, plant and equipment increased by 21.4% from US\$1,181.2 million as of December 31, 2023 to US\$1,434.3 million as of April 30, 2024, primarily attributable to the increase in vessels from US\$817.8 million as of December 31, 2023 to US\$1,103.6 million as of April 30, 2024 mainly reflecting the delivery of five vessels, partially offset by the decrease in rights-of-use assets from US\$226.0 million as of December 31, 2023 to US\$197.6 million as of April 30, 2024 mainly due to the depreciation charge for the period.

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Right-of-use assets

Our right-of-use assets mainly consist of (i) ownership interests in leasehold land and buildings held for own use, with remaining lease term of between 10 and 50 years, representing the lump sum payments we made upfront to acquire these property interests from their previous registered owners which did not require ongoing payments to be made under the terms other than payments based on rateable values payable to the relevant government authorities, (ii) properties leased for own use representing the present value of the lease payments payable over the lease term plus any lease payments made at or before the commencement date, and any initial direct costs incurred, (iii) containers, (iv) vessels and (v) vehicles. The following table sets forth a breakdown of the net book value of our right-of-use assets as of the dates indicated:

	As of December 31,			As of April 30,
	2021	2022	2023	2024
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Ownership interests in leasehold land and buildings held for own use, with remaining lease term of between 10 and 50 years	17,319	15,398	13,688	13,082
Properties leased for own use	1,740	3,437	1,986	1,825
Vessels	187,655	197,328	59,079	37,665
Containers	151,277	178,679	151,198	145,054
Motor vehicles	25	32	16	12
Total	358,016	394,874	225,967	197,638

Our right-of-use assets increased by 10.3% to US\$394.9 million as of December 31, 2022, primarily attributable to the increases in (i) leased containers from US\$151.3 million as of December 31, 2021 to US\$178.7 million as of December 31, 2022, mainly due to around 2,800 newly leased containers with a contract term of ten years and (ii) chartered-in vessels from US\$187.7 million as of December 31, 2021 to US\$197.3 million as of December 31, 2022 primarily due to the increases in (a) the number of our vessels under charters with a term over one year from 11 as of December 31, 2021 to 14 as of December 31, 2022 and (b) the vessel charter rates.

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Our right-of-use assets decreased by 42.8% from US\$394.9 million as of December 31, 2022 to US\$226.0 million as of December 31, 2023, primarily attributable to the decreases in (i) chartered-in vessels from US\$197.3 million as of December 31, 2022 to US\$59.1 million as of December 31, 2023 primarily due to our return of a number of chartered-in vessels when their charters expired and (ii) leased containers from US\$178.7 million as of December 31, 2022 to US\$151.2 million as of December 31, 2023, mainly due to the return of our leased containers in 2023 because we added more owned containers to replace leased containers for cost saving and partially due to the weakened market condition.

Our right-of-use assets decreased by 12.5% from US\$226.0 million as of December 31, 2023 to US\$197.6 million as of April 30, 2024, primarily attributable to the decreases in (i) chartered-in vessels from US\$59.1 million as of December 31, 2023 to US\$37.7 million as of April 30, 2024 primarily due to the depreciation charge for the period and (ii) leased containers from US\$151.2 million as of December 31, 2023 to US\$145.1 million as of April 30, 2024, mainly due to the depreciation charge for the period.

Prepayments for the acquisition of vessels

Our prepayments for the acquisition of vessels increased by 74.3% from US\$100.2 million as of December 31, 2021 to US\$174.6 million as of December 31, 2022, primarily reflecting our vessel acquisition during the periods, and then decreased by 11.7% to US\$154.2 million as of December 31, 2023, mainly due to the delivery of 12 vessels in 2023 upon which our prepayments were settled as payments of the consideration, and then decreased by 50.6% to US\$76.2 million as of April 30, 2024, mainly due to the delivery of five vessels in 2024 upon which our prepayments were settled as payments of the consideration. As of December 31, 2021, 2022 and 2023 and the four months ended April 30, 2024, we had purchased seven, nil, nil, and nil second-hand vessels, respectively, all of which had been delivered and had ordered 21, 20, nil, and two newbuildings, respectively, eight of which had not been delivered.

Interests in associates

Our interests in associates decreased by 74.1% from US\$21.1 million as of December 31, 2021 to US\$5.5 million as of December 31, 2022, mainly due to TEH Shipping's ceasing to be our associate upon completion of our disposal of TEH Shipping as part of the Reorganization in September 2022. Our interests in associates then increased by 17.6% to US\$6.4 million as of December 31, 2023, mainly due to the net profits of TS Thailand and TS India in 2023. Our interests in associates then increased by 5.8% to US\$6.8 million as of April 30, 2024, primarily attributable to the net profits of TS Thailand and TS India in 2024.

Bunkers

Our bunkers remained stable at US\$25.2 million as of December 31, 2021 and 2022, respectively. Our bunkers then decreased by 13.9% to US\$21.7 million as of December 31, 2023, primarily due to the decreases in (i) the bunker price as a result of the installation of scrubbers enabling us to switch from the relatively expensive VLSFO to cheaper HSFO and (ii)

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the number of our vessels (with the exclusion of any vessels which were chartered out by us) from 50 as of December 31, 2022 to 43 as of December 31, 2023. Our bunkers then increased by 26.9% to US\$27.6 million as of April 30, 2024, primarily because more long-haul services were launched in the second half of 2023 and 2024. We launched a new service from Greater China to East Africa in November 2023 and a new service from Greater China to the Middle East and a new service from East Asia to the Middle East each in April 2024. As of December 31, 2021, 2022 and 2023, and April 30, 2024, our unit bunker cost was US\$570.5 per tonne, US\$606.4 per tonne, US\$591.4 per tonne, and US\$576.4 per tonne, respectively, and our bunkers amounted to 39,490 tonnes, 37,374 tonnes, 30,717 tonnes, and 39,407 tonnes, respectively.

The bunkers turnover days generally correlate to the average length of our services. The average bunkers turnover days are calculated as the arithmetic mean of the beginning and ending balances of the stock of our bunkers divided by the sum of cost of sales for that period and multiplied by 365 days or by 120 days for the relevant period. Our average bunkers turnover days decreased from 7.2 days in 2021 to 6.8 days in 2022, mainly due to our increased cost of sales. Our average bunkers turnover days then increased to 9.4 days in 2023, mainly because our bunker price decreased at a slower pace than our cost of sales in 2023. Our average bunkers turnover days were 9.5 days for the four months ended April 30, 2024. For details on our cost of sales, see “— Results of operations — Year ended December 31, 2022 compared to year ended December 31, 2021 — Cost of sales,” “— Results of Operations — Year ended December 31, 2023 compared to year ended December 31, 2022 — Cost of sales” and “— Results of Operations — Four months ended April 30, 2024 compared to four months ended April 30, 2023 — Cost of sales” in this section.

As of August 31, 2024, US\$25.3 million, or 91.8% of our bunkers as of April 30, 2024, were subsequently consumed.

Contract assets

We recognize contract assets when we recognize revenue based on the percentage of completion before we are unconditionally entitled to the consideration under the payment terms set out in the contract. Our contract assets mainly reflected the scale of services we performed as of the respective dates before we could recognize revenue based on contract terms, and decreased from US\$39.7 million as of December 31, 2021 to US\$11.3 million as of December 31, 2022, and then decreased significantly to US\$1.6 million as of December 31, 2023, primarily due to the decreases in our average freight rates and shipping volume, especially of our long-haul services that required longer time on average to complete the services. Our contract assets then increased significantly to US\$6.9 million as of April 30, 2024, primarily because more long-haul services were launched in the second half of 2023 and in the four months ended April 30, 2024. We launched a new service from Greater China to East Africa in November 2023 and a new service from Greater China to the Middle East and a new service from East Asia to the Middle East each in April 2024. As of August 31, 2024, US\$6.9 million, or 100.0% of our contract assets as of April 30, 2024, was settled.

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Trade and other receivables

Our trade and other receivables under the current assets consisted of (i) trade debtors, net of loss allowance, in connection with the outstanding amounts due from customers and (ii) other receivables, prepayments and deposits mainly in connection with (a) our loans of US\$5.2 million to the initial shareholders of TEH Shipping to fund the capital contribution at the inception of TEH Shipping, which were fully settled in September 2022, (b) prepaid expenses in relation to port charges and insurances, (c) guarantee deposits in relation to ports and fleet management and (d) interest receivable in connection of our time deposits. The following table sets forth a breakdown of our trade and other receivables as of the dates indicated:

	As of December 31,			As of
	2021	2022	2023	April 30,
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	2024
Trade debtors, net of loss allowance	180,496	84,266	64,143	85,229
Other receivables, prepayments and deposits	13,017	20,659	13,322	13,957
Current portion of trade and other receivables	193,513	104,925	77,465	99,186
Non-current prepayments for the acquisitions of vessels	100,194	174,602	154,194	76,219
Total	293,707	279,527	231,659	175,405

Our trade and other receivables decreased by 45.8% to US\$104.9 million as of December 31, 2022, mainly due to the decrease in the trade debtors from US\$180.5 million as of December 31, 2021 to US\$84.3 million as of December 31, 2022 primarily due to the decrease in our average freight rates towards the end of 2022, partially offset by the increase in the other receivables, prepayments and deposits from US\$13.0 million as of December 31, 2021 to US\$20.7 million as of December 31, 2022 primarily due to the increased interest receivable mainly as a result of our increased time deposit and the increased bank interest rate. Our trade and other receivables further decreased by 26.2% to US\$77.5 million as of December 31, 2023, mainly due to the decreases in (i) trade debtors from US\$84.3 million as of December 31, 2022 to US\$64.1 million as of December 31, 2023 primarily due to the decrease in our average freight rates, and (ii) other receivables, prepayments and deposits from US\$20.7 million as of December 31, 2022 to US\$13.3 million as of December 31, 2023 primarily due to the decreased interest receivable mainly as a result of the lower average balance of our time deposit. Our trade and other receivables then increased by 28.0% to US\$99.2 million as of April 30, 2024, primarily due to the increase in the trade debtors from US\$64.1 million as of December 31, 2023 to US\$85.2 million as of April 30, 2024 primarily due to the increase in revenue from container shipping services. For details on our trade and other receivables under the non-current assets, see “— Description of major line items in our consolidated statements of financial position — Prepayments for the acquisition of vessels” in this section.

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The following table sets forth the aging analysis of our trade debtors based on the invoice date and net of loss allowance as of the dates indicated:

	As of December 31,			As of April 30,
	2021	2022	2023	2024
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Within 1 month	172,229	81,980	62,733	82,845
Over 1 month to 2 months	4,788	1,080	611	600
Over 2 months to 3 months	225	82	226	960
Over 3 months	3,254	1,124	573	824
Total	180,496	84,266	64,143	85,229

We generally offer two payment terms for our container shipping services: freight prepaid and freight collect. Under freight collect terms, some shippers prepay only the loading terminal handling charge, and the freight charges and other expenses are paid by the consignee upon taking delivery of the cargos at the destination port. We generally do not grant credit period under freight collect term, but we would review customers' credit term requests on a case-by-case basis and usually grant a credit period of less than 30 days from the date of billing. See "Business — Sales, marketing and pricing — Payment terms" for further details.

We have a vast customer and diversified base. We perform individual credit evaluations on all customers requiring credit over a certain amount, which focus on their past history of making payments when due and current ability to pay, and take into account information specific to the customers as well as pertaining to the economic environment in which the customers operate. We seek to maintain strict control over our outstanding receivables and our finance department reviews our outstanding receivables and overdue balances on a regular basis. We measure loss allowances for trade receivables at an amount equal to lifetime ECLs. As our historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between our different customer bases.

The average trade receivables turnover days are calculated as the arithmetic mean of the beginning and ending trade receivables balances divided by revenue for that period and multiplied by 365 days or by 120 days for the relevant period. Our average trade receivables turnover days were 29.8 days, 19.8 days, 31.0 days, and 28.2 days for the years ended December 31, 2021, 2022 and 2023, and the four months ended April 30, 2024, respectively which were in line with the credit period we granted to our customers. Our trade receivables turnover days decreased from 29.8 days in 2021 to 19.8 days in 2022 primarily because (i) our average freight rates decreased towards the end of 2022 and (ii) we enhanced our debt collection, shortened the credit period granted to new customers and the proportion of sales to

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customers with shorter credit period was increased. Our trade receivables turnover days then increased to 31.0 days in 2023, returning to a normal level, primarily because the freight rates had a smaller decrease by the end of 2023 compared to the same time in 2022. Our trade receivables turnover days were 28.2 days for the four months ended April 30, 2024.

As of August 31, 2024, US\$85.2 million, or 100.0% of our trade receivables as of April 30, 2024, was settled.

Cash and cash equivalents

Our cash and cash equivalents increased by 52.1% from US\$868.1 million as of December 31, 2021 to US\$1,320.1 million as of December 31, 2022, mainly attributable to the net cash generated from operating activities. Our cash and cash equivalents then decreased by 45.7% to US\$716.3 million as of December 31, 2023, mainly attributable to our payments in 2023 in relation to the interim dividend, purchases of vessels and containers and lease rentals, while our net cash generated from operating activities in 2023 decreased significantly mainly as a result of our decreased revenue. Our cash and cash equivalents then decreased by 32.4% to US\$484.3 million as of April 30, 2024, mainly attributable to purchases of vessels and containers.

Contract liabilities

We recognize contract liability (i) when the customer pays non-refundable consideration before we recognize the revenue from container shipping services and (ii) when we have an unconditional right to receive non-refundable consideration before we recognize the revenue from container shipping services. Our contract liabilities were US\$5.0 million, US\$4.8 million and US\$3.1 million, respectively, as of December 31, 2021, 2022 and 2023, which mainly reflected the scale of non-refundable consideration we received from container shipping services as of the respective dates before we could recognize revenue based on contract terms. Such decreases in our contract liabilities were mainly due to the decreases in our shipping volume, especially of our long-haul services that required longer time on average to complete the services, and our average freight rates during the periods. Our contract liabilities then increased by 14.2% to US\$3.5 million as of April 30, 2024, mainly attributable to the increases in our shipping volume.

Trade and other payables

Our trade and other payables consisted of (i) trade payables due to our suppliers of vessels and containers, and payables related to vessel and container chartering, bunker fees, slot charters and port handling expenses, (ii) other payables and accrued charges mainly including (a) expenses payable mainly in relation to our listing expenses and administrative expenses, (b) other current liabilities mainly in relation to the VAT and (c) commission payable in relation to the shipping agency services and other ancillary services we received, (iii) deposits received mainly from freight forwarders to guarantee their contractual obligations owed to us and from certain BCO customers which retain our containers to guarantee their obligations of container

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return, cleaning or repair and (iv) provision for litigations related to the KFTC Incident. Because the KFTC’s decision is premised on its findings from October 2003 through December 2018, we have started making provision for the incident since 2019. The following table sets forth a breakdown of our trade and other payables as of the date indicated:

	As of December 31,			As of April 30,
	2021	2022	2023	2024
	<i>US\$’000</i>	<i>US\$’000</i>	<i>US\$’000</i>	<i>US\$’000</i>
Trade payables	221,820	189,059	133,238	129,669
Other payables and accrued charges	7,442	9,680	18,432	17,487
Deposits received	10,871	19,105	12,466	11,711
Provision for litigations	3,588	–	–	–
Total	243,721	217,844	164,136	158,867

Our trade and other payables decreased by 10.6% to US\$217.8 million as of December 31, 2022, mainly due to the decreases in (i) the trade payables from US\$221.8 million as of December 31, 2021 to US\$189.1 million as of December 31, 2022 primarily due to the decrease in the port handling expenses mainly as a result of the decrease in our shipping volume towards the end of 2022 and (ii) the provision for litigations from US\$3.6 million as of December 31, 2021 to nil as of December 31, 2022 primarily due to our payment of the penalty surcharge in relation to the KFTC Incident in 2022, partially offset by the increase in deposits received from US\$10.9 million as of December 31, 2021 to US\$19.1 million as of December 31, 2022 primarily due to our increased freight rates. Our trade and other payables further decreased by 24.7% to US\$164.1 million as of December 31, 2023, mainly due to the decreases in (i) the trade payables from US\$189.1 million as of December 31, 2022 to US\$133.2 million as of December 31, 2023 primarily due to the decrease in payables related to vessel and container chartering mainly due to the decreases in the number of our short-term (one year or less) leased vessels and containers and (ii) the deposits received from US\$19.1 million as of December 31, 2022 to US\$12.5 million as of December 31, 2023 primarily due to our decreased freight rates and slightly decreased shipping volume, partially offset by the increase in other payables and accrued charges from US\$9.7 million as of December 31, 2022 to US\$18.4 million as of December 31, 2023 primarily reflecting the dividends payable to Mr. Wu. See “History, Reorganization and Corporate Structure — Our corporate developments — Our Company” for further details. Our trade and other payables further decreased by 3.2% to US\$158.9 million as of April 30, 2024, mainly attributable to the decrease in the trade payables from US\$133.2 million as of December 31, 2023 to US\$129.7 million as of April 30, 2024 primarily due to the decrease in payables as a result of delay of the settlements due to December 31, 2023 being a public holiday.

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The following table sets forth an aging analysis of our trade payables based on the invoice date as of the date indicated:

	As of December 31,			As of April 30,
	2021	2022	2023	2024
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Within 1 month	143,465	142,480	94,993	92,602
Over 1 month to 3 months	76,828	40,903	36,201	30,638
Over 3 months	1,527	5,676	2,044	6,429
Total	221,820	189,059	133,238	129,669

During the Track Record Period, our suppliers generally granted us various credit periods ranging from 60 to 90 days or we were required to make prepayments. The average trade payables turnover days are calculated as the arithmetic mean of the beginning and ending trade payables balances divided by total cost of sales for that period and multiplied by 365 days or by 120 days for the relevant period. Our average trade payables turnover days decreased from 74.3 days in 2021 to 55.5 days in 2022, which was mainly attributable to our increased cost of sales. For details on our increased cost of sales in 2022 compared to that of 2021, see “— Results of operations — Year ended December 31, 2023 compared to year ended December 31, 2022 — Cost of sales” in this section. Our average trade payables turnover days then increased to 64.8 days in 2023, primarily because the arithmetic mean of the beginning and ending trade payables balances decreased at a slower pace than our cost of sales in 2023. See “— Results of Operations — Year ended December 31, 2023 compared to year ended December 31, 2022 — Cost of sales” in this section for further details. Our average trade payables turnover days then decreased to 50.7 days for the four months ended April 30, 2024, primarily due to the decrease in the average trade payables. See “— Results of Operations — Four months ended April 30, 2024 compared to four months ended April 30, 2023 — Cost of sales” in this section for further details.

As of August 31, 2024, US\$129.7 million, or 100.0% of our trade payables as of April 30, 2024, was settled.

Bank borrowings

See “— Indebtedness — Indebtedness — Bank borrowings” in this section for further details.

Lease liabilities

See “— Indebtedness — Indebtedness — Lease liabilities” in this section for further details.

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LIQUIDITY AND CAPITAL RESOURCES

Cash flows

The following table sets forth selected cash flow data from our consolidated cash flow statements for the periods indicated:

	For the year ended December 31,			For the four months ended April 30,	
	2021	2022	2023	2023	2024
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
				<i>(Unaudited)</i>	
Net cash generated from operating activities	1,170,487	1,373,936	129,002	73,928	23,994
Net cash (used in)/generated from investing activities	(471,279)	(175,883)	(169,994)	38,083	(219,375)
Net cash used in financing activities	(1,201)	(744,768)	(562,868)	(61,999)	(35,688)
Net increase/(decrease) in cash and cash equivalents	698,007	453,285	(603,860)	50,012	(231,069)
Cash and cash equivalents at January 1	175,026	868,087	1,320,129	1,320,129	716,337
Effect of foreign exchange rate changes	(4,946)	(1,243)	68	(134)	(964)
Cash and cash equivalents at December 31	<u>868,087</u>	<u>1,320,129</u>	<u>716,337</u>	<u>1,370,007</u>	<u>484,304</u>

Net cash generated from operating activities

For the four months ended April 30, 2024, we had net cash generated from operating activities of US\$24.0 million. This net cash inflow was primarily due to (i) profit before taxation of US\$9.8 million, as adjusted to reflect non-cash items, including (a) depreciation and amortization of US\$60.1 million mainly in connection with our vessels and containers, and (b) interest income of US\$10.0 million mainly in connection with our time deposits and (ii) the increase in trade and other receivables of US\$22.1 million mainly reflecting the increase in our revenue from container shipping services in 2024. This net cash inflow was partially offset by a decrease in trade and other payables of US\$3.6 million mainly reflecting the decrease in payables related to vessel and container chartering mainly due to the decreases in the number of our leased vessels.

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For the year ended December 31, 2023, we had net cash generated from operating activities of US\$129.0 million. This net cash inflow was primarily due to (i) profit before taxation of US\$13.8 million, as adjusted to reflect non-cash items, including (a) depreciation and amortization of US\$207.7 million mainly in connection with our vessels and containers, (b) interest income of US\$48.4 million mainly in connection with our time deposits and (c) gain on disposals of property, plant and equipment and gain on disposals of non-current assets classified as held for sale of US\$35.3 million mainly in connection with the disposal of our 10 owned vessels and a number of containers in 2023 and (ii) the decrease in trade and other receivables of US\$27.5 million mainly reflecting the decrease in our average freight rates. This net cash inflow was partially offset by a decrease in trade and other payables of US\$53.7 million mainly reflecting the decrease in payables related to vessel and container chartering mainly due to the decreases in the number of our short-term (one year or less) leased vessels and containers.

For the year ended December 31, 2022, we had net cash generated from operating activities of US\$1,373.9 million. This net cash inflow was primarily due to (i) profit before taxation of US\$1,085.8 million, as adjusted to reflect non-cash items, including depreciation and amortization of US\$236.9 million mainly in connection with our vessels and containers and (ii) the decrease in trade and other receivables of US\$87.4 million mainly reflecting the decrease in our average freight rates towards the end of 2022.

For the year ended December 31, 2021, we had net cash generated from operating activities of US\$1,170.5 million. This net cash inflow was primarily due to (i) profit before taxation of US\$1,086.3 million, as adjusted to reflect non-cash items, including depreciation and amortization of US\$123.3 million mainly in connection with our vessels and containers and (ii) an increase in trade and other payables of US\$84.6 million mainly reflecting our increased payables related to vessel acquisition, vessel and container chartering, bunker fees, slot charters and port handling expenses. This net cash inflow was partially offset by an increase in trade and other receivables of US\$61.8 million mainly reflecting our revenue growth.

Net cash used in investing activities

For the four months ended April 30, 2024, our net cash used in investing activities amounted to US\$219.4 million, primarily due to purchases of property, plant and equipment of US\$229.5 million mainly reflecting our acquisition of vessels and containers, partially offset by interest income received of US\$10.0 million mainly reflecting the bank interest income.

For the year ended December 31, 2023, our net cash used in investing activities amounted to US\$170.0 million, primarily due to purchases of property, plant and equipment of US\$395.7 million mainly reflecting our acquisition of vessels and containers, partially offset by (i) proceeds from disposals of property, plant and equipment and from disposals of non-current assets classified as held for sale of US\$178.1 million mainly reflecting our disposal of used vessels and (ii) interest income received of US\$48.4 million mainly reflecting the bank interest income.

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For the year ended December 31, 2022, our net cash used in investing activities amounted to US\$175.9 million, primarily due to purchases of property, plant and equipment of US\$238.5 million mainly reflecting our acquisition of vessels and containers, partially offset by (i) interest income received of US\$23.2 million mainly reflecting the bank interest income and (ii) proceeds from disposals of associates in relation to our disposal of TEH Shipping.

For the year ended December 31, 2021, our net cash used in investing activities amounted to US\$471.3 million, primarily due to purchases of property, plant and equipment of US\$479.0 million mainly reflecting our acquisition of vessels and containers, partially offset by proceeds from disposals of property, plant and equipment of US\$7.4 million mainly reflecting the disposal of our used containers.

Net cash used in financing activities

For the four months ended April 30, 2024, our net cash used in financing activities amounted to US\$35.7 million, which was mainly attributable to capital element of lease rentals paid of US\$34.7 million mainly in relation to our chartered-in vessels and leased containers.

For the year ended December 31, 2023, our net cash used in financing activities amounted to US\$562.9 million, which was mainly attributable to (i) interim dividends paid of US\$400.0 million and (ii) capital element of lease rentals paid of US\$155.0 million mainly in relation to our chartered-in vessels and leased containers.

For the year ended December 31, 2022, our net cash used in financing activities amounted to US\$744.8 million, which was mainly attributable to (i) interim dividends paid of US\$370 million, (ii) repayment of bank borrowings of US\$191.8 million and (iii) capital element of lease rentals paid of US\$174.4 million mainly in relation to our chartered-in vessels and leased containers.

For the year ended December 31, 2021, our net cash used in financing activities amounted to US\$1.2 million, which was mainly attributable to (i) capital element of lease rentals paid of US\$71.5 million mainly in relation to our chartered-in vessels and leased containers, (ii) repayment of bank borrowings of US\$26.8 million and (iii) interim dividends paid of US\$10.5 million, partially offset by proceeds from new bank borrowings of US\$111.8 million.

Working capital sufficiency

Our liquidity and capital resource needs over the next 12 months primarily relate to our purchase or lease of property and equipment, including containers and vessels. We believe our liquidity requirements will be satisfied by using funds from a combination of cash flow generated from operating activities, debt financing, net proceeds from the Global Offering and other funds raised from the capital markets from time to time. Other than the bank borrowings that we have obtained or may obtain, we currently do not have any plans for material external debt financing. As of August 31, 2024, we had cash and cash equivalents of US\$459.4 million. After taking into consideration the above financial resources available to us, in the absence of unforeseeable circumstances, our Directors are of the opinion that we have sufficient working capital to meet our present and future cash requirements for at least the next 12 months from the date of publication of this document.

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Our ability to obtain additional funding beyond our anticipated cash needs for the next 12 months following the date of this prospectus, however, is subject to a variety of uncertainties, including our future results of operations, our future business plans, financial condition and cash flows and economic, political and other conditions in the markets where we and our customers and lenders operate.

INDEBTEDNESS

Indebtedness

Our indebtedness primarily consisted of bank borrowings and lease liabilities. The following table sets forth a breakdown of our indebtedness as of the date indicated:

	As of December 31,			As of April 30,	As of August 31,
	2021	2022	2023	2024	2024
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
					<i>(Unaudited)</i>
Non-current					
Bank borrowings	158,553	–	–	–	–
Lease liabilities	244,155	227,964	132,539	123,861	116,206
Current					
Bank borrowings	33,234	–	–	–	–
Lease liabilities	106,011	160,681	84,670	64,791	41,950
Total	541,953	388,645	217,209	188,652	158,156

Bank borrowings

Our bank borrowings amounted to US\$191.8 million as of December 31, 2021, which were mainly used to finance our capital needs for the acquisition and chartering for the vessels and containers. During the Track Record Period, our bank borrowings generally bore a floating interest rate of three-month LIBOR plus certain basis points ranging from 1.07% to 5.18%. Interest on our bank borrowings increased by 36.2% from US\$1.8 million in 2021 to US\$2.4 million in 2022, mainly due to the increased LIBOR. We repaid all of our bank borrowings in advance in 2022 and plan to fulfill our future capital needs through a combination of cash generated from operating activities as well as the net proceeds from the Global Offering. We did not incur any bank borrowings as of the Latest Practicable Date.

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As of December 31, 2021, 2022 and 2023 and April 30, 2024, US\$305.9 million, US\$86.9 million, nil and nil of our banking facilities were secured by our pledged vessels with an aggregate carrying amount of US\$359.6 million, US\$96.7 million, nil and nil, respectively. As of the Latest Practicable Date, we did not have any banking facilities. In addition, as of December 31, 2021, our bank borrowings were secured and guaranteed by Mr. Chen (a Controlling Shareholder and an executive Director). All such guarantees had been terminated. Our Company expects that that none of the loans or debts of our Group will be guaranteed or secured by any connected person of our Company (including Mr. Chen) upon Listing.

The following table sets forth a maturity profile of our bank borrowings as of the date indicated:

	As of December 31,			As of April 30,
	2021	2022	2023	2024
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Within 1 year	33,234	–	–	–
After 1 year but within 2 years	66,468	–	–	–
After 2 years but within 5 years	57,577	–	–	–
More than 5 years	34,508	–	–	–
Total bank borrowings	191,787	–	–	–

Our bank borrowing agreements contain standard terms, conditions and covenants that are customary for commercial bank loans. Our Directors confirm that there was no material restrictive covenant in our indebtedness which could significantly limit our ability to undertake additional debt or equity financing during the Track Record Period and up to the Latest Practicable Date. Our Directors confirm that we did not experience any difficulty in obtaining bank borrowings, default in payment of bank borrowings or breach of covenants during the Track Record Period and up to the Latest Practicable Date. Given our credit history and our current credit status, we believe that we will not encounter any major difficulties in obtaining additional bank borrowings in the future.

Save as disclosed above, we did not have any bank and other loan, or any loan capital issued and outstanding or agreed to be issued, bank overdraft, borrowing or similar indebtedness, liabilities under acceptance (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, hire purchases or finance lease commitments, guarantees or other material contingent liabilities as of the Latest Practicable Date for our indebtedness statement. Our Directors confirm that there has not been any material change in our indebtedness since August 31, 2024 up to the date of this prospectus.

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Lease liabilities

Our lease liabilities include the properties we lease for business operations, which mainly include our chartered-in vessels and containers and properties we use as offices. See “Business — Our container shipping business — Our fleet” and “Business — Our container shipping business — Containers” for further details. Our lease liabilities increased by 11.0% from US\$350.2 million as of December 31, 2021 to US\$388.6 million as of December 31, 2022, primarily reflecting (i) the increased number of our chartered-in vessels and containers with a contract term over one year and (ii) the increased charter rates for vessels and containers. Our lease liabilities then decreased by 44.1% to US\$217.2 million as of December 31, 2023, primarily due to the return of a number of chartered-in vessels and leased containers when their charters expired. Our lease liabilities then decreased by 13.1% to US\$188.7 million as of April 30, 2024, primarily due to the decreased number of our chartered-in vessels with a contract term less than one year.

CONTINGENT LIABILITIES

We did not have any contingent liabilities during the Track Record Period and up to the Latest Practicable Date.

CAPITAL COMMITMENTS AND CAPITAL EXPENDITURE

Capital commitments

Our capital commitments are mainly related to capital expenditures contracted for but not yet paid in relation to the purchase of vessels. Our capital commitments amounted to US\$913.5 million, US\$685.1 million, US\$361.5 million and US\$151.2 million, respectively, as of December 31, 2021, 2022 and 2023 and April 30, 2024, primarily reflecting our acquisition of vessels under installment during the Track Record Period. See “— Material accounting policies and accounting judgments and estimates — Material accounting policies — Property, plant and equipment” in this section for further details on our acquisition of vessels and containers.

Capital expenditure

For the years ended December 31, 2021, 2022 and 2023 and the four months ended April 30, 2023 and 2024, our capital expenditure amounted to US\$479.0 million, US\$238.5 million, US\$395.7 million, US\$87.9 million and US\$229.5 million, respectively. Our capital expenditure during the Track Record Period consisted of payment for purchases of property, plant and equipment such as vessels and containers. We intend to fund our planned capital expenditures through a combination of cash generated from operating activities as well as the net proceeds from the Global Offering. Our actual capital expenditures may differ from the amounts set forth above due to various factors, including our future cash flows, results of operations and financial condition, economic conditions in the market and changes in the regulatory environment. In addition, we may incur additional capital expenditures from time to time as we pursue new opportunities to expand our business.

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OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

During the Track Record Period and as of the Latest Practicable Date, we had no off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

During the Track Record Period, we entered into a number of transactions with related parties. Our related parties mainly consisted of (i) companies beneficially owned by our controlling shareholders and (ii) our associates. See note 24 to the Accountants' Report in Appendix I to this prospectus for further details on our related party transactions and balances. Our transactions with related parties mainly involve (i) commissions we incurred or received for container shipping agency services, (ii) freight and handling services income collected on our Group's behalf, (iii) freight service charge paid/payable and handling services fee paid on our Group's behalf mainly reflecting container handling expenses, port charges and commission expenses charged by shipping agents, (iv) freight charges and handling services fee paid on the associates' behalf, (v) revenue from provision of container shipping services in relation to our slot chartering to TEH Shipping, (vi) charter hire revenue or expenses of vessels mainly in relation to our vessel chartering to TEH Shipping and (vii) rental income from containers in relation to our container rentals to TEH Shipping. The following table sets forth a breakdown of our related party transactions for the periods indicated:

	For the year ended December 31,			For the four months ended April 30,	
	2021	2022	2023	2023	2024
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
					<i>(Unaudited)</i>
Companies controlled by the controlling shareholders or partially owned by the controlling shareholders with significant influence related companies:					
– Commissions paid/payable	11,419	16,660	6,055	2,122	1,928
– Commissions received/receivable	–	360	–	202	197
– Freight and handling services income collected on the Group's behalf	245,807	293,380	117,543	43,952	41,499
– Freight service charge paid/payable and handling services fee paid on the Group's behalf	62,162	134,920	56,830	48,792	19,088
– Freight and handling services income collected on the companies controlled by the controlling shareholders' behalf	–	–	16,410	6,133	4,027

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	For the year ended December 31,			For the four months ended April 30,	
	2021	2022	2023	2023	2024
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
				<i>(Unaudited)</i>	
– Freight services charges and handling services paid on the companies controlled by the controlling shareholders' behalf	–	–	7,669	2,721	2,555
– Revenue from provision of container shipping services	–	4,096	4,120	2,137	859
– Charter hire expenses – vessels	–	10,301	6,355	4,800	4,840
– Rental income from containers	–	1,511	2,625	919	898
	<u>–</u>	<u>15,908</u>	<u>20,769</u>	<u>10,577</u>	<u>8,152</u>
Associates:					
– Commissions paid/payable	5,556	5,069	4,176	2,191	804
– Commissions received/receivable	2,112	574	–	–	–
– Freight and handling services income collected on the Group's behalf	152,278	164,163	81,601	29,395	27,310
– Freight service charge paid/payable and handling services fee paid on the Group's behalf	51,270	32,204	36,343	12,933	12,552
– Freight and handling services income collected on the associates' behalf	285,788	40,548	–	–	–
– Freight charges and handling services fee paid on the associates' behalf	38,001	8,431	–	–	–
– Revenue from provision of container shipping services	25,649	10,379	–	–	–
– Charter hire revenue – vessels	138,564	4,650	–	–	–
– Charter hire expenses – vessels	8,733	12,877	–	–	–
– Rental income from containers	14,817	3,915	–	–	–
	<u>14,817</u>	<u>3,915</u>	<u>–</u>	<u>–</u>	<u>–</u>

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The following table sets forth a breakdown of our balances with related parties that are classified as trade or non-trade in nature as of the date indicated.

	As of December 31,			As of April 30,
	2021	2022	2023	2024
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Trade-related				
Amounts due from associates	33,334	1,295	2,575	7,631
Amounts due from related companies	34,400	14,479	15,049	18,316
	67,734	15,774	17,624	25,947
Non-trade related				
Amounts due from shareholders of the Company	5,056	–	–	–
Trade-related				
Amounts due to associates	58,357	3,802	–	4,602
Non-trade related				
Dividend payable to a shareholder of the Company	–	250	8,585	8,585

Notes:

- (i) The amounts due from the Group's associates are unsecured, interest-free and due within 30 days from the date of billing.
- (ii) The amounts are due from companies controlled by the controlling shareholders and a related company partially owned by the controlling shareholders with significant influence, which are unsecured, interest-free and due within 30 days from the date of billing.
- (iii) The amounts due from the shareholders of the Company are unsecured, interest-free and recoverable on demand.
- (iv) The amounts due to the Group's associates are unsecured, interest-free and due within 30 days from the date of billing.
- (v) The dividend payable to a shareholder of the Company has no fixed terms of payment. The settlement of dividend payable of US\$8,585,000 as of December 31, 2023 and April 30, 2024 was still conditional upon adjudication of by the court that Mr. Wu Shang-Ying to be the beneficial owner of the Company.

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As of April 30, 2024, the non-trade related amounts due from our shareholders was nil. As of April 30, 2024, the non-trade related amounts due to related parties amounted to US\$8.6 million, reflecting the dividend payable to a shareholder of the Company, Mr. Wu Shang-Ying, which has no fixed terms of payment. The settlement of such dividend payable remains contingent upon adjudication of by the court that Mr. Wu Shang-Ying to be the beneficial owner of the Company. As such, our Company cannot guarantee the non-trade related amounts due to related parties will be settled prior to Listing.

It is the view of our Directors that our transactions with related parties during the Track Record Period was conducted on an arm's length basis and with normal commercial terms between the relevant parties. Our Directors are also of the view that our related party transactions during the Track Record Period would not distort our historical results or make our historical results not reflective of our future performance. Other than the dividend of US\$8.6 million payable to Mr. Wu Shang-Ying, our Directors confirm that any other related party balances which are non-trade in nature and did not occur in our ordinary course of business will be settled before Listing.

KEY FINANCIAL RATIOS

The following table set forth our key financial ratios as of the date or for the period indicated:

	As of/For the year ended December 31,			As of/ For the four months ended April 30,
	2021	2022	2023	2024
	Return on equity ⁽¹⁾ (%)	118.0	59.7	1.1
Return on total assets ⁽²⁾ (%)	73.5	42.8	0.8	N/A ⁽⁶⁾
Current ratio ⁽³⁾ (Times)	2.8	4.1	3.2	2.7
Quick ratio ⁽⁴⁾ (Times)	2.8	4.1	3.1	2.6
Gearing ratio ⁽⁵⁾ (%)	13.2	nil	nil	nil

Notes:

- (1) Return on equity is calculated based on profit attributable to Shareholders of our Company for the period divided by the arithmetic mean of the opening and closing balances of total equity attributable to equity Shareholders of our Company and multiplied by 100%.
- (2) Return on total assets is calculated based on profit attributable to Shareholders of our Company for the period divided by the arithmetic mean of the opening and closing balances of total assets and multiplied by 100%.
- (3) Current ratio is calculated based on total current assets divided by total current liabilities.
- (4) Quick ratio is calculated based on total current assets less inventories divided by total current liabilities.
- (5) Gearing ratio is calculated based on total bank borrowings divided by total equity and multiplied by 100%. Our gearing ratio was nil as of December 31, 2022 and 2023 and April 30, 2024, respectively, because we did not incur bank borrowings as of the same date.
- (6) This interim period number is not meaningful as it is not comparable to the annual numbers.

FINANCIAL INFORMATION

Return on equity

Our return on equity decreased from 118.0% in 2021 to 59.7% in 2022, primarily because the significant increase in our net profit in 2021 led to an increased arithmetic mean of the opening and closing balance of total equity attributable to equity Shareholders of our Company for 2022. Our return on equity further decreased to 1.1% in 2023, primarily because the significant decrease in our net profit attributable to Shareholders of our Company in 2023.

Return on total assets

Our return on total assets decreased from 73.5% in 2021 to 42.8% in 2022, primarily because the increases in our total assets outpaced the increases in our net profits, mainly as a result of the increases in (a) the prepayments for the acquisitions of vessels and (b) cash and cash equivalents generated from our operating activities. Our return on total assets further decreased to 0.8% in 2023, primarily because the significant decrease in our net profit attributable to Shareholders of our Company in 2023.

Current ratio

Our current ratio increased from 2.8 times as of December 31, 2021 to 4.1 times as of December 31, 2022, primarily due to the decreases in our (i) bank borrowings due to the repayment and (ii) trade and other payables mainly due to the decreased port handling expenses mainly as a result of the decrease in our shipping volume towards the end of 2022. Our current ratio then decreased to 3.2 times as of December 31, 2023, primarily due to the decreased cash and cash equivalents, mainly as a result of (i) our decreased net cash generated from operating activities, (ii) the payment of our interim dividend and (iii) the payment for purchases of vessels and containers. Our current ratio then decreased to 2.7 times as of April 30, 2024, primarily due to the decreased cash and cash equivalents mainly as a result of the payment for purchases of vessels and containers.

Quick ratio

Our quick ratio increased from 2.8 times as of December 31, 2021 to 4.1 times as of December 31, 2022, primarily due to the decreases in our (i) bank borrowings due to the repayment and (ii) trade and other payables mainly due to the decreased port handling expenses mainly as a result of the decrease in our shipping volume towards the end of 2022. Our quick ratio then decreased to 3.1 times as of December 31, 2023, primarily due to the decreased cash and cash equivalents, mainly as a result of (i) our decreased net cash generated from operating activities, (ii) the payment of our interim dividend and (iii) the payment for purchases of vessels and containers. Our quick ratio then decreased to 2.6 times as of April 30, 2024, primarily due to the decreased cash and cash equivalents mainly as a result of the payment for purchases of vessels and containers.

FINANCIAL INFORMATION

Gearing ratio

Our gearing ratio decreased from 13.2% as of December 31, 2021, to nil, nil and nil, respectively, as of December 31, 2022 and 2023 and April 30 2024, respectively, as a result of our repayment of all of our bank borrowings in 2022.

QUANTITATIVE AND QUALITATIVE DISCLOSURE OF FINANCIAL RISKS

We are exposed to various types of financial risks in the ordinary course of business, including credit, liquidity, interest rate and currency risks. Our overall risk management strategy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on our financial performance. We set forth a summary of our approach to managing these types of risks. See note 23 to the Accountants' Report in Appendix I to this prospectus for further details.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to us. Our credit risk is primarily attributable to trade receivables and contract assets. Our exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks and financial institutions with sound credit ratings, for which we consider to have low credit risk.

We have a vast customer base that is not connected; thus, the ability to concentrate the credit risk is limited. Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 30 days from the date of billing. We measure loss allowances for trade receivables at an amount equal to lifetime ECLs. As our historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between our different customer bases.

Liquidity risk

Our policy is to regularly monitor our liquidity requirements, to ensure that we maintain sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet our liquidity requirements in the short and long term. See note 23(b) to the Accountants' Report in Appendix I to this prospectus for further details.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Our interest rate risk arises primarily from bank borrowings. Borrowings issued at variable rates expose us to cash flow interest rate risk. See note 23(c) to the Accountants' Report in Appendix I to this prospectus for further details.

FINANCIAL INFORMATION

Currency risk

We are exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily Renminbi, Japanese Yen, United States dollars and New Taiwan dollars. See note 23(d) to the Accountants' Report in Appendix I to this prospectus for further details.

DIVIDENDS AND DIVIDEND POLICY

We may distribute dividends by way of cash or by other means that we consider appropriate. For the years ended December 31, 2021, 2022 and 2023 and the four months ended April 30, 2024, our Company declared and paid cash dividends of US\$10.5 million, US\$370.0 million, US\$400.0 million, and nil, respectively, to our Shareholders. In addition, our Company made a bonus issue which capitalized retained profits of US\$70.0 million for the year ended December 31, 2021. In October 2024, our Company declared a special interim dividend of US\$300.0 million to our existing Shareholders, which will be settled before the Listing.

We currently intend to recommend at the relevant shareholder meetings an annual dividend of no less than US\$70.0 million for each of the year ending December 31, 2024 and the year ending December 31, 2025. The above recommendation remains subject to the absolute discretion of our Board of Directors, and subject to the approval of our Shareholders. Any future determination to declare and pay any dividends will be at the discretion of our Board and will depend on, among other things, our earnings, financial condition, capital requirements, level of indebtedness, statutory and contractual restrictions applying to the payment of dividends and other considerations that our Board deems relevant. In addition, any final dividends for a financial year will be subject to our Shareholders' approval.

Dividends may be paid only out of our distributable profits as permitted under the relevant laws. To the extent profits are distributed as dividends, such portion of profits may not be reinvested in our operations. There can be no assurance that we will be able to declare or distribute any dividend in the amount set forth in any plan to our Board or at all. Furthermore, if we or any of our subsidiaries incur debt on our or its own behalf in the future, the instruments governing the debt may restrict our ability to pay dividends. The past dividend distribution record may not be used as a reference or basis in determining the level of dividends that may be declared or paid by us in the future.

DISTRIBUTABLE RESERVES

As of April 30, 2024, our retained earnings amounted to US\$834.8 million, which represented our distributable reserves as of the same date.

FINANCIAL INFORMATION

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

See “Unaudited Pro Forma Financial Information” in Appendix II to this prospectus for further details of our unaudited pro forma statement of adjusted consolidated net tangible assets.

No adjustment has been made to the unaudited pro forma adjusted net tangible assets attributable to our equity shareholders to reflect our any trading results or other transactions entered into subsequent to April 30, 2024.

LISTING EXPENSES

Listing expenses represent professional fees, underwriting commissions and other fees incurred in connection with the Global Offering. We expect to incur total listing expenses of approximately HK\$107.7 million (assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised and based on the Offer Price of HK\$4.0 per Offer Share, being the mid-point of the Offer Price range), of which HK\$59.0 million has been charged to profit or loss during the Track Record Period. The total listing expenses consist of approximately HK\$17.7 million underwriting fees (including underwriting commission, SFC transaction levy, Stock Exchange trading fee and AFRC transaction levy) and approximately HK\$88.5 million non-underwriting fees mainly including (i) fees of legal advisor(s) and reporting accountant(s) of approximately HK\$60.5 million; and (ii) other fees and expenses of approximately HK\$28.0 million. Among the total listing expenses, approximately HK\$76.4 million is expected to be or has been charged to profit or loss, and approximately HK\$31.3 million directly attributable to the issue of the Shares is expected to be deducted from equity upon the completion of the Global Offering. Our total listing expenses are estimated to account for 10.7% of the gross proceeds of the Global Offering. The listing expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

See “Summary — Recent developments” for our recent developments that occurred subsequent to the Track Record Period.

After due and careful consideration, our Directors confirm that, up to the date of this prospectus, there has been no material adverse change in our financial and trading position or prospects since April 30, 2024, and there is no event since April 30, 2024 which would materially affect the information shown in the Accountants’ Report, the text of which is set out in Appendix I to this prospectus.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

We confirm that, as of the Latest Practicable Date, there were no circumstances that would give rise to a disclosure requirement under Rule 13.13 to 13.19 of the Listing Rules.

FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

See “Business — Our strategies” for a detailed description of our future plans and strategies.

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK\$896.0 million, after deducting underwriting commissions, fees and estimated expenses payable by us in connection with the Global Offering assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised or HK\$1,217.8 million if the Offer Size Adjustment Option and the Over-allotment Option are exercised in full, and assuming an Offer Price of HK\$4.0 per Share, being the mid-point of the indicative Offer Price range stated in this prospectus. If the Offer Price is set at HK\$4.5 per Share, being the high end of the indicative Offer Price range, the net proceeds from the Global Offering will increase by approximately HK\$124.7 million. If the Offer Price is set at HK\$3.5 per Share, being the low end of the indicative Offer Price range, the net proceeds from the Global Offering will decrease by approximately HK\$124.7 million.

Assuming an Offer Price at the mid-point of the indicative Offer Price range, we currently intend to apply these net proceeds for the following purposes:

- Approximately 75.0%, or HK\$672.0 million, will be used for two new 7,000 TEU vessels we ordered in April 2024 and the vessel chartering contracts we entered into.
 - approximately 50.0%, or HK\$448.0 million, will be used for two new 7,000 TEU vessels we ordered in April 2024.

We plan to deploy two new 7,000 TEU vessels in the Asia — Indian Subcontinent, Asia — Oceania and/or Middle East markets from 2026 because we see sustainable market demand in these markets. As of the Latest Practicable Date, the total remaining payments of the two new vessels we ordered from January 1, 2025 up to their expected delivery in 2026 and 2027 are expected to be HK\$1,108.2 million, which we plan to fund through (i) net proceeds of HK\$448.0 million to settle purchase payments or repayment of any bank borrowing for vessel purchases as well as (ii) internally generated cash and/or external financing of HK\$660.2 million, accounting for 40.4% and 59.6%, respectively, of the total remaining purchase payments. For the details of the two new 7,000 TEU vessels, see “Business — Our container shipping business — Our fleet — Our fleet profile.”

As of the Latest Practicable Date, we expected to receive deliveries of no less than eight newbuildings with a total of 71,600 TEU until the end of 2027, and we had placed orders for all of the eight newbuildings. Among the eight newbuildings, we expect to receive deliveries of one newbuilding with 7,000 TEU in 2024, one newbuilding with 7,000 TEU in 2026, and six newbuildings with a total of 57,600 TEU in 2027.

FUTURE PLANS AND USE OF PROCEEDS

Accounting treatment and financing for new vessels

Before the delivery of new vessels, we generally use our cash flows generated from operating activities to finance the payments in accordance with the payment schedules as stated in the agreements entered into with shipyards. Upon the delivery of such vessels, we would obtain secured bank borrowings with those vessels pledged, these bank borrowings are carried at amortized cost using the effective interest method in accordance with the accounting policy as stated in Note 2(m) to the Accountants' Report set out in Appendix I to this prospectus. We do not have any other financing arrangements in connection with vessels acquisitions.

- approximately 25.0%, or HK\$224.0 million, will be used for the vessel chartering contracts we entered into.

As of the Latest Practicable Date, the remaining vessel charter contract payments from January 1, 2025 up to December 31, 2026 are expected to be HK\$324.2 million, which we plan to fund through (i) net proceeds of HK\$224.0 million as well as (ii) internally generated cash of HK\$100.2 million, accounting for 69.1% and 30.9%, respectively, of the total remaining vessel charter payments. For the details of our chartered-in vessels as of the Latest Practicable Date, see “Business — Our container shipping business — Our fleet — Our fleet profile.”

- Approximately 15.0%, or HK\$134.4 million, will be used for container leasing.

As of the Latest Practicable Date, we had leased containers with capacity of 192,173 TEU under a contract term over one year. As of the Latest Practicable Date, the remaining container rental payments from January 1, 2025 up to December 31, 2025 are expected to be HK\$397.9 million, which we plan to fund through (i) net proceeds of HK\$134.4 million as well as (ii) internally generated cash of HK\$263.5 million, accounting for 33.8% and 66.2%, respectively, of the total remaining container rental payments.

- Approximately 10.0%, or HK\$89.6 million, will be used for working capital and other general corporate purposes.

The above allocation of the net proceeds from the Global Offering will be adjusted on a pro rata basis in the event that the Offer Price is fixed at a higher or lower level compared to the mid-point of the indicative Offer Price range stated in this prospectus.

FUTURE PLANS AND USE OF PROCEEDS

If the Offer Size Adjustment Option and the Over-allotment Option are exercised in full, the net proceeds that we will receive will be approximately HK\$1,217.8 million, assuming an Offer Price of HK\$4.0 per Share (being the mid-point of the indicative Offer Price range). In the event that the Offer Size Adjustment Option and the Over-allotment Option are exercised in full, we intend to apply the additional net proceeds to the above purposes in the proportions stated above.

To the extent that the net proceeds from the Global Offering are not immediately used for the purposes described above and to the extent permitted by the relevant laws and regulations, they will only be placed in short-term demand deposits or interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the SFO or other applicable laws and regulations in the other relevant jurisdictions).

We will issue an appropriate announcement if there is any material change to the above proposed use of proceeds.

UNDERWRITING

JOINT GLOBAL COORDINATORS AND OVERALL COORDINATORS

J.P. Morgan Securities (Asia Pacific) Limited
China Merchants Securities (HK) Co., Limited

JOINT BOOKRUNNERS AND JOINT LEAD MANAGERS

J.P. Morgan Securities (Asia Pacific) Limited
China Merchants Securities (HK) Co., Limited
Futu Securities International (Hong Kong) Limited
Yuanta Securities (Hong Kong) Company Limited
Livermore Holdings Limited

UNDERWRITING

This prospectus is published solely in connection with the Hong Kong Public Offering. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters on a conditional basis. The International Offering is expected to be fully underwritten by the International Underwriters. If, for any reason, the Offer Price is not agreed between the Overall Coordinators (for themselves and on behalf of the Underwriters) and our Company, the Global Offering will not proceed and will lapse.

The Global Offering comprises the Hong Kong Public Offering of initially 25,094,000 Hong Kong Offer Shares and the International Offering of initially 225,846,000 International Offering Shares, subject, in each case, to reallocation on the basis as described in the section headed “Structure of the Global Offering” in this prospectus as well as to the Offer Size Adjustment Option and the Over-allotment Option (in the case of the International Offering).

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

The Hong Kong Underwriting Agreement was entered into on October 23, 2024. Pursuant to the Hong Kong Underwriting Agreement, our Company is offering the Hong Kong Offer Shares for subscription on the terms and conditions set out in this prospectus and the Hong Kong Underwriting Agreement at the Offer Price.

Subject to (a) the Stock Exchange granting approval for the listing of, and permission to deal in, the Shares to be issued pursuant to the Global Offering (including any Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option and the Over-allotment Option) and such approval not having been subsequently revoked prior to the commencement of trading of the Shares on the Stock Exchange and (b) certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed severally but not jointly to procure subscribers for, or themselves to subscribe for, their respective applicable proportions of the Hong Kong Offer Shares being offered which are not taken up under the Hong Kong Public Offering on the terms and conditions set out in this prospectus and the Hong Kong Underwriting Agreement.

UNDERWRITING

The Hong Kong Underwriting Agreement is conditional on, among other things, the International Underwriting Agreement having been executed and becoming unconditional and not having been terminated in accordance with its terms.

Grounds for termination

If any of the events set out below occur at any time prior to 8:00 a.m. on the Listing Date, the Joint Sponsors and the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) shall be entitled by notice (in writing) to our Company to terminate the Hong Kong Underwriting Agreement with immediate effect if prior to the time being 90 minutes before the trading of the Shares first commences on the Stock Exchange:

- (a) there shall develop, occur, exist or come into effect:
 - (i) any or a series of local, national, regional or international event(s) or circumstance(s) in the nature of force majeure (including any acts of government, declaration of a national, regional or international emergency or war, calamity, crisis, epidemic and pandemic (including Severe Acute Respiratory Syndrome (SARS), Coronavirus Disease 2019 (COVID-19), H1N1 and H5N1 and such related/mutated forms and the escalation, mutation or aggravation of such diseases), or interruption or delay in transportation, outbreak, escalation, mutation or aggravation of disease, economic sanctions, labor disputes, strikes, lock-outs, fire, explosion, flooding, earthquake, volcanic eruption, civil commotion, riots, public disorder, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God or acts of terrorism (whether or not responsibility has been claimed)) in or directly or indirectly affecting Hong Kong, the BVI, the PRC, the United States, the United Kingdom, the European Union (or any member thereof), Japan, Singapore, South Korea, Vietnam, Malaysia, the Philippines, Pakistan, Thailand, India, the United Arab Emirates or any other jurisdiction relevant to our Group (collectively, the “**Relevant Jurisdictions**”); or
 - (ii) any change, or any development involving a prospective change, or any event or series of events or circumstances resulting or likely to result in or representing any change or development involving a prospective change, in any local, national, regional or international financial, economic, political, military, industrial, legal, fiscal, regulatory, currency, credit or market conditions, exchange control or any monetary or trading settlement system (including conditions in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets) in or directly or indirectly affecting any Relevant Jurisdictions; or
 - (iii) any moratorium, suspension or restriction (including any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in securities generally on the Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market, the Singapore Stock Exchange, the Tokyo Stock Exchange or the London Stock Exchange;

UNDERWRITING

- (iv) any general moratorium on commercial banking activities in Hong Kong (imposed by the Financial Secretary or the Hong Kong Monetary Authority or other competent authority), the PRC, New York (imposed at the Federal or New York State level or by any other competent authority), London, Singapore, the European Union (or any member thereof), Japan, or any other Relevant Jurisdiction or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in any Relevant Jurisdiction; or
- (v) any new laws or any change or any development involving a prospective change or any event or circumstance likely to result in a change or a development involving a prospective change in (or in the interpretation or application by any court or other competent authority of) existing laws, in each case, in or affecting any of the Relevant Jurisdictions; or
- (vi) the imposition of sanctions, in whatever form, directly or indirectly, under any sanction laws or regulations, or the withdrawal of trading privileges which existed on the date of the Hong Kong Underwriting Agreement in, Hong Kong, the PRC or any other Relevant Jurisdiction; or
- (vii) a change or development involving a prospective change in or affecting taxes or exchange control, currency exchange rates or foreign investment regulations (including a material devaluation of the Hong Kong dollar or the RMB against any foreign currencies and a change in the system under which the value of the Hong Kong currency is linked to that of the currency of the United States), or the implementation of any exchange control, in any of the Relevant Jurisdictions; or
- (viii) any litigation or claim of any third party being threatened or instigated against any member of the Group or any Director; or
- (ix) a contravention by any member of the Group or any Director of the Listing Rules or applicable laws; or
- (x) non-compliance of the Offering Documents (as defined in the Hong Kong Underwriting Agreement) (or any other documents used in connection with the contemplated offer and sale of the Offer Shares) or any aspect of the Global Offering with the Listing Rules or any other applicable laws; or
- (xi) the issue or requirement to issue by the Company of any supplement or amendment to this prospectus (or to any other documents issued or used in connection with the contemplated offer and sale of the Shares) pursuant to the Companies Ordinance or the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the Listing Rules or any requirement or request of the Stock Exchange and/or the SFC; or

UNDERWRITING

- (xii) any change or development involving a prospective change in, or a materialization of, any of the risks set out in the section headed “Risk Factors” of this prospectus; or
- (xiii) a valid demand by any creditor for repayment or payment of any indebtedness of any member of the Group or in respect of which any member of the Group is liable prior to its stated maturity;
- (xiv) a Director or a member of the Company’s senior management as named in the Hong Kong Prospectus being charged with an indictable offense;
- (xv) an authority or a political body or organisation in any Relevant Jurisdiction commencing any investigation or other action, or announcing an intention to investigate or take other action, against any member of the Group or any Director or a member of the Company’s senior management as named in this prospectus;

which, individually or in the aggregate, in the sole and absolute opinion of the Joint Sponsors and the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) (1) has or will have or may have a material adverse effect on the assets, liabilities, business, general affairs, management, prospects, shareholders’ equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of the Group as a whole; or (2) has or will have or may have a material adverse effect on the success of the Global Offering or the level of applications under the Hong Kong Public Offering or the level of interest under the International Offering; or (3) makes or will make or may make it inadvisable, inexpedient, impracticable or incapable for any part of this Agreement, or any part of the Hong Kong Public Offering or the Global Offering, or the delivery of the Offer Shares, to be performed or implemented or to proceed or to market the Global Offering in the manner contemplated by this prospectus; or (4) has, will have or may have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting of the Hong Kong Public Offering and/or the Global Offering) impracticable or incapable of performance in accordance with its terms or preventing or delaying the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or

- (b) there has come to the notice of the Joint Sponsors and the Overall Coordinators:
 - (i) that any statement contained in any of the Offering Documents (as defined in the Hong Kong Underwriting Agreement), the formal notice, the Operative Documents (as defined in the Hong Kong Underwriting Agreement), the OC Announcements (as defined in the Hong Kong Underwriting Agreement), the Preliminary Offering Circular (as defined in the Hong Kong Underwriting Agreement), the PHIP (as defined in the Hong Kong Underwriting Agreement) and/or in any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of the Company in connection

UNDERWRITING

with the Hong Kong Public Offering (collectively, the “**Offer Related Documents**”) (including any supplement or amendment thereto) was, when it was issued, or has become, untrue, inaccurate, incorrect or misleading (unless such untrue or misleading statement, if any, is immaterial in the context of the Global Offering or has been properly rectified by the Company in a timely manner), or that any forecast, estimate, expression of opinion, intention or expectation contained in any of the Offer Related Documents (including any supplement or amendment thereto) is not fair and honest made on reasonable grounds or, where appropriate, and based on reasonable assumptions with reference to the facts and circumstances then subsisting; or

- (ii) that any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute a material omission from, or misstatement in, any of the Offer Related Documents (including any supplement or amendment thereto); or
- (iii) any breach of any of the obligations imposed upon any party to the Hong Kong Underwriting Agreement, the International Underwriting Agreement or the Cornerstone Investment Agreements (other than upon any of the Joint Sponsors, the Sponsor-OCs, the Overall Coordinators, the Joint Global Coordinators, the Hong Kong Underwriters or the International Underwriters); or
- (iv) any event, act or omission which gives or is likely to give rise to any liability of any of the Indemnifying Parties (as defined in the Hong Kong Underwriting Agreement) pursuant to the provisions of the Hong Kong Underwriting Agreement; or
- (v) any Material Adverse Change (as defined in the Hong Kong Underwriting Agreement); or
- (vi) any breach of, or any event or matter or arising or has been discovered, or circumstance rendering untrue, inaccurate, incorrect, incomplete or misleading in any respect, any of the representations, warranties and undertakings given by the Company and the Warranting Shareholders in the Hong Kong Underwriting Agreement or the International Underwriting Agreement, as applicable; or
- (vii) the chairman of the Board, the president, the general manager, the chief financial officer, a Director or any member of senior management of the Company vacating his or her office; or
- (viii) a prohibition on the Company for whatever reason from offering, allotting, issuing or selling any of the Shares (including the Option Shares) pursuant to the terms of the Global Offering; or

UNDERWRITING

- (ix) that approval by the Listing Committee of the Stock Exchange of the listing of, and permission to deal in, the Shares to be issued or sold (including any additional Shares that may be issued or sold pursuant to the exercise of the Offer Size Adjustment Option and the Over-allotment Option) under the Global Offering is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or
- (x) the Company withdraws any of the Offer Related Documents or the Global Offering; or
- (xi) any person (other than the Joint Sponsors) has withdrawn its consent to being named in this prospectus or to the issue of any of the Hong Kong Public Offering Documents (as defined in the Hong Kong Underwriting Agreement); or
- (xii) a Director or a member of our Company's senior management as named in this prospectus being prohibited by operation of laws or otherwise disqualified from taking part in the management or taking directorship of a company or the commencement by any government, political, regulatory body of any action against any Director in his or her capacity as such or an announcement by any government, political, regulatory body that it intends to take any such action; or
- (xiii) any order or petition for the winding up or liquidation of any member of our Group or any composition or arrangement made by any member of our Group with its creditors or a scheme of arrangement entered into by any member of our Group or any resolution for the winding-up of any member of our Group or the appointment of a provisional liquidator, receiver or manager over all or part of the material assets or undertaking of any member of our Group or anything analogous thereto occurring in respect of any member of our Group; or
- (xiv) any non-compliance of this prospectus or any other documents used in connection with the contemplated subscription and sale of the Offer Shares or any aspect of the Global Offering with any applicable laws (including, without limitation, the Listing Rules, the Companies Ordinance and the Companies (Winding Up and Miscellaneous Provisions) Ordinance); or
- (xv) that a material portion of the orders placed or confirmed in the book-building process, or of the investment commitments made by any cornerstone investors under agreements signed with such cornerstone investors, have been withdrawn, terminated or cancelled.

UNDERWRITING

Undertakings pursuant to the Listing Rules and the Hong Kong Underwriting Agreement

(A) Undertakings by our Company

Pursuant to Rule 10.08 of the Listing Rules, our Company has undertaken to the Stock Exchange that it will not exercise its power to issue any further Shares, or securities convertible into equity securities of our Company (whether or not of a class already listed) or enter into any agreement to such an issue within six months from the Listing Date (whether or not such issue of Shares or securities will be completed within six months from the Listing Date), except (i) pursuant to the Global Offering, the Offer Size Adjustment Option and the Over-allotment Option or (ii) under any of the circumstances provided under Rule 10.08 of the Listing Rules.

Except for the offer and sale of the Offer Shares pursuant to the Global Offering (including pursuant to the Offer Size Adjustment Option and the Over-allotment Option) or otherwise in compliance with the Listing Rules (including pursuant to any share incentive scheme that may be adopted by the Company in compliance with the Listing Rules), during the period commencing on the date of this Agreement and ending on, and including, the date that is six months after the Listing Date (the “**First Six-Month Period**”), our Company hereby undertakes to each of the Joint Sponsors, the Sponsor-OCs, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters and the Capital Market Intermediaries not to, without the prior written consent of the Joint Sponsors and the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters):

- (a) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, or repurchase, any legal or beneficial interest in any Shares or other securities of our Company, or any Shares or other securities of such other member of our Group, as applicable, or any interest in any of the foregoing (including any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares) or deposit any Shares or other securities of our Company, as applicable, with a depository in connection, with the issue of depository receipts; or
- (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Shares or other securities of our Company or any Shares or other securities of our Company, as applicable, or any interest in any of the foregoing (including any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares, as applicable); or

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- (c) enter into any transaction with the same economic effect as any transaction specified in paragraphs (a) or (b) above; or
- (d) offer to or agree to or announce any intention to effect any transaction specified in paragraphs (a), (b) or (c) above,

in each case, whether any such transaction specified in paragraphs (a), (b) or (c) above is to be settled by delivery of Shares or other securities of our Company, as applicable, or in cash or otherwise (whether or not the issue of such Shares or other securities will be completed within the First Six-Month Period).

In the event that, during the period of six months commencing on the date on which the First Six-Month Period expires (the “**Second Six-Month Period**”), our Company enters into any such transactions specified in paragraphs (a), (b) or (c) above or offers to or agrees to or announces any intention to effect any such transactions, our Company shall take all reasonable steps to ensure that it will not create a disorderly or false market in the securities of our Company. Each of the Warranting Shareholders undertakes to each of the Joint Sponsors, the Sponsor-OCs, the Overall Coordinators, the Joint Global Coordinators, the Joint Lead Managers, the Joint Bookrunners, the Capital Market Intermediaries and the Hong Kong Underwriters to procure our Company and each other member of the Group to comply with the undertakings herein.

(B) Undertakings by the Controlling Shareholders

Pursuant to Rule 10.07 of the Listing Rules, each of the Controlling Shareholders has undertaken to the Stock Exchange and to our Company that except to the Global Offering, he/she/it will not and will procure that the relevant registered holder(s) will not:

- (a) in the period commencing on the date by reference to which disclosure of its shareholding in our Company is made in this prospectus and ending on the expiration date of the First Six-Month Period, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any share of our Company directly or indirectly beneficially owned by it; or
- (b) in the period of the Second Six-Month Period, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any shares of our Company directly or indirectly beneficially owned by it, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it would cease to be the Controlling Shareholders of our Company.

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Pursuant to Note (3) to Rule 10.07(2) of the Listing Rules, each of the Controlling Shareholders has undertaken to the Stock Exchange and to our Company that, within the period commencing on the date by reference to which disclosure of its shareholding in our Company is made in this prospectus and ending on the date which is 12 months from the date on which dealings in the Shares commence on the Stock Exchange, it will:

- (a) when it pledges and/or charges any shares or other securities of our Company beneficially owned by him/her/it directly or indirectly in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan pursuant to Note (2) to Rule 10.07(2) of the Listing Rules, immediately inform our Company of such pledge and/or charge together with the number of Shares so pledged and/or charged; and
- (b) when he/she/it receives indications, either verbal or written, from the pledgee and/or chargee that any of the pledged and/or charged shares will be disposed of, immediately inform our Company of such indications.

We will also, as soon as we have been informed of the above matters (if any) by the Controlling Shareholders, inform the Stock Exchange and disclose such matters as soon as possible by way of an announcement to be published as required under the Listing Rules.

(C) Undertakings by the Warranting Shareholders

Each of the Warranting Shareholders has jointly and severally undertaken to each of our Company, the Joint Sponsors, the Sponsor-OCs, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters and the Capital Market Intermediaries that, except pursuant to the Global Offering (including pursuant to the Offer Size Adjustment Option and the Over-allotment Option) and the Stock Borrowing Agreement, without the prior written consent of the Joint Sponsors and the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

- (a) he/she/it will not, and will procure that the relevant registered holder(s), any nominee or trustee holding on trust for him/her/it and the companies controlled by him/her/it will not, at any time during the First Six-Month Period, (i) sell, offer to sell, contract or agree to sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to purchase, grant or purchase any option, warrant, contract or right to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of our Company or any legal or beneficial interest therein (including any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares (the “**Locked-up Securities**”)), or deposit any Shares or other securities of our Company with a depository in connection with the issue of depository receipts, or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Locked-up Securities, or (iii) enter into any transaction with the same economic effect as any transaction specified in (i) or (ii) above, or (iv) offer to or agree to or announce any intention to effect any transaction specified in (i), (ii) or (iii) above, in each case, whether any of the transactions specified in (i), (ii) or (iii) above is to be settled by delivery of Shares

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or other securities of our Company or in cash or otherwise (whether or not the settlement or delivery of such Shares or other securities will be completed within the First Six-Month Period or the Second Six-Month Period);

- (b) he/she/it will not, during the Second Six-Month Period, enter into any of the transactions specified in (a)(i), (ii) or (iii) above or offer to or agree to or publicly announce any intention to effect any such transaction if, immediately following any sale, transfer or disposal or upon the exercise or enforcement of any option, right, interest or encumbrance pursuant to such transaction, he/she/it would cease to be a “controlling shareholder” (as the term is defined in the Listing Rules) of our Company;
- (c) until the expiry of the Second Six-Month Period, in the event that he/she/it enters into any of the transactions specified in (a)(i), (ii) or (iii) above or offer to or agrees to or announces any intention to effect any such transaction, he/she/it will take all reasonable steps to ensure that he/she/it will not create a disorderly or false market in the securities of our Company;
- (d) at any time during the First Six-Month Period and the Second Six-Month Period, he/she/it or any relevant registered holder will (i) if and when he/she/it pledges or charges any Shares or other securities (or interest therein) of our Company beneficially owned by him/her/it, immediately inform our Company, the Joint Sponsors and the Overall Coordinators in writing of such pledge or charge together with the number of Shares or other securities of our Company so pledged or charged; and (ii) if and when he/she/it or any relevant registered holder receives indications, either verbal or written, from any pledgee or chargee that any of the pledged or charged Shares or other securities (or interest therein) of our Company will be disposed of, immediately inform our Company, the Joint Sponsors and the Overall Coordinators in writing of such indications.

(D) Undertakings by Existing Shareholders

Each of the existing shareholders other than the Chen Family Group and their respective wholly-owned investment holding companies, Maritime Legacy, TS Investment, Prevalence, Providence and AM Holding, (the “**Existing Shareholders**”, and each, an “**Existing Shareholder**”) have entered into a lock-up undertaking letter (the “**Lock-up Undertakings**”) in favor of our Company, the Joint Sponsors and the Overall Coordinators (for themselves and on behalf of the Underwriters). Pursuant to the Lock-up Undertakings, the Existing Shareholders are subject to lock-up arrangements ending on the date which is 6 months after the Listing Date, subject to certain exceptions. The lock-up arrangements under the Lock-up Undertaking entered into by Mr. Wu shall not prevent any transfer of any of his Shares as required by a court order or judgment pursuant to the legal action between an Independent Third Party and him concerning 2.14% of the Company’s total issued share capital as of the Latest Practicable Date.

Hong Kong Underwriters’ interests in our Company

Save for their respective obligations under the Hong Kong Underwriting Agreement, as of the Latest Practicable Date, none of the Hong Kong Underwriters was interested, legally or beneficially, directly or indirectly, in any Shares or any securities of any member of our Group or had any right or option (whether legally enforceable or not) to subscribe for or purchase, or to nominate persons to subscribe for or purchase, any Shares or any securities of any member of our Group.

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Following the completion of the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold a certain portion of the Shares as a result of fulfilling their respective obligations under the Hong Kong Underwriting Agreement.

International Offering

International Underwriting Agreement

In connection with the International Offering, our Company expects to enter into the International Underwriting Agreement with the International Underwriters. Under the International Underwriting Agreement and subject to the Offer Size Adjustment Option and the Over-allotment Option, the International Underwriters would, subject to certain conditions set out therein, agree severally but not jointly to procure subscribers for, or themselves to subscribe for, their respective applicable proportions of the International Offering Shares initially being offered pursuant to the International Offering. It is expected that the International Underwriting Agreement may be terminated on similar grounds as the Hong Kong Underwriting Agreement. Potential investors should note that in the event that the International Underwriting Agreement is not entered into, the Global Offering will not proceed. See “Structure of the Global Offering — The International Offering” in this prospectus.

Over-allotment Option

Our Company is expected to grant to the International Underwriters the Over-allotment Option, exercisable by the Overall Coordinators on behalf of the International Underwriters at any time from the Listing Date until 30 days after the last day for lodging applications under the Hong Kong Public Offering, pursuant to which our Company may be required to issue up to an aggregate of 37,641,000 Shares, representing not more than 15% of the number of Offer Shares initially available under the Global Offering, assuming the Offer Size Adjustment Option is not exercised at all, or up to an aggregate of 43,287,000 Shares, representing approximately 15% of our Shares initially being offered under the Global Offering assuming the Offer Size Adjustment Option is exercised in full, at the Offer Price, to cover over-allocations in the International Offering, if any. See “Structure of the Global Offering — Over-Allotment Option” in this prospectus.

Commissions and Expenses

Based on the maximum Offer Price, the Capital Market Intermediaries and the Underwriters will receive an underwriting commission equal to (i) approximately 2.32% of the aggregate Offer Price of all of the Offer shares (assuming that the Offer Size Adjustment Option and the Over-Allotment Option are not exercised, (ii) approximately 2.10% of the aggregate Offer Price of all of the Offer shares (assuming that the Offer Size Adjustment Option is fully exercised but the Over-Allotment Option is not exercised), (iii) approximately 2.10% of the aggregate Offer Price of all of the Offer shares (assuming that the Offer Size Adjustment Option is not exercised but the Over-Allotment Option is fully exercised, or (iv) approximately 2.00% of the aggregate Offer Price of all of the Offer shares (assuming that both

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the Offer Size Adjustment Option and the Over-Allotment Option are fully exercised) (the “**Fixed Fees**”), and our Company may, at our sole and absolute discretion, pay to one or more Underwriters or Capital Market Intermediaries an incentive fee up to 0.17% of the aggregate Offer Price of all the Offer Shares (based on the minimum Offer Price assuming the Offer Size Adjustment Option and the Over-allotment Option is not exercised) (the “**Discretionary Fees**”). Assuming the Discretionary Fees are paid in full, the ratio of the Fixed Fees and the ratio of the Fixed Fees and Discretionary Fees payable to all Underwriters and the Capital Markets Intermediaries is therefore approximately (i) 94.59:5.41 (based on the maximum Offer Price and assuming that the Offer Size Adjustment Option and the Over-allotment Option is not exercised), (ii) 94.78:5.22 (based on the maximum Offer Price and assuming that the Offer Size Adjustment Option is fully exercised but the Over-allotment Option is not exercised, (iii) 94.78:5.22 (based on the maximum Offer Price and assuming that the Offer Size Adjustment Option is not exercised but the Over-allotment Option is fully exercised, or (iv) 95.22:4.78 (based on the maximum Offer Price and assuming both the Offer Size Adjustment Option and the Over-allotment Option is fully exercised).

For any unsubscribed Hong Kong Offer Shares reallocated to the International Offering, the underwriting commission will not be paid to the Hong Kong Underwriters but will instead be paid, at the rate applicable to the International Offering, and such commission will be paid to the relevant International Underwriters. The underwriting commission was determined between our Company and the Underwriters after arm’s length negotiations with reference to current market conditions.

Assuming an Offer Price of HK\$4.0 per Offer Share (which is the mid-point of the Offer Price range) and the Offer Size Adjustment Option and the Over-allotment Option are not exercised, the aggregate underwriting commissions and fees together with the Stock Exchange listing fees, the SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy, legal and other professional fees and printing and all other expenses relating to the Global Offering (collectively, the “**Commissions and Fees**”) are estimated to be approximately HK\$107.7 million.

Indemnity

Our Company has agreed to indemnify the Joint Sponsors, the Joint Global Coordinators, the Overall Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Capital Market Intermediaries and the Hong Kong Underwriters for certain losses which they may suffer or incur, including losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by our Company of the Hong Kong Underwriting Agreement.

INDEPENDENCE OF THE JOINT SPONSORS

Each of the Joint Sponsors satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

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ACTIVITIES BY SYNDICATE MEMBERS

The underwriters of the Hong Kong Public Offering and the International Offering (together, the “**Syndicate Members**”) and their affiliates may each individually undertake a variety of activities (as further described below) which do not form part of the underwriting or stabilizing process.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In the ordinary course of their various business activities, the Syndicate Members and their respective affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers. Such investment and trading activities may involve or relate to assets, securities and/or instruments of our Company and/or persons and entities with relationships with our Company and may also include swaps and other financial instruments entered into for hedging purposes in connection with our Group’s loans and other debt.

In relation to the Shares, the activities of the Syndicate Members and their affiliates could include acting as agent for buyers and sellers of the Shares, entering into transactions with those buyers and sellers in a principal capacity, including as a lender to initial purchasers of the Shares (which financing may be secured by the Shares) in the Global Offering, proprietary trading in the Shares, and entering into over the counter or listed derivative transactions or listed or unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have as their underlying assets, assets including the Shares. Such transactions may be carried out as bilateral agreements or trades with selected counterparties. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of the Shares, which may have a negative impact on the trading price of the Shares. All such activities could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in the Shares, in baskets of securities or indices including the Shares, in units of funds that may purchase the Shares, or in derivatives related to any of the foregoing.

In relation to issues by Syndicate Members or their affiliates of any listed securities having the Shares as their underlying securities, whether on the Stock Exchange or on any other stock exchange, the rules of the stock exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the Shares in most cases.

All such activities may occur both during and after the end of the stabilizing period described in the section headed “Structure of the Global Offering” in this prospectus. Such activities may affect the market price or value of the Shares, the liquidity or trading volume in the Shares and the volatility of the price of the Shares, and the extent to which this occurs from day to day cannot be estimated.

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It should be noted that when engaging in any of these activities, the Syndicate Members will be subject to certain restrictions, including the following:

- (a) the Syndicate Members (other than the Stabilization Manager or any person acting for it) must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilizing or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and
- (b) the Syndicate Members must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

Certain of the Syndicate Members or their respective affiliates have provided from time to time, and expect to provide in the future, investment banking and other services to our Company and each of its affiliates for which such Syndicate Members or their respective affiliates have received or will receive customary fees and commissions.

In addition, the Syndicate Members or their respective affiliates may provide financing to investors to finance their subscriptions of Offer Shares in the Global Offering.

STRUCTURE OF THE GLOBAL OFFERING

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering.

The listing of the Shares on the Stock Exchange is sponsored by the Joint Sponsors. The Joint Sponsors have made an application on behalf of our Company to the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus.

250,940,000 Offer Shares will initially be made available under the Global Offering comprising:

- (a) the Hong Kong Public Offering of initially 25,094,000 Shares (subject to reallocation and the Offer Size Adjustment Option) in Hong Kong as described in “— The Hong Kong Public Offering” in this section below; and
- (b) the International Offering of initially 225,846,000 Shares (subject to reallocation, the Offer Size Adjustment Option and the Over-allotment Option) (i) in the United States solely to QIBs in reliance on Rule 144A or another available exemption from the registration requirements of the U.S. Securities Act and (ii) outside the United States (including to professional and institutional investors within Hong Kong) in offshore transactions in reliance on Regulation S, as described in the sub-section headed “— The International Offering” in this section below.

Investors may either:

- (i) apply for Hong Kong Offer Shares under the Hong Kong Public Offering; or
- (ii) apply for or indicate an interest for International Offering Shares under the International Offering, but may not do both.

The Offer Shares will represent approximately 15.20% of the total Shares in issue immediately following the completion of the Global Offering, without taking into account the exercise of the Offer Size Adjustment Option and the Over-allotment Option. If the Offer Size Adjustment Option and the Over-allotment Option are exercised in full, the Offer Shares (including Shares issued pursuant to the full exercise of the Over-allotment Option) will represent approximately 19.16% of the total Shares in issue immediately following the completion of the Global Offering and the issue of Offer Shares pursuant to the Offer Size Adjustment Option and the Over-Allotment Option as set out in the sub-section headed “— The International Offering — Over-allotment Option” in this section below.

References in this prospectus to applications, application monies or the procedure for applications relate solely to the Hong Kong Public Offering.

STRUCTURE OF THE GLOBAL OFFERING

THE HONG KONG PUBLIC OFFERING

Number of Offer Shares initially offered

Our Company is initially offering 25,094,000 Shares for subscription by the public in Hong Kong at the Offer Price, representing 10.0% of the total number of Offer Shares initially available under the Global Offering. The number of Offer Shares initially offered under the Hong Kong Public Offering, subject to any reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, will represent approximately 1.52% of the total Shares in issue immediately following the completion of the Global Offering, assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised.

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors in Hong Kong. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities that regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions set out in “— Conditions of the Global Offering” in this section.

Allocation

Allocation of Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which could mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

For allocation purposes only, the total number of Hong Kong Offer Shares available under the Hong Kong Public Offering (after taking into account any reallocation referred to below) will be divided equally into two pools, pool A and pool B with any odd lots being allocated to pool A. The Hong Kong Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of HK\$5 million (excluding the brokerage, the SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy payable) or less. The Hong Kong Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of more than HK\$5 million (excluding the brokerage, the SFC transaction levy and the Stock Exchange trading fee and AFRC transaction levy payable) and up to the total value in pool B.

STRUCTURE OF THE GLOBAL OFFERING

Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If any Hong Kong Offer Shares in one (but not both) of the pools are unsubscribed, such unsubscribed Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. For the purpose of the immediately preceding paragraph only, the “price” for Hong Kong Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Hong Kong Offer Shares from either pool A or pool B and not from both pools. Multiple or suspected multiple applications under the Hong Kong Public Offering and any application for more than 12,547,000 Hong Kong Offer Shares (being 50% of the Hong Kong Offer Shares initially comprised in the Hong Kong Public Offering) is liable to be rejected.

Reallocation and Clawback

The allocation of the Offer Shares between the Hong Kong Public Offering and the International Offering is subject to reallocation. Paragraph 4.2 of Practice Note 18 of the Listing Rules requires a clawback mechanism to be put in place which would have the effect of increasing the number of Offer Shares under the Hong Kong Public Offering to a certain percentage of the total number of Offer Shares offered under the Global Offering if certain prescribed total demand levels are reached.

If the number of Offer Shares validly applied for under the Hong Kong Public Offering represents (i) 15 times or more but less than 50 times, (ii) 50 times or more but less than 100 times and (iii) 100 times or more of the total number of Offer Shares initially available under the Hong Kong Public Offering, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering. As a result of such reallocation, the total number of Offer Shares available under the Hong Kong Public Offering will be increased to 75,282,000 Offer Shares (in the case of (i)), 100,376,000 Offer Shares (in the case of (ii)) and 125,470,000 Offer Shares (in the case of (iii)), representing 30%, 40% and 50% of the total number of Offer Shares initially available under the Global Offering, respectively (before any exercise of the Offer Size Adjustment Option and the Over-allotment Option) (the “**PN18 Clawback**”). In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between pool A and pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Overall Coordinators deem appropriate.

The Offer Shares to be offered in the Hong Kong Public Offering and the International Offering may be reallocated as between these offerings at the discretion of the Overall Coordinators (for themselves and on behalf of the Underwriters) in accordance with Chapter 4.14 of the Guide and paragraph 4.2 of Practice Note 18 of the Listing Rules. Subject to the foregoing paragraph, the Overall Coordinators may in their discretion reallocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering. In particular, if (i) the International Offering is not fully subscribed and the Hong Kong Public Offering is fully subscribed or oversubscribed; or (ii) the International Offering is fully subscribed or oversubscribed and the Hong Kong Public Offering is fully subscribed or oversubscribed with the number of Offer Shares validly applied

STRUCTURE OF THE GLOBAL OFFERING

for in the Hong Kong Public Offering representing less than 15 times of the number of Shares initially available for subscription under the Hong Kong Public Offering, the Overall Coordinators have the authority to reallocate International Offer Shares originally included in the International Offering to the Hong Kong Public Offering in such number as they deem appropriate, provided that in accordance with Chapter 4.14 of the Guide, (i) the maximum number of the Offer Shares available under the Hong Kong Public Offering following such reallocation would be 50,188,000 Shares, representing two times the number of Hong Kong Offer Shares initially available under the Hong Kong Public Offering or 20% of the total number of the Offer Shares initially available under the Global Offering assuming the Offer Size Adjustment Option is not exercised (before any exercise of the Over-allotment Option); and (ii) the final Offer Price should be fixed at the bottom end of the indicative Offer Price range (i.e. HK\$3.50 per Offer Share) stated in this prospectus.

In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between pool A and pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Overall Coordinators deem appropriate.

Details of any reallocation of Offer Shares between the Hong Kong Public Offering and the International Offering will be disclosed in the results announcement of the Global Offering, which is expected to be published on Thursday, October 31, 2024.

Applications

Each applicant under the Hong Kong Public Offering will be required to give an undertaking and confirmation in the application submitted by him that he and any person(s) for whose benefit he is making the application has not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any International Offering Shares under the International Offering. Such applicant's application is liable to be rejected if such undertaking and/or confirmation is/are breached and/or untrue (as the case may be) or if he has been or will be placed or allocated International Offering Shares under the International Offering.

Applicants under the Hong Kong Public Offering are required to pay, on application (subject to application channel), the Maximum Offer Price of HK\$4.50 per Offer Share in addition to the brokerage, the SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy payable on each Offer Share, amounting to a total of HK\$4,545.38 for one board lot of 1,000 Shares. If the Offer Price, as finally determined in the manner described in “— Pricing and Allocation” in this section below, is less than the Maximum Offer Price of HK\$4.50 per Offer Share, appropriate refund payments (including the brokerage, the SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy attributable to the surplus application monies) will be made to successful applicants, without interest. See “How to Apply for Hong Kong Offer Shares” for further details.

STRUCTURE OF THE GLOBAL OFFERING

THE INTERNATIONAL OFFERING

Number of Offer Shares initially offered

The International Offering will consist of an offering of initially 225,846,000 Shares, representing 90.0% of the total number of Offer Shares initially available under the Global Offering (subject to reallocation, the Offer Size Adjustment Option and the Over-allotment Option). The number of Offer Shares initially offered under the International Offering, subject to any reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, will represent approximately 13.68% of the total Shares in issue immediately following the completion of the Global Offering, assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised.

Allocation

The International Offering will include selective marketing of the Offer Shares to QIBs only in the United States pursuant to Rule 144A or another available exemption from the registration requirements under the U.S. Securities Act, as well as to institutional and professional investors and other investors anticipated to have a sizeable demand for such Offer Shares in Hong Kong and other jurisdictions outside the United States in offshore transactions in reliance on Regulation S. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities that regularly invest in shares and other securities. Allocation of Offer Shares pursuant to the International Offering will be effected in accordance with the “book-building” process described in “— Pricing and Allocation” in this section and based on a number of factors, including the level and timing of demand, the total size of the relevant investor’s invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Shares and/or hold or sell its Shares after the Listing. Such allocation is intended to result in a distribution of the Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of our Group and our Shareholders as a whole.

The Overall Coordinators (on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Offering and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Overall Coordinators so as to allow it to identify the relevant applications under the Hong Kong Public Offering and to ensure that they are excluded from any allocation of Offer Shares under the Hong Kong Public Offering.

Reallocation

The total number of Offer Shares to be issued or sold pursuant to the International Offering may change as a result of the clawback arrangement described in “— The Hong Kong Public Offering — Reallocation and Clawback” in this section above, the exercise of the Offer Size Adjustment Option and the Over-allotment Option in whole or in part and/or any reallocation of unsubscribed Offer Shares originally included in the Hong Kong Public Offering.

STRUCTURE OF THE GLOBAL OFFERING

OFFER SIZE ADJUSTMENT OPTION

In connection with the Global Offering, our Company has the Offer Size Adjustment Option under the Hong Kong Underwriting Agreement. The Offer Size Adjustment Option provides flexibility to increase the number of Offer Shares available for purchase under the Global Offering to cover additional market demand, if any. The Offer Size Adjustment Option may be exercised by the Company after consultation with the Overall Coordinators on or before the Price Determination Date. If the Offer Size Adjustment Option is not exercised on or before the Price Determination Date, it will lapse and cannot be exercised at any future date.

Pursuant to the Offer Size Adjustment Option, the Company may issue any number of Shares up to an aggregate of 37,641,000 additional Shares at the Offer Price. These Offer Size Adjustment Option Shares, if any, will be allocated in such manner as closely as practicable to maintain the proportionality between the Hong Kong Public Offering and the International Offering following the application of the clawback arrangement described in “— Reallocation” in this section above and the Overall Coordinators shall allocate new Shares to be offered by the Company pursuant to the International Offering to the Hong Kong Public Offering in order to maintain such proportionality and the relevant number of Offer Size Adjustment Option Shares shall be allocated to the International Offering to maintain such proportionality. If the Offer Size Adjustment Option is exercised in full, the additional Offer Shares to be issued pursuant thereto will represent approximately 2.28% of our issued share capital immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised) and the full exercise of the Offer Size Adjustment Option.

In considering whether to exercise the Offer Size Adjustment Option, the Company and the Overall Coordinators will take into account a number of factors, including, among other things:

- (i) whether the level of interest expressed by prospective professional and institutional investors during the book-building process under the International Offering is sufficient to cover:
 - (a) the total number of Offer Shares, which represents the aggregate of the Offer Shares initially available under the Global Offering and the additional Offer Shares upon any exercise of the Offer Size Adjustment Option; and
 - (b) the corresponding number of Shares under the Over-allotment Option;
- (ii) the prices at which prospective professional and institutional investors have indicated they would be prepared to acquire the Offer Shares in the course of the book-building process;
- (iii) the quality of investors, with a view to establishing a solid professional institutional and investor shareholder base to the benefit of the Company and its Shareholders as a whole;

STRUCTURE OF THE GLOBAL OFFERING

- (iv) the level of subscriptions by the valid applications in the Hong Kong Public Offering; and
- (v) general market conditions.

The dilution effect of the Offer Size Adjustment Option (assuming the Over-allotment Option is not exercised) is set out below:

Number of Shares issued under the Global Offering before the exercise of the Offer Size Adjustment Option (“Original Subscribers”)	Approximate percentage of total issued share capital held by the Original Subscribers before the exercise of the Offer Size Adjustment Option	Number of Shares issued under the Global Offering after the exercise of the Offer Size Adjustment Option	Approximate percentage of total issued share capital held by the Original Subscribers after the exercise of the Offer Size Adjustment Option
250,940,000	15.20%	288,581,000	14.86%

The Offer Size Adjustment Option will not be used for price stabilization purposes and will not be subject to the provisions of the Securities and Futures (Price Stabilization) Rules (Chapter 571W of the Laws of Hong Kong). The Offer Size Adjustment Option will be in addition to the Over-allotment Option. The Company will disclose in its allotment results announcement if and to what extent the Offer Size Adjustment Option has been exercised, or will confirm that if the Offer Size Adjustment Option has not been exercised by the Price Determination Date, it will lapse and cannot be exercised at any future date.

OVER-ALLOTMENT OPTION

In connection with the Global Offering, our Company is expected to grant the Over-allotment Option to the International Underwriters, exercisable by the Overall Coordinators (on behalf of the International Underwriters).

Pursuant to the Over-allotment Option, the International Underwriters will have the right, exercisable by the Overall Coordinators (on behalf of the International Underwriters) at any time from the Listing Date until 30 days after the last day for lodging applications under the Hong Kong Public Offering, being Thursday, November 28, 2024, to require our Company to issue up to an aggregate of 37,641,000 additional Shares (assuming the Offer Size Adjustment Option is not exercised) or 43,287,000 additional Shares (assuming the Offer Size Adjustment Option is fully exercised), representing not more than 15% of the total number of Offer Shares initially available under the Global Offering, at the Offer Price under the International Offering to, among other things, cover over-allocations in the International Offering, if any.

STRUCTURE OF THE GLOBAL OFFERING

If the Offer Size Adjustment Option is not exercised and Over-allotment Option is exercised in full, the additional Offer Shares to be issued pursuant thereto will represent approximately 2.23% of the total Shares in issue immediately following the completion of the Global Offering and the issue of Offer Shares pursuant to the Over-allotment Option. In the event that the Over-allotment Option is exercised, an announcement will be made.

If the Offer Size Adjustment Option and the Over-allotment Option are exercised in full, the additional Offer Shares to be issued pursuant to the Over-allotment Option will represent approximately 2.50% of our issued share capital immediately following the completion of the Global Offering and the Over-allotment Option. In the event that the Over-Allotment Option is exercised, an announcement will be made.

STABILIZATION

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the underwriters may bid for, or purchase, the securities in the secondary market during a specified period of time, to retard and, if possible, prevent a decline in the initial public market price of the securities below the offer price. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements, including those of Hong Kong. In Hong Kong, the price at which stabilization is effected is not permitted to exceed the offer price.

In connection with the Global Offering, the Stabilization Manager (or any person acting for it), on behalf of the Underwriters, may over-allocate or effect transactions with a view to stabilizing or supporting the market price of the Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. However, there is no obligation on the Stabilization Manager (or any person acting for it) to conduct any such stabilizing action. Such stabilizing action, if taken, (i) will be conducted at the absolute discretion of the Stabilization Manager (or any person acting for it) and in what the Stabilization Manager reasonably regards as the best interest of our Company, (ii) may be discontinued at any time and (iii) is required to be brought to an end within 30 days of the last day for lodging applications under the Hong Kong Public Offering. The number of Shares that may be over-allocated will not exceed the number of Shares that may be sold under the Over-allotment Option, being 37,641,000 Shares (assuming the Offer Size Adjustment Option is not exercised) or 43,287,000 additional Shares (assuming the Offer Size Adjustment Option is fully exercised), which is 15% of our Shares initially being offered under the Global Offering, in the event that the whole or part of the Over-allotment Option and the Offer Size Adjustment Option are exercised.

Stabilization action will be entered into in accordance with the laws, rules and regulations in place in Hong Kong. Stabilization action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules of the SFO includes (i) over-allocating for the purpose of preventing or minimizing any reduction in the market price of the Shares, (ii) selling or agreeing to sell the Shares so as to establish a short position in them for the purpose of preventing or minimizing any reduction in the market price of the Shares, (iii) purchasing, or

STRUCTURE OF THE GLOBAL OFFERING

agreeing to purchase, the Shares pursuant to the Over-allotment Option in order to close out any position established under paragraph (i) or (ii) above, (iv) purchasing, or agreeing to purchase, any of the Shares for the sole purpose of preventing or minimizing any reduction in the market price of the Shares, (v) selling or agreeing to sell any Shares in order to liquidate any position established as a result of those purchases, and (vi) offering or attempting to do anything as described in paragraph (ii), (iii), (iv) or (v) above.

Specifically, prospective applicants for and investors in the Offer Shares should note that:

- (a) the Stabilization Manager (or any person acting for it) may, in connection with the stabilizing action, maintain a long position in the Shares;
- (b) there is no certainty as to the extent to which and the time or period for which the Stabilization Manager (or any person acting for it) will maintain such a long position;
- (c) liquidation of any such long position by the Stabilization Manager (or any person acting for it) and selling in the open market may have an adverse impact on the market price of the Shares;
- (d) no stabilizing action can be taken to support the price of the Shares for longer than the stabilization period, which will begin on the Listing Date, and is expected to expire on Thursday, November 28, 2024, being the 30th day after the last day for lodging applications under the Hong Kong Public Offering. After this date, when no further stabilizing action may be taken, demand for the Shares, and therefore the price of the Shares, could fall;
- (e) the price of the Shares cannot be assured to stay at or above the Offer Price either during or after the stabilization period by the taking of any stabilizing action; and
- (f) stabilizing bids or transactions effected in the course of the stabilizing action may be made at any price at or below the Offer Price and can, therefore, be done at a price below the price paid by applicants for, or investors in, the Offer Shares.

In order to effect stabilization actions, the Stabilizing Manager will arrange cover of up to an aggregate of 37,641,000 Shares, representing up to 15% of the initial Offer Shares, through borrowing of Shares from our Shareholders and/or delayed delivery arrangements with investors who have been allocated Offer Shares in the International Offering. The delayed delivery arrangements (if specifically agreed by an investor) relate only to the delay in the delivery of the Offer Shares to such investor and the Offer Price for the Offer Shares allocated to such investor will be paid on the Listing Date.

Our Company will ensure or procure that an announcement in compliance with the Securities and Futures (Price Stabilizing) Rules of the SFO will be made within seven days of the expiration of the stabilization period.

STRUCTURE OF THE GLOBAL OFFERING

OFFER SIZE

The allocation and the total number of Offer Shares under the Global Offering will be determined in the following manner:

The allocation of Offer Shares between the International Offering and the Hong Kong Public Offering will be subject to a reallocation adjustment depending on the number of Offer Shares validly applied for under the Hong Kong Public Offering. See “— The Hong Kong Public Offering — Reallocation and Clawback” above for details.

If the Offer Size Adjustment Option is exercised in full, the additional Offer Shares made available as a result, representing approximately 15% of the number of Offer Shares initially being offered under the Global Offering, will be allocated so as to maintain the proportionality between the Hong Kong Public Offering and the International Offering on a post-clawback basis. The Offer Size Adjustment Option will lapse if it is not exercised by the Price Determination Date. See “— Offer Size Adjustment Option” above for details.

The number of Offer Shares to be made available under the International Offering may be further increased if the Over-allotment Option is exercised. The maximum number of additional International Offer Shares to be offered pursuant to the exercise of the Over-allotment Option will represent approximately 15% of the number of Offer Shares being offered under the Global Offering (including the shares offered pursuant to the exercise of the Offer Size Adjustment Option, if any). See “— Over-allotment Option” for details.

The table below sets out a summary of the total number of Hong Kong Offer Shares and International Offer Shares being offered in the Global Offering under different scenarios, depending on (a) whether a reallocation pursuant to the clawback arrangement described in “— The Hong Kong Public Offering – Reallocation and Clawback” above occurs and (b) whether either of the Offer Size Adjustment Option and the Over-allotment Option is exercised at all or exercised in full, or both are exercised in full.

	<u>No clawback reallocation</u>	<u>30% clawback reallocation</u>	<u>40% clawback reallocation</u>	<u>50% clawback reallocation</u>
Total number of Offer Shares before the exercise of the Offer Size Adjustment Option and the Over-allotment Option	25,094,000	75,282,000	100,376,000	125,470,000
	Hong Kong Offer Shares	Hong Kong Offer Shares	Hong Kong Offer Shares	Hong Kong Offer Shares
	225,846,000	175,658,000	150,564,000	125,470,000
	International Offer Shares	International Offer Shares	International Offer Shares	International Offer Shares

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	<u>No clawback reallocation</u>	<u>30% clawback reallocation</u>	<u>40% clawback reallocation</u>	<u>50% clawback reallocation</u>
Total number of Offer	28,858,100	86,574,300	115,432,400	144,290,500
Shares following the exercise in full of the Offer Size Adjustment	Hong Kong Offer Shares	Hong Kong Offer Shares	Hong Kong Offer Shares	Hong Kong Offer Shares
Option only (the Over-allotment Option is not exercised)	259,722,900	202,006,700	173,148,600	144,290,500
	International Offer Shares	International Offer Shares	International Offer Shares	International Offer Shares
Total number of Offer	25,094,000	75,282,000	100,376,000	125,470,000
Shares following the exercise in full of the Over-allotment Option only (the Offer Size Adjustment Option is not exercised)	Hong Kong Offer Shares	Hong Kong Offer Shares	Hong Kong Offer Shares	Hong Kong Offer Shares
	263,487,000	213,299,000	188,205,000	163,111,000
	International Offer Shares	International Offer Shares	International Offer Shares	International Offer Shares
Total number of Offer	28,858,100	86,574,300	115,432,400	144,290,500
Shares following the full exercise of the Offer Size Adjustment Option and the Over-allotment Option	Hong Kong Offer Shares	Hong Kong Offer Shares	Hong Kong Offer Shares	Hong Kong Offer Shares
	303,009,900	245,293,700	216,435,600	187,577,500
	International Offer Shares	International Offer Shares	International Offer Shares	International Offer Shares

Over-Allocation

Following any over-allocation of Shares in connection with the Global Offering, the Stabilization Manager (or any person acting for it) may cover such over-allocations by exercising the Over-allotment Option in full or in part, by using Shares purchased by the Stabilization Manager (or any person acting for it) in the secondary market at prices that do not exceed the Offer Price or through stock borrowing arrangements or a combination of these means.

PRICING AND ALLOCATION

Pricing for the Offer Shares for the purpose of the various offerings under the Global Offering will be fixed on the Price Determination Date, which is expected to be on or before Wednesday, October 30, 2024 and, in any event, no later than 12:00 noon on Wednesday, October 30, 2024, by agreement between the Overall Coordinators (on behalf of the Underwriters) and our Company, and the number of Offer Shares to be allocated under the various offerings will be determined shortly thereafter.

STRUCTURE OF THE GLOBAL OFFERING

The Offer Price will not be more than HK\$4.50 per Offer Share and is expected to be not less than HK\$3.50 per Offer Share, unless otherwise announced, as further explained below. Applicants under the Hong Kong Public Offering must pay, on application (subject to application channel), the Maximum Offer Price of HK\$4.50 per Offer Share plus brokerage of 1%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015%, amounting to a total of HK\$4,545.38 for one board lot of 1,000 Shares. Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the minimum Offer Price stated in this prospectus.

The International Underwriters will be soliciting from prospective investors indications of interest in acquiring Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as “book-building”, is expected to continue up to, and to cease on or about, the last day for lodging applications under the Hong Kong Public Offering.

The Overall Coordinators (on behalf of the Underwriters) may, where they deem appropriate, based on the level of interest expressed by prospective investors during the book-building process in respect of the International Offering, and with the consent of our Company, reduce the number of Offer Shares offered and/or the Offer Price Range below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, our Company will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering, cause to be published on the websites of our Company at www.tslines.com and the Stock Exchange at www.hkexnews.hk, respectively, notices of the reduction. Upon the issue of such a notice, the revised number of Offer Shares and/or the Offer Price range will be final and conclusive and the Offer Price, if agreed upon by the Overall Coordinators (on behalf of the Underwriters) and our Company, will be fixed within such revised Offer Price Range. Our Company will also, as soon as practicable following the decision to make such change, issue a supplemental prospectus updating investors of the change in the number of Offer Shares being offered under the Global Offering and/or the Offer Price. The Global Offering must first be canceled and subsequently relaunched on FINI pursuant to the supplemental prospectus.

Before submitting applications for the Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares and/or the Offer Price range may not be made until the last day for lodging applications under the Hong Kong Public Offering. Such notice will also include confirmation or revision, as appropriate, of the working capital statement and the Global Offering statistics as currently set out in this prospectus, and any other financial information which may change as a result of any such reduction. In the absence of any such notice so published, the number of Offer Shares will not be reduced and/or the Offer Price, if agreed upon by the Overall Coordinators (on behalf of the Underwriters) and our Company, will under no circumstances be set outside the Offer Price Range as stated in this prospectus.

STRUCTURE OF THE GLOBAL OFFERING

The final Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering, the basis of allocations of the Hong Kong Offer Shares and the results of allocations in the Hong Kong Public Offering are expected to be made available through a variety of channels in the manner described in the section headed “How to Apply for Hong Kong Offer Shares — B. Publication of Results” in this prospectus.

STOCK BORROWING AGREEMENT

In order to facilitate the settlement of over-allocations, if any, in connection with the Global Offering, the Stabilization Manager, its affiliates, or any person acting for it may choose to borrow up to 37,641,000 Shares (assuming the Offer Size Adjustment Option is not exercised) or up to 43,287,000 Shares (assuming the Offer Size Adjustment Option is fully exercised), representing 15% of the Offer Shares, from Providence pursuant to a Stock Borrowing Agreement, or acquire Shares from other sources, including the exercising of the Over-allotment Option. The Stock Borrowing Agreement is expected to be entered into between the Stabilization Manager and Providence on or about the Price Determination Date.

Such stock borrowing arrangement must be for the sole purpose of covering any short position prior to the exercise of the Over-allotment Option. The same number of Shares as that borrowed must be returned to Providence or its respective nominees on or before the third Business Day following the earlier of (i) the last day on which the Over-allotment Option may be exercised, and (ii) the day on which the Over-allotment Option is exercised in full, or such earlier time as may be agreed in writing between the parties.

The stock borrowing arrangement under the Stock Borrowing Agreement will be effected in compliance with all applicable laws, listing rules and regulatory requirements.

No payment will be made to Providence by the Stabilization Manager or its authorized agents in relation to such stock borrowing arrangement.

UNDERWRITING

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms and conditions of the Hong Kong Underwriting Agreement and is subject to, among other things, the Overall Coordinators (on behalf of the Underwriters) and our Company agreeing on the Offer Price.

Our Company expects to enter into the International Underwriting Agreement relating to the International Offering on the Price Determination Date.

These underwriting arrangements, including the Underwriting Agreements, are summarized in the section headed “Underwriting” in this prospectus.

STRUCTURE OF THE GLOBAL OFFERING

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for Offer Shares will be conditional on, among other things:

- (a) the Stock Exchange granting approval for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering on the Main Board of the Stock Exchange and such approval not subsequently having been withdrawn or revoked prior to the commencement of trading of the Shares on the Stock Exchange;
- (b) the Offer Price having been agreed between the Overall Coordinators (on behalf themselves and of the Underwriters) and our Company;
- (c) the execution and delivery of the International Underwriting Agreement on or about the Price Determination Date; and
- (d) the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement and the obligations of the International Underwriters under the International Underwriting Agreement becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements or otherwise, in each case on or before the dates and times specified in the respective Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times).

If, for any reason, the Offer Price is not agreed between the Overall Coordinators (on behalf of the Underwriters) and our Company by 12:00 noon on Wednesday, October 30, 2024, the Global Offering will not proceed and will lapse.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived prior to the dates and times specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published on the websites of our Company at www.tslines.com and the Stock Exchange at www.hkexnews.hk, respectively, on the next day following such lapse. In such a situation, all application monies will be returned, without interest, on the terms set out in the section headed “How to Apply for Hong Kong Offer Shares” in this prospectus. In the meantime, all application monies will be held in separate bank account(s) with the receiving banks or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

STRUCTURE OF THE GLOBAL OFFERING

Share certificates for the Offer Shares will only become valid evidence of title at 8:00 a.m. on Friday, November 1, 2024, provided that the Global Offering has become unconditional in all respects at or before that time.

DEALINGS IN THE SHARES

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Friday, November 1, 2024, it is expected that dealings in the Shares on the Stock Exchange will commence at 9:00 a.m. on Friday, November 1, 2024.

The Shares will be traded in board lots of 1,000 Shares each and the stock code of the Shares will be 2510.

HOW TO APPLY FOR HONG KONG OFFER SHARES

IMPORTANT NOTICE TO INVESTORS OF HONG KONG OFFER SHARES

FULLY ELECTRONIC APPLICATION PROCESS

We have adopted a fully electronic application process for the Hong Kong Public Offering and below are the procedures for application.

This prospectus is available at the website of the Stock Exchange at www.hkexnews.hk under the “HKEXnews > New Listings > New Listing Information” section, and our website at www.tslines.com.

The contents of this prospectus are identical to the prospectus as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

A. APPLICATION FOR HONG KONG OFFER SHARES

1. Who Can Apply

You can apply for Hong Kong Offer Shares if you or the person(s) for whose benefit you are applying for:

- are 18 years of age or older;
- are outside the United States; and
- have a Hong Kong address (*for the White Form eIPO service only*).

Unless permitted by the Listing Rules or a waiver and/or consent has been granted by the Stock Exchange to us, you cannot apply for any Hong Kong Offer Shares if you or the person(s) for whose benefit you are applying for:

- are an existing Shareholder or close associates; or
- are a Director or any of his/her close associates.

2. Application Channels

The Hong Kong Public Offering period will begin at 9:00 am on Thursday, October 24, 2024 and end at 12:00 noon on Tuesday, October 29, 2024 (Hong Kong time).

HOW TO APPLY FOR HONG KONG OFFER SHARES

To apply for Hong Kong Offer Shares, you may use one of the following application channels:

Application Channel	Platform	Target Investors	Application Time
White Form eIPO service	at www.eipo.com.hk	Applicants who would like to receive a physical Share certificate. Hong Kong Offer Shares successfully applied for will be allotted and issued in your own name.	From 9:00 am on Thursday, October 24, 2024 to 11:30 am on Tuesday, October 29, 2024, Hong Kong time. The latest time for completing full payment of application monies will be 12:00 noon on Tuesday, October 29, 2024, Hong Kong time.
HKSCC EIPO channel	Your broker or custodian who is a HKSCC Participant will submit electronic application instruction(s) on your behalf through HKSCC's FINI system in accordance with your instruction	Applicants who would <u>not</u> like to receive a physical Share certificate. Hong Kong Offer Shares successfully applied for will be allotted and issued in the name of HKSCC Nominees, deposited directly into CCASS and credited to your designated HKSCC Participant's stock account.	Contact your broker or custodian for the earliest and latest time for giving such instructions, as this may vary by broker or custodian.

The **White Form eIPO** service and the **HKSCC EIPO** channel are facilities subject to capacity limitations and potential service interruptions and you are advised not to wait until the last day of the application period to apply for Hong Kong Offer Shares.

HOW TO APPLY FOR HONG KONG OFFER SHARES

For those applying through the **White Form eIPO** service, once you complete payment in respect of any application instructions given by you or for your benefit through the **White Form eIPO** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. If you are a person for whose benefit the electronic application instructions are given, you shall be deemed to have declared that only one set of electronic application instructions has been given for your benefit. If you are an agent for another person, you shall be deemed to have declared that you have only given one set of electronic application instructions for the benefit of the person for whom you are an agent and that you are duly authorized to give those instructions as an agent.

For the avoidance of doubt, giving an application instruction under the **White Form eIPO** service more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you apply through the **White Form eIPO** service, you are deemed to have authorized the **White Form eIPO** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **White Form eIPO** service.

By instructing your broker or custodian to apply for the Hong Kong Offer Shares on your behalf through the **HKSCC EIPO** channel, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant HKSCC Participants) to apply for Hong Kong Offer Shares on your behalf and to do on your behalf all the things stated in this prospectus and any supplement to it.

For those applying through **HKSCC EIPO** channel, an actual application will be deemed to have been made for any application instructions given by you or for your benefit to HKSCC (in which case an application will be made by HKSCC Nominees on your behalf) provided such application instruction has not been withdrawn or otherwise invalidated before the closing time of the Hong Kong Public Offering.

HKSCC Nominees will only be acting as a nominee for you and neither HKSCC nor HKSCC Nominees shall be liable to you or any other person in respect of any actions taken by HKSCC or HKSCC Nominees on your behalf to apply for Hong Kong Offer Shares or for any breach of the terms and conditions of this prospectus.

HOW TO APPLY FOR HONG KONG OFFER SHARES

3. Information Required to Apply

You must provide the following information with your application:

<u>For Individual/Joint Applicants</u>	<u>For Corporate Applicants</u>
<ul style="list-style-type: none">• Full name(s)² as shown on your identity document• Identity document's issuing country or jurisdiction• Identity document type, with order of priority:<ul style="list-style-type: none">i. HKID card; orii. National identification document; oriii. Passport; and• Identity document number	<ul style="list-style-type: none">• Full name(s)² as shown on your identity document• Identity document's issuing country or jurisdiction• Identity document type, with order of priority:<ul style="list-style-type: none">i. LEI registration document; orii. Certificate of incorporation; oriii. Business registration certificate; oriv. Other equivalent document; and• Identity document number

Notes:

1. If you are applying through the **White Form eIPO** service, you are required to provide a valid e-mail address, a contact telephone number and a Hong Kong address. You are also required to declare that the identity information provided by you follows the requirements as described in Note 2 below. In particular, where you cannot provide a HKID number, you must confirm that you do not hold a HKID card.
2. The applicant's full name as shown on their identity document must be used. If an applicant's identity document contains both an English and Chinese name, both English and Chinese names must be used. Otherwise, either English or Chinese names will be accepted. The order of priority of the applicant's identity document type must be strictly followed and where an individual applicant has a valid HKID card, the HKID number must be used when making an application to subscribe for Hong Kong Offer Shares. Similarly for corporate applicants, a LEI number must be used if an entity has a LEI certificate.
3. If the applicant is a trustee, the client identification data ("CID") of the trustee, as set out above, will be required. If the applicant is an investment fund (i.e. a collective investment scheme, or CIS), the CID of the asset management company or the individual fund, as appropriate, which has opened a trading account with the broker will be required, as above.
4. The maximum number of joint applicants on FINI is capped at 4 in accordance with market practice.
5. If you are applying as a nominee, you must provide: (i) the full name (as shown on the identity document), the identity document's issuing country or jurisdiction, the identity document type; and (ii), the identity document number, for each of the beneficial owners or, in the case(s) of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

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6. If you are applying as an unlisted company and (i) the principal business of that company is dealing in securities; and (ii) you exercise statutory control over that company, then the application will be treated as being for your benefit and you should provide the required information in your application as stated above.

“Unlisted company” means a company with no equity securities listed on the Stock Exchange or any other stock exchange.

“Statutory control” means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

For those applying through **HKSCC EIPO** channel, and making an application under a power of attorney, we and the Overall Coordinators, as our agent, have discretion to consider whether to accept it on any conditions we think fit, including evidence of the attorney’s authority.

Failing to provide any required information may result in your application being rejected.

4. Permitted Number of Hong Kong Offer Shares for Application

Board lot size : 1,000 Shares

Permitted number of Hong Kong Offer Shares for application and amount payable on application/successful allotment : Hong Kong Offer Shares are available for application in specified board lot sizes only. Please refer to the amount payable associated with each specified board lot size in the table below.

The maximum Offer Price is HK\$4.50 per Share.

If you are applying through the **HKSCC EIPO** channel, you are required to pre-fund your application based on the amount specified by your broker or custodian, as determined based on the applicable laws and regulations in Hong Kong.

By instructing your broker or custodian to apply for the Hong Kong Offer Shares on your behalf through the **HKSCC EIPO** channel, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant HKSCC Participants) to arrange payment of the final Offer Price, brokerage, SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy by debiting the relevant nominee bank account at the Designated Bank for your broker or custodian.

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If you are applying through the **White Form eIPO** service, you may refer to the table below for the amount payable for the number of Shares you have selected. You must pay the respective maximum amount payable on application in full upon application for Hong Kong Offer Shares.

No. of Hong Kong Offer Shares applied for	Amount payable on application ⁽²⁾ HK\$	No. of Hong Kong Offer Shares applied for	Amount payable on application ⁽²⁾ HK\$	No. of Hong Kong Offer Shares applied for	Amount payable on application ⁽²⁾ HK\$	No. of Hong Kong Offer Shares applied for	Amount payable on application ⁽²⁾ HK\$
1,000	4,545.38	25,000	113,634.57	200,000	909,076.50	2,000,000	9,090,765.00
2,000	9,090.76	30,000	136,361.48	250,000	1,136,345.63	3,000,000	13,636,147.50
3,000	13,636.14	35,000	159,088.39	300,000	1,363,614.76	4,000,000	18,181,530.00
4,000	18,181.54	40,000	181,815.30	350,000	1,590,883.88	5,000,000	22,726,912.50
5,000	22,726.91	45,000	204,542.21	400,000	1,818,153.00	6,000,000	27,272,295.00
6,000	27,272.30	50,000	227,269.13	450,000	2,045,422.13	7,000,000	31,817,677.50
7,000	31,817.68	60,000	272,722.96	500,000	2,272,691.26	8,000,000	36,363,060.00
8,000	36,363.05	70,000	318,176.78	600,000	2,727,229.50	9,000,000	40,908,442.50
9,000	40,908.44	80,000	363,630.60	700,000	3,181,767.76	10,000,000	45,453,825.00
10,000	45,453.83	90,000	409,084.43	800,000	3,636,306.00	11,000,000	49,999,207.50
15,000	68,180.73	100,000	454,538.26	900,000	4,090,844.26	12,547,000 ⁽¹⁾	57,030,914.22
20,000	90,907.66	150,000	681,807.38	1,000,000	4,545,382.50		

- (1) Maximum number of Hong Kong Offer Shares you may apply for.
- (2) The amount payable is inclusive of brokerage, SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy. If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules) and the SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC; and in the case of the AFRC transaction levy, collected by the Stock Exchange on behalf of the AFRC).

HOW TO APPLY FOR HONG KONG OFFER SHARES

5. Multiple Applications Prohibited

You or your joint applicant(s) shall not make more than one application for your own benefit, except where you are a nominee and provide the information of the underlying investor in your application as required under the paragraph headed “— A. Applications for Hong Kong Offer Shares — 3. Information Required to Apply” in this section. If you are suspected of submitting or cause to submit more than one application, all of your applications will be rejected.

Multiple applications made either through (i) the **White Form eIPO** service, (ii) **HKSCC EIPO** channel, or (iii) both channels concurrently are prohibited and will be rejected. If you have made an application through the **White Form eIPO** service or **HKSCC EIPO** channel, you or the person(s) for whose benefit you have made the application shall not apply for any International Offer Shares.

6. Terms and Conditions of An Application

By applying for Hong Kong Offer Shares through the **White Form eIPO** service or **HKSCC EIPO** channel, you (or as the case may be, HKSCC Nominees will do the following things on your behalf):

- (i) undertake to execute all relevant documents and instruct and authorise us and/or the Overall Coordinators, as our agents, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association, and (if you are applying through the **HKSCC EIPO** channel) to deposit the allotted Hong Kong Offer Shares directly into CCASS for the credit of your designated HKSCC Participant’s stock account on your behalf;
- (ii) confirm that you have read and understand the terms and conditions and application procedures set out in this prospectus and the designated website of the **White Form eIPO** service (or as the case may be, the agreement you entered into with your broker or custodian), and agree to be bound by them;
- (iii) (if you are applying through the **HKSCC EIPO** channel) agree to the arrangements, undertakings and warranties under the participant agreement between your broker or custodian and HKSCC and observe the General Rules of HKSCC and the HKSCC Operational Procedures for giving application instructions to apply for Hong Kong Offer Shares;
- (iv) confirm that you are aware of the restrictions on offers and sales of shares set out in this prospectus and they do not apply to you, or the person(s) for whose benefit you have made the application;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- (v) confirm that you have read this prospectus and any supplement to it and have relied only on the information and representations contained therein in making your application (or as the case may be, causing your application to be made) and will not rely on any other information or representations;
- (vi) agree that the Relevant Persons⁽¹⁾, the Hong Kong Share Registrar and HKSCC will not be liable for any information and representations not in this prospectus and any supplement to it;
- (vii) agree to disclose the details of your application and your personal data and any other personal data which may be required about you and the person(s) for whose benefit you have made the application to us, the Relevant Persons, the Hong Kong Share Registrar, HKSCC, HKSCC Nominees, the Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations, for the purposes under the paragraph headed “— G. Personal Data — 3. Purposes and 4. Transfer of personal data” in this section;
- (viii) agree (without prejudice to any other rights which you may have once your application (or as the case may be, HKSCC Nominees’ application) has been accepted) that you will not rescind it because of an innocent misrepresentation;
- (ix) agree that subject to Section 44A(6) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any application made by you or HKSCC Nominees on your behalf cannot be revoked once it is accepted, which will be evidenced by the notification of the result of the ballot by the Hong Kong Share Registrar by way of publication of the results at the time and in the manner as specified in the paragraph headed “— B. Publication of Results” in this section;
- (x) confirm that you are aware of the situations specified in the paragraph headed “— C. Circumstances In Which You Will Not Be Allocated Hong Kong Offer Shares” in this section;
- (xi) agree that your application or HKSCC Nominees’ application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong;
- (xii) agree to comply with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Articles of Association and laws of any place outside Hong Kong that apply to your application and that neither we nor the Relevant Persons will breach any law inside and/or outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus;

¹ Relevant Persons would include the Joint Sponsors, the Joint Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their or the Company’s respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering.

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- (xiii) confirm that (a) your application or HKSCC Nominees' application on your behalf is not financed directly or indirectly by the Company, any of the directors, chief executives, substantial Shareholder(s) or existing shareholder(s) of the Company or any of its subsidiaries or any of their respective close associates; and (b) you are not accustomed or will not be accustomed to taking instructions from the Company, any of the directors, chief executives, substantial shareholder(s) or existing shareholder(s) of the Company or any of its subsidiaries or any of their respective close associates in relation to the acquisition, disposal, voting or other disposition of the Shares registered in your name or otherwise held by you;
- (xiv) warrant that the information you have provided is true and accurate;
- (xv) confirm that you understand that we and the Overall Coordinators will rely on your declarations and representations in deciding whether or not to allocate any Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;
- (xvi) agree to accept Hong Kong Offer Shares applied for or any lesser number allocated to you under the application;
- (xvii) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;
- (xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit by giving electronic application instructions to HKSCC directly or indirectly or through the application channel of the Hong Kong Share Registrar or by any one as your agent or by any other person; and
- (xix) (if you are making the application as an agent for the benefit of another person) warrant that (1) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person by giving electronic application instructions to HKSCC and (2) you have due authority to give electronic application instructions on behalf of that other person as its agent.

HOW TO APPLY FOR HONG KONG OFFER SHARES

B. PUBLICATION OF RESULTS

Results of Allocation

You can check whether you are successfully allocated any Hong Kong Offer Shares through:

<u>Platform</u>		<u>Date/Time</u>
	Applying through the White Form eIPO service or HKSCC EIPO channel :	
Website	The designated results of allocation at www.iporeresults.com.hk (alternatively: www.eipo.com.hk/eIPOAllotment) with a “search by ID” function.	24 hours, from 11:00 p.m. on Thursday, October 31, 2024 to Wednesday, November 6, 2024 (Hong Kong time)
	The full list of (i) wholly or partially successful applicants using the White Form eIPO service and HKSCC EIPO channel, and (ii) the number of Hong Kong Offer Shares conditionally allotted to them, among other things, will be displayed on the “Allotment Results” page of the White Form eIPO service at www.iporeresults.com.hk (alternatively: www.eipo.com.hk/eIPOAllotment).	
	The Stock Exchange’s website at www.hkexnews.hk and our website at www.tslines.com which will provide links to the above mentioned websites of the Hong Kong Share Registrar.	No later than 11:00 p.m. on Thursday, October 31, 2024 (Hong Kong time).
Telephone	+852 2862 8555 — the allocation results telephone enquiry line provided by the Hong Kong Share Registrar	between 9:00 a.m. to 6:00 p.m., on Friday, November 1, 2024, Monday, November 4, 2024, Tuesday, November 5, 2024 and Wednesday, November 6, 2024

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For those applying through **HKSCC EIPO** channel, you may also check with your broker or custodian from 6:00 p.m. on Wednesday, October 30, 2024 (Hong Kong time)

HKSCC Participants can log into FINI and review the allotment result from 6:00 p.m. on Wednesday, October 30, 2024 (Hong Kong time) on a 24-hour basis and should report any discrepancies on allotments to HKSCC as soon as practicable.

Allocation Announcement

We expect to announce the results of the final Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocations of Hong Kong Offer Shares on the Stock Exchange's website at www.hkexnews.hk and our website at www.tslines.com by no later than 11:00 p.m. on Thursday, October 31, 2024 (Hong Kong time).

C. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOCATED HONG KONG OFFER SHARES

You should note the following situations in which Hong Kong Offer Shares will not be allocated to you or the person(s) for whose benefit you are applying for:

1. If your application is revoked:

Your application or the application made by HKSCC Nominees on your behalf may be revoked pursuant to Section 44A(6) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

2. If we or our agents exercise our discretion to reject your application:

We, the Overall Coordinators, the Hong Kong Share Registrar and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

3. If the allocation of Hong Kong Offer Shares is void:

The allocation of Hong Kong Offer Shares will be void if the Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Stock Exchange notifies us of that longer period within three weeks of the closing date of the application lists.

HOW TO APPLY FOR HONG KONG OFFER SHARES

4. If:

- you make multiple applications or suspected multiple applications. You may refer to the paragraph headed “— A. Applications for Hong Kong Offer Shares — 5. Multiple Applications Prohibited” in this section on what constitutes multiple applications;
- your application instruction is incomplete;
- your payment (or confirmation of funds, as the case may be) is not made correctly;
- the Underwriting Agreements do not become unconditional or are terminated;
- we or the Overall Coordinators believe that by accepting your application, it or we would violate applicable securities or other laws, rules or regulations.

5. If there is money settlement failure for allotted Shares:

Based on the arrangements between HKSCC Participants and HKSCC, HKSCC Participants will be required to hold sufficient application funds on deposit with their Designated Bank before balloting. After balloting of Hong Kong Offer Shares, the Receiving Bank will collect the portion of these funds required to settle each HKSCC Participant’s actual Hong Kong Offer Share allotment from their Designated Bank.

There is a risk of money settlement failure. In the extreme event of money settlement failure by a HKSCC Participant (or its Designated Bank), who is acting on your behalf in settling payment for your allotted shares, HKSCC will contact the defaulting HKSCC Participant and its Designated Bank to determine the cause of failure and request such defaulting HKSCC Participant to rectify or procure to rectify the failure.

However, if it is determined that such settlement obligation cannot be met, the affected Hong Kong Offer Shares will be reallocated to the International Offering. Hong Kong Offer Shares applied for by you through the broker or custodian may be affected to the extent of the settlement failure. In the extreme case, you will not be allocated any Hong Kong Offer Shares due to the money settlement failure by such HKSCC Participant. None of us, the Relevant Persons, the Hong Kong Share Registrar and HKSCC is or will be liable if Hong Kong Offer Shares are not allocated to you due to the money settlement failure.

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D. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND OF APPLICATION MONIES

You will receive one Share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made through the **HKSCC EIPO** channel where the Share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application.

Share certificates will only become valid evidence of title at 8:00 a.m. on Friday, November 1, 2024 (Hong Kong time), provided that the Global Offering has become unconditional and the right of termination described in the section headed “Underwriting” has not been exercised. Investors who trade Shares prior to the receipt of Share certificates or the Share certificates becoming valid do so entirely at their own risk.

The right is reserved to retain any Share certificate(s) and (if applicable) any surplus application monies pending clearance of application monies.

The following sets out the relevant procedures and time:

	<u>White Form eIPO service</u>	<u>HKSCC EIPO channel</u>
Despatch/collection of Share certificate²		
For physical share certificates of 1,000,000 or more Offer Shares issued under your own name	Collection in person from the Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong	Share certificate(s) will be issued in the name of HKSCC Nominees, deposited into CCASS and credited to your designated HKSCC Participant’s stock account No action by you is required
	Time: from 9:00 a.m. to 1:00 p.m. on Friday, November 1, 2024 (Hong Kong time)	

² Except in the event of a tropical cyclone warning signal number 8 or above, a black rainstorm warning and/or an “extreme conditions” announcement issued after a super typhoon in force in Hong Kong in the morning on Thursday, October 31, 2024 rendering it impossible for the relevant share certificates to be dispatched to HKSCC in a timely manner, the Company shall procure the Hong Kong Share Registrar to arrange for delivery of the supporting documents and share certificates in accordance with the contingency arrangements as agreed between them. You may refer to “— E. Severe Weather Arrangements” in this section.

HOW TO APPLY FOR HONG KONG OFFER SHARES

White Form eIPO service

HKSCC EIPO channel

If you are an individual, you must not authorise any other person to collect for you. If you are a corporate applicant, your authorised representative must bear a letter of authorization from your corporation stamped with your corporation's chop.

Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Share Registrar.

Note: If you do not collect your Share certificate(s) personally within the time above, it/they will be sent to the address specified in your application instructions by ordinary post at your own risk

For physical share certificates of less than 1,000,000 Offer Shares issued under your own name

Your Share certificate(s) will be sent to the address specified in your application instructions by ordinary post at your own risk

Time: Thursday, October 31, 2024

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	<u>White Form eIPO service</u>	<u>HKSCC EIPO channel</u>
Refund mechanism for surplus application monies paid by you		
Date	Friday, November 1, 2024	Subject to the arrangement between you and your broker or custodian
Responsible party	Hong Kong Share Registrar	Your broker or custodian
Application monies paid through single bank account	White Form e-Refund payment instructions to your designated bank account	Your broker or custodian will arrange refund to your designated bank account subject to the arrangement between you and it
Application monies paid through multiple bank accounts	Refund cheque(s) will be despatched to the address as specified in your application instructions by ordinary post at your own risk	

E. SEVERE WEATHER ARRANGEMENTS

The Opening and Closing of the Application Lists

The application lists will not open or close on Tuesday, October 29, 2024 if, there is:

- a tropical cyclone warning signal number 8 or above;
- a black rainstorm warning; and/or
- “**Extreme Conditions**”, (collectively, “**Severe Weather Signals**”),

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Tuesday, October 29, 2024.

Instead they will open between 11:45 a.m. and 12:00 noon and/or close at 12:00 noon on the next business day which does not have **Severe** Weather Signals in force at any time between 9:00 a.m. and 12:00 noon.

Prospective investors should be aware that a postponement of the opening/closing of the application lists may result in a delay in the listing date. Should there be any changes to the dates mentioned in the section headed “Expected Timetable” in this prospectus, an announcement will be made and published on the Stock Exchange’s website at www.hkexnews.hk and our website at www.tslines.com of the revised timetable.

HOW TO APPLY FOR HONG KONG OFFER SHARES

If a **Severe** Weather Signal is hoisted on Thursday, October 31, 2024, the Hong Kong Share Registrar will make appropriate arrangements for the delivery of the share certificates to the CCASS Depository's service counter so that they would be available for trading on Friday, November 1, 2024.

If a **Severe** Weather Signal is hoisted on Thursday, October 31, 2024:

- for physical share certificates of less than 1,000,000 Offer Shares issued under your own name, despatch will be made by ordinary post when the post office re-opens after the **Severe** Weather Signal is lowered or cancelled (e.g. in the afternoon of Thursday, October 31, 2024 or on Friday, November 1, 2024).

If a **Severe** Weather Signal is hoisted on Friday, November 1, 2024:

- for physical share certificates of equal or over 1,000,000 Offer Shares issued under your own name, you may collect the physical share certificates from the Hong Kong Share Registrar's office after the **Severe** Weather Signal is lowered or cancelled (e.g. in the afternoon of Friday, November 1, 2024 or on Monday, November 4, 2024).

Prospective investors should be aware that if they choose to receive physical share certificates issued in their own name, there may be a delay in receiving the share certificates.

F. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares on the Stock Exchange and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants is required to take place in CCASS on the second settlement day after any trading day.

All activities under CCASS are subject to the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

You should seek the advice of your broker or other professional advisor for details of the settlement arrangement as such arrangements may affect your rights and interests.

HOW TO APPLY FOR HONG KONG OFFER SHARES

G. PERSONAL DATA

The following Personal Information Collection Statement applies to any personal data collected and held by the Company, the Hong Kong Share Registrar, the receiving bank and the Relevant Persons about you in the same way as it applies to personal data about applicants other than HKSCC Nominees. This personal data may include client identifier(s) and your identification information. By giving application instructions to HKSCC, you acknowledge that you have read, understood and agree to all of the terms of the Personal Information Collection Statement below.

1. Personal Information Collection Statement

This Personal Information Collection Statement informs the applicant for, and holder of, Hong Kong Offer Shares, of the policies and practices of the Company and the Hong Kong Share Registrar in relation to personal data and the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

2. Reasons for the collection of your personal data

It is necessary for applicants and registered holders of Hong Kong Offer Shares to ensure that personal data supplied to the Company or its agents and the Hong Kong Share Registrar is accurate and up-to-date when applying for Hong Kong Offer Shares or transferring Hong Kong Offer Shares into or out of their names or in procuring the services of the Hong Kong Share Registrar.

Failure to supply the requested data or supplying inaccurate data may result in your application for Hong Kong Offer Shares being rejected, or in the delay or the inability of the Company or the Hong Kong Share Registrar to effect transfers or otherwise render their services. It may also prevent or delay registration or transfers of Hong Kong Offer Shares which you have successfully applied for and/or the despatch of Share certificate(s) to which you are entitled.

It is important that applicants for and holders of Hong Kong Offer Shares inform the Company and the Hong Kong Share Registrar immediately of any inaccuracies in the personal data supplied.

3. Purposes

Your personal data may be used, held, processed, and/or stored (by whatever means) for the following purposes:

- processing your application and refund cheque and **White Form** e-Refund payment instruction(s), where applicable, verification of compliance with the terms and application procedures set out in this prospectus and announcing results of allocation of Hong Kong Offer Shares;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- compliance with applicable laws and regulations in Hong Kong and elsewhere;
- registering new issues or transfers into or out of the names of the holders of the Shares including, where applicable, HKSCC Nominees;
- maintaining or updating the register of members of the Company;
- verifying identities of applicants for and holders of the Shares and identifying any duplicate applications for the Shares;
- facilitating Hong Kong Offer Shares balloting;
- establishing benefit entitlements of holders of the Shares, such as dividends, rights issues, bonus issues, etc.;
- distributing communications from the Company and its subsidiaries;
- compiling statistical information and profiles of the holder of the Shares;
- disclosing relevant information to facilitate claims on entitlements; and
- any other incidental or associated purposes relating to the above and/or to enable the Company and the Hong Kong Share Registrar to discharge their obligations to applicants and holders of the Shares and/or regulators and/or any other purposes to which applicants and holders of the Shares may from time to time agree.

4. Transfer of personal data

Personal data held by the Company and the Hong Kong Share Registrar relating to the applicants for and holders of Hong Kong Offer Shares will be kept confidential but the Company and the Hong Kong Share Registrar may, to the extent necessary for achieving any of the above purposes, disclose, obtain or transfer (whether within or outside Hong Kong) the personal data to, from or with any of the following:

- the Company's appointed agents such as financial advisers, receiving bank and overseas principal share registrar;
- HKSCC or HKSCC Nominees, who will use the personal data and may transfer the personal data to the Hong Kong Share Registrar, in each case for the purposes of providing its services or facilities or performing its functions in accordance with its rules or procedures and operating FINI and CCASS (including where applicants for the Hong Kong Offer Shares request a deposit into CCASS);

HOW TO APPLY FOR HONG KONG OFFER SHARES

- any agents, contractors or third-party service providers who offer administrative, telecommunications, computer, payment or other services to the Company or the Hong Kong Share Registrar in connection with their respective business operation;
- the Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations, including for the purpose of the Stock Exchange's administration of the Listing Rules and the SFC's performance of its statutory functions; and
- any persons or institutions with which the holders of Hong Kong Offer Shares have or propose to have dealings, such as their bankers, solicitors, accountants or brokers etc.

5. Retention of personal data

The Company and the Hong Kong Share Registrar will keep the personal data of the applicants and holders of Hong Kong Offer Shares for as long as necessary to fulfil the purposes for which the personal data were collected. Personal data which is no longer required will be destroyed or dealt with in accordance with the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

6. Access to and correction of personal data

Applicants for and holders of Hong Kong Offer Shares have the right to ascertain whether the Company or the Hong Kong Share Registrar hold their personal data, to obtain a copy of that data, and to correct any data that is inaccurate. The Company and the Hong Kong Share Registrar have the right to charge a reasonable fee for the processing of such requests. All requests for access to data or correction of data should be addressed to the Company and the Hong Kong Share Registrar, at their registered address disclosed in the section headed "Corporate information" in this prospectus or as notified from time to time, for the attention of the company secretary, or the Hong Kong Share Registrar for the attention of the privacy compliance officer.

The following is the text of a report set out on pages I-1 to I-70, received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.



ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF T.S. LINES LIMITED, J.P. MORGAN SECURITIES (FAR EAST) LIMITED AND CHINA MERCHANTS SECURITIES (HK) CO., LIMITED

Introduction

We report on the historical financial information of T.S. Lines Limited (the “**Company**”) and its subsidiaries (together, the “**Group**”) set out on pages I-4 to I-70, which comprises the consolidated statements of financial position of the Group and the statements of financial position of the Company as at December 31, 2021, 2022 and 2023 and April 30, 2024, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated cash flow statements, for each of the years ended December 31, 2021, 2022 and 2023 and the four months ended April 30, 2024 (the “**Track Record Periods**”), and material accounting policy information and other explanatory information (together, the “**Historical Financial Information**”). The Historical Financial Information set out on pages I-4 to I-70 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated October 24, 2024 (the “**Prospectus**”) in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 1 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 “Accountants' Reports on Historical Financial Information in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgment, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purpose of the accountants' report, a true and fair view of the Company's and the Group's financial position as at December 31, 2021, 2022 and 2023 and April 30, 2024 and of the Group's financial performance and cash flows for the Track Record Periods in accordance with the basis of preparation and presentation set out in note 1 to the Historical Financial Information.

Review of stub period corresponding financial information

We have reviewed the stub period corresponding financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the four months ended April 30, 2023 and other explanatory information (the "Stub Period Corresponding Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Stub Period Corresponding Financial Information in accordance with the basis of preparation and presentation set out in note 1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Corresponding Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Corresponding Financial Information, for the purpose of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in note 1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to note 22(c) to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Track Record Periods.

KPMG

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

October 24, 2024

HISTORICAL FINANCIAL INFORMATION

Set out below is the Historical Financial Information which forms integral part of the accountants' report.

The consolidated financial statements of the Group for the Track Record Periods, on which the Historical Financial Information is based, were audited by KPMG in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the “**Underlying Financial Statements**”).

The Historical Financial Information is presented in US dollars and all values are rounded to the nearest thousand (US\$'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Expressed in United States dollars)

	Note	Year ended December 31,			Four months ended	
		2021	2022	2023	April 30,	
		US\$'000	US\$'000	US\$'000	2023	2024
						(Unaudited)
Revenue	4	1,837,436	2,443,470	874,602	318,188	318,027
Cost of sales		(905,970)	(1,352,130)	(908,391)	(320,570)	(311,058)
Gross profit/(loss)		931,466	1,091,340	(33,789)	(2,382)	6,969
Other revenue	5	163,212	11,630	12,288	3,627	6,165
Other net income/(loss)	5	1,302	(972)	34,217	13,518	(1,304)
Administrative and other operating expenses		(25,197)	(39,719)	(44,242)	(17,632)	(11,409)
Profit/(loss) from operations		1,070,783	1,062,279	(31,526)	(2,869)	421
Finance costs, net	6(a)	(3,817)	14,618	44,369	18,033	8,978
Share of profits less losses of associates	14	19,320	8,888	995	74	421
Profit before taxation	6	1,086,286	1,085,785	13,838	15,238	9,820
Income tax (expense)/credit	7(a)	(8,605)	(11,278)	6,544	2,645	(8)
Profit for the year/period		<u>1,077,681</u>	<u>1,074,507</u>	<u>20,382</u>	<u>17,883</u>	<u>9,812</u>
Attributable to:						
Equity shareholders of the Company		1,077,730	1,074,541	20,709	17,887	9,443
Non-controlling interests		(49)	(34)	(327)	(4)	369
Profit for the year/period		<u>1,077,681</u>	<u>1,074,507</u>	<u>20,382</u>	<u>17,883</u>	<u>9,812</u>
Earnings per share						
Basic and diluted (US\$)	10	<u>0.770</u>	<u>0.768</u>	<u>0.015</u>	<u>0.013</u>	<u>0.007</u>
Profit for the year/period		<u>1,077,681</u>	<u>1,074,507</u>	<u>20,382</u>	<u>17,883</u>	<u>9,812</u>

Note	Year ended December 31,			Four months ended	
				April 30,	
	2021	2022	2023	2023	2024
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
	<i>(Unaudited)</i>				
Other comprehensive income					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Exchange differences on translation of foreign operations (with nil tax effect)	737	259	209	243	(29)
Share of other comprehensive income of associates (excluding exchange differences on translation of foreign operations) (with nil tax effect)	(558)	-	-	-	-
Reclassification of exchange reserve to profit or loss upon disposal of an associate (with nil tax effect)	-	(1,473)	-	-	-
	179	(1,214)	209	243	(29)
Total comprehensive income for the year/period	1,077,860	1,073,293	20,591	18,126	9,783
Attributable to:					
Equity shareholders of the Company	1,077,725	1,073,421	20,889	18,023	9,239
Non-controlling interests	135	(128)	(298)	103	544
Total comprehensive income for the year/period	1,077,860	1,073,293	20,591	18,126	9,783

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in United States dollars)

	Note	At December 31,			At April 30,
		2021	2022	2023	2024
		US\$'000	US\$'000	US\$'000	US\$'000
Non-current assets					
Property, plant and equipment	11	998,974	999,458	1,181,249	1,434,291
Intangible assets	12	2	112	801	824
Prepayments for the acquisitions of vessels	16	100,194	174,602	154,194	76,219
Interests in associates	14	21,070	5,457	6,420	6,791
		<u>1,120,240</u>	<u>1,179,629</u>	<u>1,342,664</u>	<u>1,518,125</u>
Current assets					
Bunkers		25,229	25,215	21,717	27,564
Contract assets	16	39,746	11,327	1,559	6,870
Trade and other receivables	16	193,513	104,925	77,465	99,186
Cash and cash equivalents	17	868,087	1,320,129	716,337	484,304
		<u>1,126,575</u>	<u>1,461,596</u>	<u>817,078</u>	<u>617,924</u>
Non-current assets classified as held for sale	15	<u>–</u>	<u>132,137</u>	<u>–</u>	<u>–</u>
		<u>1,126,575</u>	<u>1,593,733</u>	<u>817,078</u>	<u>617,924</u>
Current liabilities					
Contract liabilities	18	5,012	4,784	3,099	3,538
Trade and other payables	18	243,721	217,844	164,136	158,867
Bank borrowings	19	33,234	–	–	–
Lease liabilities	20	106,011	160,681	84,670	64,791
Tax payable	21(a)	8,455	3,754	3,740	3,651
		<u>396,433</u>	<u>387,063</u>	<u>255,645</u>	<u>230,847</u>
Net current assets		<u>730,142</u>	<u>1,206,670</u>	<u>561,433</u>	<u>387,077</u>
Total assets less current liabilities		<u>1,850,382</u>	<u>2,386,299</u>	<u>1,904,097</u>	<u>1,905,202</u>

	Note	At December 31,			At April 30,
		2021	2022	2023	2024
		US\$'000	US\$'000	US\$'000	US\$'000
Non-current liabilities					
Bank borrowings	19	158,553	–	–	–
Lease liabilities	20	244,155	227,964	132,539	123,861
Deferred tax liabilities	21(b)	–	7,368	–	–
		<u>402,708</u>	<u>235,332</u>	<u>132,539</u>	<u>123,861</u>
NET ASSETS		<u><u>1,447,674</u></u>	<u><u>2,150,967</u></u>	<u><u>1,771,558</u></u>	<u><u>1,781,341</u></u>
CAPITAL AND RESERVES					
	22				
Share capital		140,000	140,000	140,000	140,000
Reserves		<u>1,307,084</u>	<u>2,010,505</u>	<u>1,631,394</u>	<u>1,640,633</u>
Total equity attributable to equity shareholders of the Company		1,447,084	2,150,505	1,771,394	1,780,633
Non-controlling interests		<u>590</u>	<u>462</u>	<u>164</u>	<u>708</u>
TOTAL EQUITY		<u><u>1,447,674</u></u>	<u><u>2,150,967</u></u>	<u><u>1,771,558</u></u>	<u><u>1,781,341</u></u>

The accompanying notes form part of the Historical Financial Information.

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

(Expressed in United States dollars)

	Note	At December 31,			At April 30,
		2021	2022	2023	2024
		US\$'000	US\$'000	US\$'000	US\$'000
Non-current assets					
Property, plant and equipment	11	464,973	481,197	349,397	317,402
Intangible assets	12	–	111	787	774
Investments in associates	14	9,342	41	41	41
Investments in subsidiaries	13	21,263	21,566	21,594	21,594
		<u>495,578</u>	<u>502,915</u>	<u>371,819</u>	<u>339,811</u>
Current assets					
Bunkers		22,529	20,483	16,991	22,715
Contract assets	16	39,746	11,327	1,559	6,870
Trade and other receivables	16	628,639	505,423	516,500	621,091
Cash and cash equivalents	17	651,539	1,036,989	442,537	277,786
		<u>1,342,453</u>	<u>1,574,222</u>	<u>977,587</u>	<u>928,462</u>
Current liabilities					
Contract liabilities	18	223	211	58	68
Trade and other payables	18	216,264	240,898	130,192	103,606
Bank borrowings	19	5,200	–	–	–
Lease liabilities	20	105,272	159,241	83,521	63,581
Tax payable	21(a)	8,171	2,657	2,751	3,121
		<u>335,130</u>	<u>403,007</u>	<u>216,522</u>	<u>170,376</u>
Net current assets		<u>1,007,323</u>	<u>1,171,215</u>	<u>761,065</u>	<u>758,086</u>
Total assets less current liabilities		<u>1,502,901</u>	<u>1,674,130</u>	<u>1,132,884</u>	<u>1,097,897</u>

	Note	At December 31,			At April 30,
		2021	2022	2023	2024
		US\$'000	US\$'000	US\$'000	US\$'000
Non-current liabilities					
Bank borrowings	19	18,200	–	–	–
Lease liabilities	20	243,138	225,897	131,614	123,112
		<u>261,338</u>	<u>225,897</u>	<u>131,614</u>	<u>123,112</u>
NET ASSETS		<u>1,241,563</u>	<u>1,448,233</u>	<u>1,001,270</u>	<u>974,785</u>
CAPITAL AND RESERVE					
	22				
Share capital		140,000	140,000	140,000	140,000
Retained profits		<u>1,101,563</u>	<u>1,308,233</u>	<u>861,270</u>	<u>834,785</u>
TOTAL EQUITY		<u>1,241,563</u>	<u>1,448,233</u>	<u>1,001,270</u>	<u>974,785</u>

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Expressed in United States dollars)

	Attributable to equity shareholders of the Company				Non- controlling interests	Total equity	
	Note	Share	Exchange	Retained			Total
		capital	reserve	profits			
		(note 22(b)) US\$'000	(note 22(d)) US\$'000	US\$'000	US\$'000	US\$'000	
At January 1, 2021		70,000	(27)	309,841	379,814	455	380,269
Profit for the year		–	–	1,077,730	1,077,730	(49)	1,077,681
Other comprehensive income for the year		–	553	(558)	(5)	184	179
Total comprehensive income for the year		–	553	1,077,172	1,077,725	135	1,077,860
Bonus issue	22(c)	70,000	–	(70,000)	–	–	–
Interim dividend declared and paid	22(c)	–	–	(10,455)	(10,455)	–	(10,455)
At December 31, 2021		<u>140,000</u>	<u>526</u>	<u>1,306,558</u>	<u>1,447,084</u>	<u>590</u>	<u>1,447,674</u>
At January 1, 2022		140,000	526	1,306,558	1,447,084	590	1,447,674
Profit for the year		–	–	1,074,541	1,074,541	(34)	1,074,507
Other comprehensive income for the year		–	(1,120)	–	(1,120)	(94)	(1,214)
Total comprehensive income for the year		–	(1,120)	1,074,541	1,073,421	(128)	1,073,293
Interim dividend declared and paid	22(c)	–	–	(370,000)	(370,000)	–	(370,000)
At December 31, 2022		<u>140,000</u>	<u>(594)</u>	<u>2,011,099</u>	<u>2,150,505</u>	<u>462</u>	<u>2,150,967</u>

	Attributable to equity shareholders of the Company						
	Note	Share	Exchange	Retained	Total	Non-	Total
		capital	reserve	profits		controlling	
	(note 22(b)) US\$'000	(note 22(d)) US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	
At January 1, 2023		140,000	(594)	2,011,099	2,150,505	462	2,150,967
Profit for the year		–	–	20,709	20,709	(327)	20,382
Other comprehensive income for the year		–	180	–	180	29	209
Total comprehensive income for the year		–	180	20,709	20,889	(298)	20,591
Interim dividend declared and paid	22(c)	–	–	(400,000)	(400,000)	–	(400,000)
At December 31, 2023		<u>140,000</u>	<u>(414)</u>	<u>1,631,808</u>	<u>1,771,394</u>	<u>164</u>	<u>1,771,558</u>
At January 1, 2024		<u>140,000</u>	<u>(414)</u>	<u>1,631,808</u>	<u>1,771,394</u>	<u>164</u>	<u>1,771,558</u>
Profit for the period		–	–	9,443	9,443	369	9,812
Other comprehensive income for the period		–	(204)	–	(204)	175	(29)
Total comprehensive income for the period		–	(204)	9,443	9,239	544	9,783
At April 30, 2024		<u>140,000</u>	<u>(618)</u>	<u>1,641,251</u>	<u>1,780,633</u>	<u>708</u>	<u>1,781,341</u>
Unaudited							
At January 1, 2023		<u>140,000</u>	<u>(594)</u>	<u>2,011,099</u>	<u>2,150,505</u>	<u>462</u>	<u>2,150,967</u>
Profit for the period		–	–	17,887	17,887	(4)	17,883
Other comprehensive income for the period		–	136	–	136	107	243

		Attributable to equity shareholders of the Company			Non-		
		Share	Exchange	Retained	controlling	Total	
<i>Note</i>		capital	reserve	profits	interests	equity	
		(note 22(b))	(note 22(d))				
		US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	
Total comprehensive income for the period		–	136	17,887	18,023	103	18,126
Interim dividend declared	22(c)	–	–	(400,000)	(400,000)	–	(400,000)
At April 30, 2023 (unaudited)		<u>140,000</u>	<u>(458)</u>	<u>1,628,986</u>	<u>1,768,528</u>	<u>565</u>	<u>1,769,093</u>

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED CASH FLOW STATEMENTS

(Expressed in United States dollars)

	Note	Year ended December 31,			Four months ended	
		2021		2022	April 30,	
		2021	2022	2023	2023	2024
		US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
		<i>(Unaudited)</i>				
Operating activities						
Profit before taxation		1,086,286	1,085,785	13,838	15,238	9,820
Adjustments for:						
Depreciation and amortization	6(c)	123,259	236,881	207,740	70,171	60,077
Impairment loss on property, plant and equipment	5	–	6,105	–	–	–
Gain on disposals of property, plant and equipment	5	(7,342)	(17,803)	(10,152)	(2,346)	(122)
Gain on disposals of non-current assets classified as held for sale	5	–	–	(25,160)	(9,525)	–
Loss on disposal of an associate	5	–	1,473	–	–	–
Share of profits less losses of associates	14	(19,320)	(8,888)	(995)	(74)	(421)
Finance costs	6(a)	4,180	8,564	4,025	1,625	997
Interest income	6(a)	(363)	(23,182)	(48,394)	(19,658)	(9,975)
Foreign exchange loss		1,669	660	497	363	96
Loss on termination of a lease arrangement	5	–	–	3,095	–	–
Operating profit before changes in working capital		1,188,369	1,289,595	144,494	55,794	60,472
Changes in working capital:						
(Increase)/decrease in bunkers		(14,910)	14	3,498	5,609	(5,847)
(Increase)/decrease in trade and other receivables		(61,758)	87,443	27,460	32,360	(22,067)
(Increase)/decrease in contract assets		(26,084)	28,419	9,768	4,196	(5,311)
Increase/(decrease) in trade and other payables		84,617	(22,696)	(53,708)	(23,760)	(3,595)
Increase/(decrease) in contract liabilities		712	(228)	(1,685)	573	439
Cash generated from operations		1,170,946	1,382,547	129,827	74,772	24,091
Income tax paid		(459)	(8,611)	(825)	(844)	(97)
Net cash generated from operating activities		1,170,487	1,373,936	129,002	73,928	23,994

Note	Year ended December 31,			Four months ended	
	2021	2022	2023	April 30,	
	US\$'000	US\$'000	US\$'000	2023	2024
				(Unaudited)	
Investing activities					
Payment for purchases of property, plant and equipment	(479,036)	(238,515)	(395,745)	(87,880)	(229,457)
Proceeds from disposals of property, plant and equipment	7,394	17,930	20,827	2,368	190
Proceeds from disposals of non-current assets classified as held for sale	–	–	157,297	103,954	–
Payment for purchases of intangible assets	–	(120)	(767)	(17)	(83)
Proceeds from disposal of an associate	–	21,640	–	–	–
Interest income received	363	23,182	48,394	19,658	9,975
Net cash (used in)/generated from investing activities	(471,279)	(175,883)	(169,994)	38,083	(219,375)
Financing activities					
Interest paid	17(b) (1,783)	(2,429)	–	–	–
Capital element of lease rentals paid	17(b) (71,512)	(174,417)	(154,991)	(60,374)	(34,691)
Interest element of lease rentals paid	17(b) (2,397)	(6,135)	(4,025)	(1,625)	(997)
Termination cost paid for a lease arrangement	–	–	(3,852)	–	–
Proceeds from new bank borrowings	17(b) 111,767	–	–	–	–
Repayment of bank borrowings	17(b) (26,821)	(191,787)	–	–	–
Interim dividend paid	(10,455)	(370,000)	(400,000)	–	–
Net cash used in financing activities	(1,201)	(744,768)	(562,868)	(61,999)	(35,688)
Net increase/(decrease) in cash and cash equivalents	698,007	453,285	(603,860)	50,012	(231,069)
Cash and cash equivalents at the beginning of the year/period	175,026	868,087	1,320,129	1,320,129	716,337
Effect of foreign exchange rate changes	(4,946)	(1,243)	68	(134)	(964)
Cash and cash equivalents at the end of the year/period	17(a) 868,087	1,320,129	716,337	1,370,007	484,304

The accompanying notes form part of the Historical Financial Information.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

(Expressed in United States dollars unless otherwise indicated)

1 BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

T.S. Lines Limited (the “**Company**”) is a private limited company incorporated in Hong Kong on March 2, 2001. Its registered office and principal place of business is at 9/F., C-Bons International Center, 108 Wai Yip Street, Kowloon, Hong Kong.

As at the date of this report, the directors consider the joint controlling parties of the Company to be Mr. Chen Teh-Sheng (together with its immediate family members) and General Sharafuddin Alsayed Mohd HSM Yousif Sharaf.

The principal activities of the Company are provision of container shipping services and investment holding. The Company and its subsidiaries (collectively as “the **Group**”) are principally engaged in provision of container shipping services.

The Historical Financial Information has been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”) which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

The Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The accounting policies adopted and set out in note 2 have been applied consistently to all periods presented in the Historical Financial Information.

The HKICPA has issued certain new and revised HKFRSs. For the purpose of preparing and presenting the Historical Financial Information of the Group and the Company for the Track Record Periods, the Group and the Company has consistently applied all applicable HKFRSs throughout the Track Record Periods. The Company has not applied any new or revised standards or interpretations that are issued but not yet effective for the Track Record Periods, which are set out in note 27.

The consolidated financial statements for each of the Track Record Periods comprise the Company and its subsidiaries and the Group’s interests in associates. The measurement basis used in the preparation of Historical Financial Information is set out in note 2(a).

The audited statutory financial statements of the Company for the years ended December 31, 2021, 2022 and 2023 prepared in accordance with HKFRSs issued by the HKICPA were audited by KPMG.

The Historical Financial Information contained in this prospectus does not constitute the Company’s statutory annual financial statements for any of the financial years ended December 31, 2021, 2022 and 2023. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company’s auditors has reported on these financial statements for the years ended December 31, 2021, 2022 and 2023. The auditor’s reports were unqualified; did not include a reference to any matters to which the auditors drew attention by way of emphasis except that, an emphasis was made for the year ended December 31, 2021 on certain prior year adjustments made; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance (Cap. 622).

As the Company was previously a private company, it is not required to deliver financial statements to the Registrar of Companies, and has not done so.

The financial statements of the subsidiaries of the Company for which there are statutory requirements were prepared in accordance with the relevant accounting rules and regulations applicable to entities in the countries and regions in which they were incorporated or established.

As at the date of this report, the Company has direct interests in the following subsidiaries, all of which are private companies:

Name of subsidiaries directly held	Place of incorporation/ establishment and business	Date of incorporation/ establishment	Particulars of issued and paid-up capital	Proportion of ownership interest	Principal activities	Note
T.S. Hong Kong Shipping Corp.	The Republic of Panama	April 18, 2007	US\$10,000	100%	Vessel Chartering	(ii)
T.S. Empire Holding Limited	The Republic of Marshall Islands ("Marshall Islands")	May 22, 2015	US\$50,000	100%	Vessel chartering	(ii)
T.S. Kingdom Holding Limited	Marshall Islands	May 22, 2015	US\$50,000	100%	Vessel chartering	(ii)
Shanghai Desheng Shipping Co., Ltd. (上海德聖船務有限公司)	Mainland China, limited liability company	November 10, 2008	RMB68,333,798	100%	Provision of shipping agency services	(i), (iii) 1
T.S. Lines Korea Co., Ltd.	The Republic of Korea ("Korea")	October 22, 2010	KRW100,000,000	100%	Provision of shipping agency services	(ii)
T.S. Container Lines Vietnam Company Limited	Vietnam	May 13, 2014	VND 6,678,000,000	100%	Provision of shipping agency services	(iii) 2
T.S. Container Lines Ha Noi Company Limited	Vietnam	October 14, 2016	VND 6,675,000,000	70%	Provision of shipping agency services	(iii) 3
T.S. Dynasty Limited	Hong Kong Special Administrative Region ("HKSAR")	December 1, 2017	US\$7,500,000	100%	Vessel chartering	(iii) 4
Glory Shipping Company Limited	Marshall Islands	March 26, 2018	US\$50,000	100%	Investment holding	(ii)
T.S. Lines (Japan) Limited	Japan	March 28, 2006	JPY50,000,000	100%	Provision of shipping agency services	(ii)
T.S. Glory Limited	HKSAR	May 8, 2018	US\$50,000	100%	Vessel chartering	(iii) 4
T.S. Majesty Limited	HKSAR	June 7, 2018	US\$50,000	100%	Vessel chartering	(iii) 4
Nobility Shipping Company Ltd	Marshall Islands	August 22, 2019	US\$50,000	100%	Investment holding	(ii)
T.S. Domain Limited	HKSAR	September 11, 2019	US\$50,000	100%	Vessel chartering	(iii) 4
Royalty Shipping Limited	Marshall Islands	November 28, 2019	US\$50,000	100%	Vessel chartering	(ii)

APPENDIX I
ACCOUNTANTS' REPORT

Name of subsidiaries directly held	Place of incorporation/ establishment and business	Date of incorporation/ establishment	Particulars of issued and paid-up capital	Proportion of ownership interest	Principal activities	Note
Dignity Shipping Company Limited	Marshall Islands	September 8, 2020	US\$400,000	100%	Vessel chartering	(ii)
Authority Shipping Company Limited	Marshall Islands	December 2, 2020	US\$600,000	100%	Vessel chartering	(ii)
Primacy Shipping Company Limited	Marshall Islands	December 5, 2020	US\$400,000	100%	Vessel chartering	(ii)
Duk Sang T.S. Lines Co., Ltd.	Korea	August 20, 2007	KRW500,000,000	80%	Provision of shipping agency services	(i), (ii)
Sovereignty Shipping Company Limited	Marshall Islands	March 11, 2021	US\$600,000	100%	Vessel chartering	(ii)
Splendor Shipping Maritime Limited	Marshall Islands	June 18, 2021	US\$100,000	100%	Vessel chartering	(ii)
Abundance Shipping Maritime Limited	Marshall Islands	June 18, 2021	US\$100,000	100%	Vessel chartering	(ii)
Bravery Shipping Maritime Limited	Marshall Islands	June 18, 2021	US\$100,000	100%	Vessel chartering	(ii)
Magnificence Shipping Maritime Limited	Marshall Islands	June 18, 2021	US\$100,000	100%	Vessel chartering	(ii)
T.S. Container Lines (M) Sdn Bhd	Malaysia	February 24, 2005	RM500,000	100%	Provision of shipping agency services	(iii) 5
Count Shipping Company Limited	Marshall Islands	August 15, 2022	US\$50,000	100%	Vessel chartering	(ii)
Dux Shipping Company Limited	Marshall Islands	August 15, 2022	US\$50,000	100%	Vessel chartering	(ii)
Viscount Shipping Company Limited	Marshall Islands	August 15, 2022	US\$50,000	100%	Vessel chartering	(ii)
TSL Container Lines (Philippines) Inc	The Republic of the Philippines	June 3, 2023	PHP11,000,000	64.97%	Provision of shipping agency services	(ii)
TS Container Lines Pte. Ltd.	Singapore	January 4, 2024	US\$100	100%	Provision of shipping agency services	(ii)
TS Marina Bay Pte. Ltd.	Singapore	May 17, 2024	US\$100	100%	Provision of shipping agency services	(ii)

Notes:

- (i) The English translations of these entities are for identification only.
- (ii) As at the date of this report, no statutory financial statements have been prepared for these entities as they were either newly incorporated in 2023 or 2024 or have not carried on any business since the date of incorporation or are investment holding companies and operating companies not subject to statutory audit requirements under the relevant rules and regulations in the jurisdictions of incorporation.
- (iii)
 - 1. The statutory financial statements of Shanghai Desheng Shipping Co., Ltd. for the years ended December 31, 2021, 2022 and 2023 were audited by Reanda Certified Public Accountants.
 - 2. The statutory financial statements of T.S. Container Lines Vietnam Company Limited for the years ended December 31, 2021, 2022 and 2023 were audited by AFC Vietnam Auditing Co., Ltd..
 - 3. The statutory financial statements of T.S. Container Lines Ha Noi Company Limited for the years ended December 31, 2021, 2022 and 2023 were audited by AFC Vietnam Auditing Co., Ltd – Ha Thanh Branch.
 - 4. The statutory financial statements of these entities for the years ended December 31, 2021, 2022 and 2023 were audited by KPMG:
 - a. T.S. Dynasty Limited
 - b. T.S. Glory Limited
 - c. T.S. Majesty Limited
 - d. T.S. Domain Limited
 - 5. The statutory financial statements of T.S. Container Lines (M) Sdn Bhd for the years ended December 31, 2021, 2022 and 2023 were audited by SCW & Co..

All companies now comprising the Group have adopted December 31 as their financial year end date.

2 MATERIAL ACCOUNTING POLICIES

(a) Basis of measurement and use of estimates and judgment

The measurement basis used in the preparation of the financial statements is the historical cost except that non-current assets classified as held for sales are stated at the lower of carrying amount and fair value less cost to sell (see note 2(t)).

The preparation of Historical Financial Information in conformity with HKFRSs requires management to make judgment, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgment about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgment made by management in the application of HKFRSs that have material effect on the financial statements and major sources of estimation uncertainty are discussed in note 3.

(b) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the Historical Financial Information from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealized profits arising from intra-group transactions are eliminated in full in preparing the Historical Financial Information. Unrealized losses resulting from intra-group transactions are eliminated in the same way as unrealized gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statements of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statements of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the reporting period between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statements of financial position in accordance with notes 2(l) or 2(m) depending on the nature of the liability.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognized.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognized in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognized at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.

In the Company's statements of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(g)), unless the investment is classified as held for sale (see note 2(t)).

(c) Associates

An associate is an entity in which the Group or the Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the Historical Financial Information under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). The cost of the investment includes purchase price, other costs directly attributable to the acquisition of the investment, and any direct investment into the associate that forms part of the Group's equity investment. Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see note 2(g)(ii)). At each reporting date, the Group assesses whether there is any objective evidence that the investment is impaired. Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the reporting period are recognized in profit or loss, the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income are recognized as other comprehensive income of the Group.

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method, together with any other long-term interests that in substance form part of the Group's net investment in the associate, after applying the ECL model to such other long-term interests where applicable (see note 2(g)(i)).

Unrealized profits and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the investee, except where unrealized losses provide evidence of an impairment of the asset transferred, in which case they are recognized immediately in profit or loss.

If an investment in an associate becomes an investment in a joint venture, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

In all other cases, when the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognized in profit or loss. Any interest retained in that former investee at the date when significant influence is lost is recognized at fair value and this amount is regarded as the fair value on initial recognition of a financial asset.

In the Company's statements of financial position, an investment in an associate is stated at cost less impairment losses (see note 2(g)), unless the investment is classified as held for sale (see note 2(t)).

(d) Property, plant and equipment

Property, plant and equipment (including right-of-use assets) are stated at cost less accumulated depreciation and impairment losses (see note 2(g)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognized in profit or loss on the date of retirement or disposal.

Depreciation is calculated on straight line basis to write off the cost of property, plant and equipment, less their estimated residual value, if any, over their estimated useful lives. The principal annual rates used for this purpose are as follows:

- Right-of-use assets	Over the unexpired lease terms
- Vessels	4% – 33%
- Containers	15% – 100%
- Leasehold improvements	Higher of 20% and over the unexpired lease terms
- Furniture and equipment	20% – 33.33%
- Motor vehicles	20%
- Buildings situated on freehold land	3.33%

Where parts of an item of property, plant and equipment have different useful lives, the cost or valuation of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(e) Intangible assets

Intangible assets that are acquired by the Group are stated at cost less accumulated amortization (where the estimated useful life is finite) and impairment losses (see note 2(g)).

Amortization of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. Software with finite useful lives are amortized from the date they are available for use and their estimated useful lives are 1 to 5 years.

Both the period and method of amortization are reviewed annually.

(f) Leased assets as a lessee

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

At the lease commencement date, the Group recognizes a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalize the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalized are recognized as an expense on a systematic basis over the lease term.

Where the lease is capitalized, the lease liability is initially recognized at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortized cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognized when a lease is capitalized is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see notes 2(d) and 2(g)(ii)).

The initial fair value of refundable rental deposits is accounted for separately from the right-of-use assets. Any difference between the initial fair value and the nominal value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statements of financial position and the Company's statements of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

(g) Credit losses and impairment of assets**(i) Credit losses from financial instruments**

The Group recognizes a loss allowance for expected credit losses ("ECLs") on (i) financial assets measured at amortized cost (including cash and cash equivalents, trade receivables and other receivables which are held for the collection of contractual cash flows which represent solely payments of principal and interest) and (ii) contract assets as defined in HKFRS 15, *Revenues from contracts with customers*.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

- fixed-rate financial assets, trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof;
- variable-rate financial assets: current effective interest rate.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognizes a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognized as an impairment gain or loss in profit or loss. The Group recognizes an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Basis of calculation of interest income

Interest income recognized in accordance with note 2(q)(iv) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortized cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or past due event;
- it becoming probable that the borrower will enter into bankruptcy or other financial reorganization; or
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

Write-off policy

The gross carrying amount of a financial asset or contract asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognized as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or an impairment loss previously recognized no longer exists or may have decreased:

- property, plant and equipment, including right-of-use assets;
- intangible assets; and
- investments in subsidiaries and associates in the Company's statements of financial position.

If any such indication exists, the asset's recoverable amount is estimated.

– Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit). A portion of the carrying amount of a corporate asset is allocated to an individual cash-generating unit if the allocation can be done on a reasonable and consistent basis, or to the smallest group of cash-generating units if otherwise.

– *Recognition of impairment losses*

An impairment loss is recognized in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognized in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the cash-generating unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

– *Reversals of impairment losses*

An impairment loss is reversed if there has been a favorable change in the estimates used to determine the recoverable amount. A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognized in prior reporting periods. Reversals of impairment losses are credited to profit or loss in the reporting period in which the reversals are recognized.

(h) Bunkers

Bunkers represent fuels for provision of shipping services and are stated at the lower of the cost and net realizable value. Cost is determined using first-in first-out basis. The carrying amount of bunkers is recognized in profit or loss upon consumption.

(i) Trade and other receivables

A receivable is recognized when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognized before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset (see note 2(j)).

Trade receivables are initially measured at their transaction price and subsequently stated at amortized cost, using the effective interest method and including an allowance for credit losses (see note 2(g)(i)).

(j) Contract assets and contract liabilities

A contract asset is recognized when the Group recognizes revenue (see note 2(q)) before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for expected ECLs in accordance with the policy set out in note 2(g)(i) and are reclassified to receivables when the right to the consideration has become unconditional (see note 2(i)).

A contract liability is recognized when the customer pays non-refundable consideration before the Group recognizes the related revenue (see note 2(q)). A contract liability would also be recognized if the Group has an unconditional right to receive non-refundable consideration before the Group recognizes the related revenue. In such cases, a corresponding receivable would also be recognized (see note 2(i)).

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

(k) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statements. Cash and cash equivalents are assessed for ECLs in accordance with the policy set out in note 2(g)(i).

(l) Trade and other payables

Trade and other payables are initially recognized at fair value and subsequently stated at amortized cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(m) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost using the effective interest method. Interest expense is recognized in accordance with the Group's accounting policy for borrowing costs (see note 2(s)).

(n) Employee benefits**(i) Short term employee benefits and contributions to defined contribution retirement plans**

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the reporting period in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

The Group operates a Mandatory Provident Fund Scheme ("the MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance and not previously covered by the defined benefit retirement plan. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK\$30,000. Contributions to the plan vest immediately, there is no forfeited contributions that may be used by the Group to reduce the existing level of contribution.

In July 2023, the HKICPA published "Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong" that provides accounting guidance relating to the abolition of offsetting mechanism effective from 1 May 2025. The abolition of the offsetting mechanism did not have a material impact on the Group's results and financial position.

(ii) Termination benefits

Termination benefits are recognized at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognizes restructuring costs involving the payment of termination benefits.

(o) Income tax

Income tax expense comprises current tax and deferred tax. It is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year/period and any adjustments to the tax payable or receivable in respect of previous years/periods. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;
- temporary differences related to investment in subsidiaries and associates to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;
- taxable temporary differences arising on the initial recognition of goodwill; and

- those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

The Group recognized deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax assets and liabilities are offset only if certain criteria are met.

(p) Provisions, contingent liabilities and onerous contracts

(i) Provisions and contingent liabilities

Provisions are recognized when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognized for any expected reimbursement that would be virtually certain. The amount recognized for the reimbursement is limited to the carrying amount of the provision.

(ii) Onerous contracts

An onerous contract exists when the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. Provisions for onerous contracts are measured at the present value of the lower of the expected cost of terminating the contract and the net cost of continuing with the contract.

(q) Revenue and other income

Income is classified by the Group as revenue when it arises from the provision of services in the ordinary course of the Group's business.

Revenue is recognized when control over a service is transferred to the customer at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Container shipping services

Revenue from container shipping services is recognized over time as the performance obligation is satisfied, including a share of revenue from incomplete voyages as at the end of the reporting period. Detention and demurrage fees are recognized over time until the timing of the customer's late return or pick-up of containers.

(ii) *Other container shipping related services*

Revenue from other container shipping related services is recognized over time upon the services have been rendered.

(iii) *Dividends*

Dividend income from unlisted investments is recognized when the shareholder's right to receive payment is established.

(iv) *Interest income*

Interest income is recognized as it accrues under the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortized cost (i.e. gross carrying amount net of loss allowance) of the asset (see note 2(g)(i)).

(v) *Rental income from containers and charter hire revenue – vessels*

Rental income from containers and charter hire revenue – vessels are recognized in equal instalments over the period covered by the contract period.

(r) **Translation of foreign currencies**

Foreign currency transactions during the reporting period are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognized in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the Group initially recognizes such non-monetary assets or liabilities.

The results of foreign operations are translated into United States dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into United States dollars at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognized in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognized.

(s) **Borrowing costs**

Borrowing costs that are directly attributable to the acquisition or construction of an asset which necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalization of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use. Capitalization of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use are interrupted or complete.

(t) **Non-current assets classified as held for sale**

A non-current asset is classified as held for sale if it is highly probable that its carrying amount will be recovered through a sale transaction rather than through continuing use and the asset is available for sale in its present condition.

Immediately before classification as held for sale, the measurement of the non-current assets is brought up-to-date in accordance with the accounting policies before the classification. Then, on initial classification as held for sale and until disposal, the non-current assets (except for certain assets as explained below) are recognized at the lower of their carrying amount and fair value less costs to sell. The principal exceptions to this measurement policy so far as the financial statements of the Group are concerned are deferred tax assets and financial assets (other than interests in associates). These assets, even if held for sale, would continue to be measured in accordance with the policies set out elsewhere in note 2.

Impairment losses on initial classification as held for sale, and on subsequent remeasurement while held for sale, are recognized in profit or loss. As long as a non-current asset is classified as held for sale, the non-current asset is not depreciated or amortized.

(u) Related parties

- (a) A person, or a close member of that person's family, is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or the Group's parent.
- (b) An entity is related to the Group if any of the following conditions applies:
 - (i) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a Group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(v) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

3 ACCOUNTING JUDGMENT AND ESTIMATES

Note 23 contains information about the assumptions and their risk factors relating to financial instruments. Other significant source of estimation uncertainty are as follows:

(a) Estimated useful lives of vessels

Shipping vessels are depreciated on the straight-line basis over their estimated remaining useful lives, after considering estimated residual values. Significant judgment and estimate are required in determining the useful life of a vessel.

In determining the useful lives of the Group's vessels, the Group considers its business model and asset management policy, the industry practice, and factors like expected usage of each shipping vessel, expected repair and maintenance, and technical or commercial obsolescence arising from changes or improvements in the shipping vessel market. In respect of capitalized drydocking costs included in the cost of shipping vessels, the Group estimates the useful lives of these costs with reference to the expected periods between drydocking cycles of vessels until their next drydocking.

The depreciation charge in future periods will change where the estimated useful life or residual value of a shipping vessel is different from the previous estimate.

(b) Revenue recognition

The Group's revenue arising from provision of shipping container and related services is recognized over time based on the percentage-of-completion of voyage. The method is based on historical trend, and the uncertainty of voyage days will lead to uncertainty in estimation of revenue.

(c) Impairment of right-of-use assets and property, plant and equipment

Internal and external sources of information are reviewed at the end of each reporting period to assess whether there is any indication that right-of-use assets and property, plant and equipment may be impaired. If any such indication exists, the recoverable amount of the right-of-use assets and property, plant and equipment is estimated. Changes in facts and circumstances may result in revisions to the conclusion of whether an indication of impairment exists and revised estimates of recoverable amounts, which would affect profit or loss in future periods.

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are provisions of container shipping and related services. Further details regarding the principal activities of each entity comprising the Group are disclosed in note 1.

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major service lines is as follows:

	Year ended December 31,			Four months ended	
	2021	2022	2023	April 30,	2024
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Revenue from contracts with customers within the scope of HKFRS 15					
Disaggregated by major service lines					
– Provision of container shipping services	1,716,389	2,301,578	801,727	279,865	295,994
– Other container shipping related services	121,047	141,892	72,875	38,323	22,033
	<u>1,837,436</u>	<u>2,443,470</u>	<u>874,602</u>	<u>318,188</u>	<u>318,027</u>

All of the above revenue are recognized over time.

Disaggregation of revenue from contracts with customers by the geographic markets is disclosed in note 4(b).

The Group's customer base is diversified and there are no customers with whom transactions have exceeded 10% of the Group's revenue for the years ended December 31, 2021, 2022 and 2023 and four months ended April 30, 2023 and 2024.

(b) Segment reporting

The segment's operating results are reviewed regularly by the entity's chief operating decision maker to make decisions pertaining to the allocation of the resources of the segment and to assess its performance for which the discrete financial information is available. Only one reportable segment of the Group was identified, and it is mainly associated with the provision of container shipping and related services.

Geographic information

The Group's non-current assets are primarily dominated by its vessels. The directors of the Company consider that the nature of the Group's business and the way in which costs are allocated preclude a meaningful allocation of vessels, their operating profits and related capital expenditure to specific geographical areas as defined under HKFRS 8, *Operating Segments* issued by the HKICPA. These vessels are primarily utilized across different geographical markets for shipment. Accordingly, geographical information is only presented for revenue from external customers.

The revenue information by geographical area based on the location of shipping agents handling the shipments is as follows:

	Year ended December 31,			Four months ended April 30,	
	2021	2022	2023	2023	2024
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
				(Unaudited)	
HKSAR	224,904	185,058	62,419	22,154	21,051
Mainland China	764,213	1,061,583	228,838	71,582	113,790
Taiwan	116,337	152,916	72,771	24,847	26,539
Philippines	141,415	130,892	90,208	35,762	38,442
Japan	216,259	219,531	118,469	46,499	32,607
Australia	74,650	133,840	42,000	17,311	17,396
Thailand	105,285	105,158	46,803	17,118	14,048
Other countries or regions	194,373	454,492	213,094	82,915	54,154
	<u>1,837,436</u>	<u>2,443,470</u>	<u>874,602</u>	<u>318,188</u>	<u>318,027</u>

The Group does not have any remaining performance obligation that has an original expected duration of longer than one year.

5 OTHER REVENUE AND NET INCOME/(LOSS)

	Year ended December 31,			Four months ended April 30,	
	2021	2022	2023	2023	2024
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
				<i>(Unaudited)</i>	
Other revenue					
Rental income from containers	14,984	5,770	2,954	1,192	986
Charter hire revenue – vessels	148,228	5,860	9,334	2,435	5,179
	<u>163,212</u>	<u>11,630</u>	<u>12,288</u>	<u>3,627</u>	<u>6,165</u>
Other net income/(loss)					
Gain on disposals of property, plant and equipment	7,342	17,803	10,152	2,346	122
Gain on disposals of non-current assets classified as held for sale <i>(note 15)</i>	–	–	25,160	9,525	–
Impairment loss on property, plant and equipment <i>(note 15)</i>	–	(6,105)	–	–	–
Net foreign exchange (loss)/gain	(6,454)	(12,853)	1,469	1,624	(1,835)
Loss on disposal of an associate	–	(1,473)	–	–	–
Loss on termination of a lease arrangement <i>(note 11(b))</i>	–	–	(3,095)	–	–
Others	414	1,656	531	23	409
	<u>1,302</u>	<u>(972)</u>	<u>34,217</u>	<u>13,518</u>	<u>(1,304)</u>

6 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

	Year ended December 31,			Four months ended April 30,	
	2021	2022	2023	2023	2024
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
				<i>(Unaudited)</i>	
(a) Finance costs, net					
Bank interest income	(363)	(23,182)	(48,394)	(19,658)	(9,975)
Interest on bank borrowings	1,783	2,429	–	–	–
Interest on lease liabilities <i>(note 11(b))</i>	2,397	6,135	4,025	1,625	997
	<u>3,817</u>	<u>(14,618)</u>	<u>(44,369)</u>	<u>(18,033)</u>	<u>(8,978)</u>

	Year ended December 31,			Four months ended April 30,	
	2021	2022	2023	2023	2024
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
				<i>(Unaudited)</i>	
(b) Staff costs					
Contribution to defined contribution retirement plans*	889	1,436	1,759	583	610
Salaries, wages and other benefits					
– Administrative and other operating expenses*	17,097	25,665	28,526	11,683	7,409
– Cost of sales	24,321	36,545	36,219	12,862	13,475
	<u>42,307</u>	<u>63,646</u>	<u>66,504</u>	<u>25,128</u>	<u>21,494</u>
(c) Other items					
Auditors' remuneration*	210	210	212	70	70
Depreciation of right-of-use assets (<i>note 11</i>)	81,609	175,257	152,966	59,435	34,290
Depreciation of property, plant and equipment (other than right-of-use assets) (<i>note 11</i>)	41,648	61,618	54,696	10,709	25,732
Amortization of intangible assets (<i>note 12</i>)	2	6	78	27	55
Cost of bunkers consumed	163,981	312,881	187,742	67,936	61,245
Listing expenses*	–	3,010	4,578	1,952	–
	<u>–</u>	<u>3,010</u>	<u>4,578</u>	<u>1,952</u>	<u>–</u>

* Included in "Administrative and other operating expenses"

7 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(a) Income tax in the consolidated statements of profit or loss and other comprehensive income represents:

	Year ended December 31,			Four months ended April 30,	
	2021	2022	2023	2023	2024
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
				<i>(Unaudited)</i>	
Current tax – Hong Kong					
Profits Tax					
Provision for the year/period	8,542	3,754	665	–	–
Current tax – Outside Hong Kong					
Provision for the year/period	63	156	159	2	8

	Year ended December 31,			Four months ended April 30,	
	2021	2022	2023	2023	2024
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
				(Unaudited)	
	8,605	3,910	824	2	8
Deferred tax					
Origination and reversal of temporary differences	–	7,368	(7,368)	(2,647)	–
	<u>8,605</u>	<u>11,278</u>	<u>(6,544)</u>	<u>(2,645)</u>	<u>8</u>

Provisions for Hong Kong Profits Tax for the years ended December 31, 2021, 2022 and 2023 and four months ended April 30, 2023 and 2024 are calculated at 16.5% of the estimated assessable profits for these years/periods.

Taxation for subsidiaries incorporated in other jurisdictions is charged at the appropriate current rates of taxation ruling in the relevant countries or regions.

(b) Reconciliation between tax expense/(credit) and accounting profits at applicable tax rates:

	Year ended December 31,			Four months ended April 30,	
	2021	2022	2023	2023	2024
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
				(Unaudited)	
Profit before taxation	<u>1,086,286</u>	<u>1,085,785</u>	<u>13,838</u>	<u>15,238</u>	<u>9,820</u>
Notional tax on profit before taxation, calculated at the rates applicable to profits in the jurisdictions concerned	152,174	98,352	(27,141)	(12,599)	(3,712)
Tax effect of non-taxable income	(294,612)	(395,061)	(157,334)	(53,604)	(52,155)
Tax effect of non-deductible expenses	151,794	306,578	177,034	63,315	55,804
Tax effect of unused tax losses not recognized	–	–	899	130	142
Utilization of tax losses not recognized in previous years	(288)	–	–	(1)	–
Others	(463)	1,409	(2)	114	(71)
	<u>8,605</u>	<u>11,278</u>	<u>(6,544)</u>	<u>(2,645)</u>	<u>8</u>

Non-taxable income mainly represented shipping income not derived from the uplift of goods and shipments embarked in Hong Kong under the specific ship owner tax regime (Section 23B of the Inland Revenue Ordinance) in Hong Kong. Tax effect of non-deductible expense mainly represented expenses incurred not in the production of the Group's assessable profits in Hong Kong.

8 DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed with reference to section 381(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

Year ended December 31, 2021

	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Mr. Chen Teh-Sheng	–	–	–	–	–
Mrs. Chen Chuang Chuang-Li	–	–	–	–	–
Mr. Chow Hong Man	–	83	77	5	165
Mr. To Hung-Lin	–	–	–	–	–
Mr. Wu Shang-Ying ⁽ⁱ⁾	–	–	–	–	–
	–	83	77	5	165

Year ended December 31, 2022

	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Mr. Chen Teh-Sheng	–	–	–	–	–
Mrs. Chen Chuang Chuang-Li	–	39	–	2	41
Mr. Chow Hong Man	–	86	77	5	168
Mr. To Hung-Lin	–	50	–	2	52
Mr. Wu Shang-Ying ⁽ⁱ⁾	–	–	–	–	–
Mr. Chen Shao-Hsiang ⁽ⁱⁱ⁾	–	39	–	2	41
	–	214	77	11	302

Year ended December 31, 2023

	Directors' fee	Salaries allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Mr. Chen Teh-Sheng	–	241	61	–	302
Mrs. Chen Chuang Chuang-Li	–	79	–	3	82
Mr. Chow Hong Man	–	89	26	5	120
Mr. To Hung-Lin	–	104	–	3	107
Mr. Wu Shang-Ying ⁽ⁱ⁾	–	–	–	–	–
Mr. Chen Shao-Hsiang	–	76	–	3	79
	–	589	87	14	690

Four months ended April 30, 2024

	Directors' fee	Salaries allowance and benefit in kind	Discretionary bonuses	Retirement scheme contribution	Total
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Mr. Chen Teh-Sheng	–	80	–	–	80
Mrs. Chen Chuang Chuang-Li	–	33	–	1	34
Mr. Chow Hong Man	–	30	–	1	31
Mr. To Hung-Lin	–	34	–	1	35
Mr. Chen Shao-Hsiang	–	24	–	1	25
	–	201	–	4	205

Four months ended April 30, 2023 (Unaudited)

	Directors' fee	Salaries allowance and benefit in kind	Discretionary bonuses	Retirement scheme contributions	Total
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Mr. Chen Teh-Sheng	–	80	60	–	140
Mrs. Chen Chuang Chuang-Li	–	26	–	1	27
Mr. Chow Hong Man	–	29	19	1	49
Mr. To Hung-Lin	–	34	–	1	35
Mr. Wu Shang-Ying ⁽ⁱ⁾	–	–	–	–	–
Mr. Chen Shao-Hsiang	–	24	–	1	25
	–	193	79	4	276

Notes:

- (i) Mr. Wu Shang-Ying resigned from the director of the Company on February 9, 2023.
- (ii) Mr. Chen Shao-Hsiang was appointed as the director of the Company on September 27, 2022.

During the Track Record Periods, there was no amount paid or payable by the Group to the directors or any of the five highest paid individuals as set out in note 9 below as an inducement to join or upon joining the Company or the Group or as compensation for loss of office. None of the directors has waived any emoluments during the Track Record Periods.

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments of the Group for the years ended December 31, 2021, 2022 and 2023 and four months ended April 30, 2023 and 2024, one, one, three, three and four are directors of the Company, whose emoluments are disclosed in note 8. The aggregate of the emoluments in respect of the remaining individuals are as follows:

	Year ended December 31,			Four months ended April 30,	
	2021	2022	2023	2023	2024
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
				<i>(Unaudited)</i>	
Salaries and other emoluments	198	260	214	71	51
Discretionary bonuses	160	130	42	28	–
Retirement scheme contributions	13	16	9	1	1
	<u>371</u>	<u>406</u>	<u>265</u>	<u>100</u>	<u>52</u>

The emoluments of the individuals with the highest emoluments other than the directors as disclosed in note 8 are within the following band:

	Year ended December 31,			Four months ended April 30,	
	2021	2022	2023	2023	2024
	Number of individuals	Number of individuals	Number of individuals	Number of individuals	Number of individuals
				<i>(Unaudited)</i>	
HK\$Nil – HK\$1,000,000	4	4	1	2	1
HK\$1,000,001 – HK\$1,500,000	–	–	1	–	–
	<u>4</u>	<u>4</u>	<u>2</u>	<u>2</u>	<u>1</u>

10 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company for the years ended December 31, 2021, 2022 and 2023 and four months ended April 30, 2023 and 2024 of US\$1,077,730,000, US\$1,074,541,000, US\$20,709,000, US\$17,887,000 (unaudited) and US\$9,443,000 respectively and 1,400,000,000 ordinary shares in issue as at each reporting period end, as if the 1,400,000,000 shares in existence as of the date of this report existed at the beginning of the Track Record Periods.

There are no potential dilutive ordinary shares in issue during the years ended December 31, 2021, 2022 and 2023 and four months ended April 30, 2023 and 2024.

11 PROPERTY, PLANT AND EQUIPMENT

(a) Reconciliation of carrying amount

The Group

	Vessels	Containers	Leasehold improvements	Furniture and equipment	Motor vehicles	Land and buildings	Right-of-use assets	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Cost:								
As at January 1, 2021	300,557	62,399	491	2,472	352	4,190	87,162	457,623
Exchange adjustments	-	-	(11)	(26)	6	(364)	334	(61)
Additions	291,695	109,458	16	64	-	-	390,459	791,692
Disposals	-	(7,340)	(3)	(13)	-	-	(12,439)	(19,795)
As at December 31, 2021	592,252	164,517	493	2,497	358	3,826	465,516	1,229,459
As at January 1, 2022	592,252	164,517	493	2,497	358	3,826	465,516	1,229,459
Exchange adjustments	-	-	(46)	(81)	(18)	(705)	(2,009)	(2,859)
Additions	162,676	601	-	288	56	486	213,263	377,370
Disposals	-	(23,831)	(159)	(65)	(48)	-	(16,326)	(40,429)
Transfer to non-current assets classified as held for sale (note 15)	(187,796)	-	-	(50)	-	-	-	(187,846)
As at December 31, 2022	567,132	141,287	288	2,589	348	3,607	660,444	1,375,695
As at January 1, 2023	567,132	141,287	288	2,589	348	3,607	660,444	1,375,695
Exchange adjustments	-	-	(13)	(31)	(2)	(89)	(452)	(587)
Additions	356,051	59,266	80	375	381	-	-	416,153
Early termination of a lease arrangement	-	-	-	-	-	-	(160,605)	(160,605)
Disposals	(18,596)	(666)	-	(30)	(150)	-	(451)	(19,893)
As at December 31, 2023	904,587	199,887	355	2,903	577	3,518	498,936	1,610,763
As at January 1, 2024	904,587	199,887	355	2,903	577	3,518	498,936	1,610,763
Exchange adjustments	-	-	(20)	(60)	(20)	(250)	(680)	(1,030)
Additions	301,311	5,852	-	28	241	-	6,269	313,701
Disposals	-	(92)	-	(176)	-	-	(22,293)	(22,561)
As at April 30, 2024	1,205,898	205,647	335	2,695	798	3,268	482,232	1,900,873
Accumulated depreciation and accumulated impairment:								
As at January 1, 2021	44,155	41,442	355	2,160	194	390	38,233	126,929
Exchange adjustments	-	-	(4)	(21)	4	(34)	97	42
Depreciation charge for the year	30,872	10,518	60	124	37	37	81,609	123,257
Written-back on disposals	-	(7,290)	(3)	(11)	-	-	(12,439)	(19,743)
As at December 31, 2021	75,027	44,670	408	2,252	235	393	107,500	230,485

APPENDIX I
ACCOUNTANTS' REPORT

	Vessels	Containers	Leasehold improvements	Furniture and equipment	Motor vehicles	Land and buildings	Right-of-use assets	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
As at January 1, 2022	75,027	44,670	408	2,252	235	393	107,500	230,485
Exchange adjustments	-	-	(30)	(63)	(11)	(252)	(861)	(1,217)
Depreciation charge for the year	39,869	21,313	32	89	53	262	175,257	236,875
Written-back on disposals	-	(23,732)	(159)	(37)	(48)	-	(16,326)	(40,302)
Impairment loss (note 15)	6,105	-	-	-	-	-	-	6,105
Transfer to non-current assets classified as held for sale (note 15)	(55,679)	-	-	(30)	-	-	-	(55,709)
As at December 31, 2022	65,322	42,251	251	2,211	229	403	265,570	376,237
As at January 1, 2023	65,322	42,251	251	2,211	229	403	265,570	376,237
Exchange adjustments	-	-	(11)	(28)	(2)	(10)	(211)	(262)
Depreciation charge for the year	29,786	24,562	22	193	102	31	152,966	207,662
Early termination of a lease arrangement	-	-	-	-	-	-	(144,905)	(144,905)
Written-back on disposals	(8,306)	(377)	-	(28)	(56)	-	(451)	(9,218)
As at December 31, 2023	86,802	66,436	262	2,348	273	424	272,969	429,514
As at January 1, 2024	86,802	66,436	262	2,348	273	424	272,969	429,514
Exchange adjustments	-	-	(15)	(39)	(4)	(31)	(372)	(461)
Depreciation charge for the period	15,470	10,172	7	56	16	11	34,290	60,022
Written-back on disposals	-	(47)	-	(153)	-	-	(22,293)	(22,493)
As at April 30, 2024	102,272	76,561	254	2,212	285	404	284,594	466,582
Net book value:								
As at December 31, 2021	517,225	119,847	85	245	123	3,433	358,016	998,974
As at December 31, 2022	501,810	99,036	37	378	119	3,204	394,874	999,458
As at December 31, 2023	817,785	133,451	93	555	304	3,094	225,967	1,181,249
As at April 30, 2024	1,103,626	129,086	81	483	513	2,864	197,638	1,434,291

The Company

	Containers	Furniture and equipment	Motor vehicles	Right-of-use assets	Total
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Cost:					
As at January 1, 2021	62,399	1,353	134	66,079	129,965
Additions	109,458	25	–	388,497	497,980
Disposals	(7,340)	(3)	–	(12,439)	(19,782)
As at December 31, 2021	<u>164,517</u>	<u>1,375</u>	<u>134</u>	<u>442,137</u>	<u>608,163</u>
As at January 1, 2022	164,517	1,375	134	442,137	608,163
Additions	601	219	–	210,240	211,060
Disposals	(23,831)	–	–	(14,768)	(38,599)
As at December 31, 2022	<u>141,287</u>	<u>1,594</u>	<u>134</u>	<u>637,609</u>	<u>780,624</u>
As at January 1, 2023	141,287	1,594	134	637,609	780,624
Additions	59,266	29	384	–	59,679
Disposals	(666)	(1)	(89)	(160,605)	(161,361)
As at December 31, 2023	<u>199,887</u>	<u>1,622</u>	<u>429</u>	<u>477,004</u>	<u>678,942</u>
As at January 1, 2024	199,887	1,622	429	477,004	678,942
Additions	5,852	9	131	5,722	11,714
Disposals	(92)	(28)	–	(22,238)	(22,358)
As at April 30, 2024	<u>205,647</u>	<u>1,603</u>	<u>560</u>	<u>460,488</u>	<u>668,298</u>
Accumulated depreciation:					
As at January 1, 2021	41,442	1,339	69	29,522	72,372
Depreciation charge for the year	10,518	14	23	79,992	90,547
Written-back on disposals	(7,290)	–	–	(12,439)	(19,729)
As at December 31, 2021	<u>44,670</u>	<u>1,353</u>	<u>92</u>	<u>97,075</u>	<u>143,190</u>
As at January 1, 2022	44,670	1,353	92	97,075	143,190
Depreciation charge for the year	21,313	13	19	173,392	194,737
Written-back on disposals	(23,732)	–	–	(14,768)	(38,500)
As at December 31, 2022	<u>42,251</u>	<u>1,366</u>	<u>111</u>	<u>255,699</u>	<u>299,427</u>
As at January 1, 2023	42,251	1,366	111	255,699	299,427
Depreciation charge for the year	24,562	62	74	150,712	175,410
Written-back on disposals	(377)	(1)	(9)	(144,905)	(145,292)
As at December 31, 2023	<u>66,436</u>	<u>1,427</u>	<u>176</u>	<u>261,506</u>	<u>329,545</u>

	Containers	Furniture and equipment	Motor vehicles	Right-of-use assets	Total
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
As at January 1, 2024	66,436	1,427	176	261,506	329,545
Depreciation charge for the period	10,172	15	21	33,433	43,641
Written-back on disposals	(47)	(5)	–	(22,238)	(22,290)
As at April 30, 2024	<u>76,561</u>	<u>1,437</u>	<u>197</u>	<u>272,701</u>	<u>350,896</u>
Net book value:					
As at December 31, 2021	<u>119,847</u>	<u>22</u>	<u>42</u>	<u>345,062</u>	<u>464,973</u>
As at December 31, 2022	<u>99,036</u>	<u>228</u>	<u>23</u>	<u>381,910</u>	<u>481,197</u>
As at December 31, 2023	<u>133,451</u>	<u>195</u>	<u>253</u>	<u>215,498</u>	<u>349,397</u>
As at April 30, 2024	<u>129,086</u>	<u>166</u>	<u>363</u>	<u>187,787</u>	<u>317,402</u>

(b) Right-of-use assets

All of the right-of-use assets are carried at depreciated costs.

The Group

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	<i>Note</i>	At December 31,			At April 30,
		2021	2022	2023	2024
		<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Ownership interests in leasehold land and buildings held for own use, with remaining lease term of between 10 and 50 years	<i>(i)</i>	17,319	15,398	13,688	13,082
Properties leased for own use	<i>(ii)</i>	1,740	3,437	1,986	1,825
Vessels	<i>(iii)</i>	187,655	197,328	59,079	37,665
Containers	<i>(iii)</i>	151,277	178,679	151,198	145,054
Motor vehicles		25	32	16	12
		<u>358,016</u>	<u>394,874</u>	<u>225,967</u>	<u>197,638</u>

During the years ended December 31, 2021, 2022 and 2023 and four months ended April 30, 2024, the Group's additions to right-of-use assets were US\$390,459,000, US\$213,263,000, US\$Nil and US\$6,269,000 respectively. These amounts mainly related to the capitalized lease payments payable under new lease agreements relating to vessels and containers.

The analysis of expense items in relation to leases recognized in profit or loss is as follows:

	Year ended December 31,			Four months ended April 30,	
	2021	2022	2023	2023	2024
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
				<i>(Unaudited)</i>	
Depreciation charge of right-of-use assets by class of underlying asset:					
Ownership interests in leasehold land and buildings, with remaining lease term of between 10 and 50 years	1,329	1,050	1,468	274	410
Properties leased for own use	687	994	1,453	552	595
Vessels	67,944	144,810	122,549	49,344	23,551
Containers	11,596	28,354	27,480	9,259	9,731
Motor vehicles	53	49	16	6	3
	<u>81,609</u>	<u>175,257</u>	<u>152,966</u>	<u>59,435</u>	<u>34,290</u>
Interest on lease liabilities (<i>note 6(a)</i>)	2,397	6,135	4,025	1,625	997
Expense relating to leases of low-value assets, excluding short-term leases of low-value assets	397	871	1,281	311	266
Expense relating to short-term leases	106,198	139,933	71,067	19,896	30,292
Loss on termination of a lease arrangement (<i>note 5</i>)	–	–	3,095	–	–
	<u>–</u>	<u>–</u>	<u>3,095</u>	<u>–</u>	<u>–</u>

The Company

The analysis of the net book value of right-of-use assets by class of underlying assets is as follows:

Note	At December 31,			At April 30,
	2021	2022	2023	2024
	US\$'000	US\$'000	US\$'000	US\$'000
Ownership interests in leasehold land and buildings held for own use, with remaining lease term of between 10 and 50 years	(i) 6,130	5,903	5,221	5,068
Vessels	(iii) 187,655	197,328	59,079	37,665
Containers	(iii) 151,277	178,679	151,198	145,054
	<u>345,062</u>	<u>381,910</u>	<u>215,498</u>	<u>187,787</u>

During the years ended December 31, 2021, 2022 and 2023 and four months ended April 30, 2024, the Company's additions to right-of-use assets were US\$388,497,000, US\$210,240,000, US\$Nil and US\$5,722,000, respectively. These amounts mainly related to the capitalized lease payments payable under new lease agreements relating to vessels and containers.

(i) Ownership interests in leasehold land and buildings held for own use

The Group and the Company have property interests in buildings for office use. Lump sum payments were made upfront to acquire these property interests from their previous registered owners, and there are no ongoing payments to be made under the terms of the land lease, other than payments based on rateable values set by the relevant government authorities. These payments vary from time to time and are payable to the relevant government authorities.

(ii) Properties leased for own use

The Group has obtained the right to use certain properties as its offices through tenancy agreements. The leases typically run for an initial period of 1 to 5 years and does not include variable lease payments.

The leases which the Group entered into do not include an option to renew the lease. All of the leases are re-negotiated upon expiration.

(iii) Vessels and containers

The Group and the Company lease certain vessels and containers under leases expiring from 1 to 10 years. Some leases include an option to renew the leases for an additional period after the end of the contract term. Where practicable, the Group and the Company seek to include such extension options exercisable by the Group and the Company. For those lease that are not reasonably certain to exercise the extension options, the future lease payables during the extension periods are not included in the measurement of lease liabilities.

(c) Impairment assessment

As at December 31, 2023, management of the Group assessed and identified there was an indication of impairment of property, plant and equipment, with a consideration of gross loss results. The recoverable amounts of the property, plant and equipment including vessels and containers had been determined based on value in use calculations, using discounted cash flow method. Based on the result of the assessments, the directors of the Group concluded that the recoverable amounts of the property, plant and equipment were higher than their carrying amounts and no impairment was recognized as at December 31, 2023.

12 INTANGIBLE ASSETS*The Group*

	Software
	<i>US\$'000</i>
Cost:	
As at January 1, 2021	34
Exchange adjustments	(2)
	<hr/>
As at December 31, 2021	32

As at January 1, 2022	32
Exchange adjustments	(5)
Additions	120
	<hr/>
As at December 31, 2022	147

As at January 1, 2023	147
Exchange adjustments	(10)
Additions	767
	<hr/>
As at December 31, 2023	904

	Software
	<i>US\$'000</i>
As at January 1, 2024	904
Exchange adjustments	(22)
Additions	83
	<hr/>
As at April 30, 2024	965
	<hr/> <hr/>
Accumulated amortization:	
As at January 1, 2021	30
Exchange adjustments	(2)
Amortization charge for the year	2
	<hr/>
As at December 31, 2021	30
	<hr/> <hr/>
As at January 1, 2022	30
Exchange adjustments	(1)
Amortization charge for the year	6
	<hr/>
As at December 31, 2022	35
	<hr/> <hr/>
As at January 1, 2023	35
Exchange adjustments	(10)
Amortization charge for the year	78
	<hr/>
As at December 31, 2023	103
	<hr/> <hr/>
As at January 1, 2024	103
Exchange adjustments	(17)
Amortization charge for the period	55
	<hr/>
As at April 30, 2024	141
	<hr/> <hr/>
Net book value:	
As at December 31, 2021	2
	<hr/> <hr/> <hr/>
As at December 31, 2022	112
	<hr/> <hr/> <hr/>
As at December 31, 2023	801
	<hr/> <hr/> <hr/>
As at April 30, 2024	824
	<hr/> <hr/> <hr/>

The amortization charge for the year/period is included in “administrative and other operating expenses” in the consolidated statements of profit or loss and other comprehensive income.

The Company

	Software
	<i>US\$'000</i>
Cost:	
As at January 1, 2021, December 31, 2021 and January 1, 2022	–
Additions	116
	<hr/>
As at December 31, 2022	116
	<hr style="border-top: 1px dashed black;"/>
As at January 1, 2023	116
Additions	751
	<hr/>
As at December 31, 2023	867
	<hr style="border-top: 1px dashed black;"/>
As at January 1, 2024	867
Additions	33
	<hr/>
As at April 30, 2024	900
	<hr style="border-top: 1px dashed black;"/>
Accumulated amortization:	
As at January 1, 2021, December 31, 2021 and January 1, 2022	–
Amortization charge for the year	5
	<hr/>
As at December 31, 2022	5
	<hr style="border-top: 1px dashed black;"/>
As at January 1, 2023	5
Amortization charge for the year	75
	<hr/>
As at December 31, 2023	80
	<hr style="border-top: 1px dashed black;"/>
As at January 1, 2024	80
Amortization charge for the period	46
	<hr/>
As at April 30, 2024	126
	<hr style="border-top: 1px dashed black;"/>
Net book value:	
As at December 31, 2021	–
	<hr style="border-top: 3px double black;"/>
As at December 31, 2022	111
	<hr style="border-top: 3px double black;"/>
As at December 31, 2023	787
	<hr style="border-top: 3px double black;"/>
As at April 30, 2024	774
	<hr style="border-top: 3px double black;"/>

13 INVESTMENTS IN SUBSIDIARIES

The list of the subsidiaries of the Company as at the date of this report is disclosed in note 1. None of these subsidiaries has a material non-controlling interest to the Group during the Track Record Periods.

14 INTERESTS IN ASSOCIATES

The following list contains the particulars of associates, all of which are unlisted corporate entities whose quoted market price is not available.

The Group and the Company

Name of Company	Place of incorporation/ establishment and operation	Amount of issued and paid-up capital	Proportion of ownership interest				Principal activities
			At December 31, 2021	At December 31, 2022	At December 31, 2023	At April 30, 2024	
T.S. Lines (India) Private Limited	India	INR100,000	40%	40%	40%	40%	Provision of shipping agency services
T.S. Container Lines (Thailand) Co., Ltd.	Thailand	THB6,000,000	49%	49%	49%	49%	Provision of shipping agency services
T.S. Lines UAE L.L.C.	United Arab Emirates	US\$40,274	49%	49%	49%	49%	Provision of shipping agency services
TEH Shipping Lines Co., Ltd. (previously known as T.S. Lines Co., Ltd.) (Note)	Taiwan	NTD300,000,000	44%	Nil	Nil	Nil	Provision of container shipping and management services

Note: During the year ended December 31, 2022, the Group disposed of its equity interest in TEH Shipping Lines Co. Ltd., an associate, at cash consideration of NTD672,192,668 (equivalent to US\$22,602,000) to Mr. Chen Teh-Sheng, a controlling shareholder and director of the Company. The net assets attributable to the Group immediately before this disposal amounted to US\$22,602,000. In addition, exchange reserve of US\$1,473,000 was reclassified to profit or loss and included in "other net loss". Upon the completion of this disposal, the Group ceased to hold any interest in TEH Shipping Lines Co., Ltd..

All of the above associates are accounted for using the equity method in the Historical Financial Information and are not individually material, while the investments in associates in the Company's statements of financial position are stated at cost less any accumulated impairment losses.

Summary financial information on associates

Aggregate information of associates that are not individually material is disclosed below:

The Group

	At December 31,			At April 30,
	2021	2022	2023	2024
	US\$'000	US\$'000	US\$'000	US\$'000
Aggregate carrying amount of individually immaterial associates in the consolidated statements of financial position	21,070	5,457	6,420	6,791

	Year ended December 31,			Four months ended April 30,	
	2021	2022	2023	2023	2024
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Aggregate amounts of the Group's share of these associates'					
– Profits less losses from operations	19,320	8,888	995	74	421
– Other comprehensive income	(558)	–	(32)	65	(50)
Total comprehensive income	18,762	8,888	963	139	371

The Group discontinues to recognise further losses on certain associates when the Group's share of losses exceed its interests in these associates. As at December 31, 2021, 2022 and 2023 and April 30, 2024, the Group has not recognized losses totalling US\$217,000, US\$246,000, US\$246,000 and US\$Nil respectively. Among these unrecognized losses, US\$113,000, US\$29,000, US\$Nil and US\$Nil were related to the years ended December 31, 2021, 2022 and 2023 and four months ended April 30, 2024, respectively.

15 NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

During the year ended December 31, 2022, the Group committed to a plan to sell certain vessels including related furniture and equipment. In the opinion of the directors, the disposals of these vessels were expected to be completed within twelve months from the end of the reporting period.

As a result, these vessels together with certain furniture and equipment with aggregate carrying amount of US\$132,137,000 had been classified as non-current assets classified as held for sale at December 31, 2022. Impairment loss of US\$6,105,000 had been recognized prior to this classification as the carrying amounts of certain vessels were lower than the respective fair value less cost to sell.

During the year ended December 31, 2023, these assets were disposed of at aggregate cash considerations of US\$157,297,000, and therefore a gain on disposals of US\$25,160,000 was recognized in profit or loss and included in "other net income".

16 TRADE AND OTHER RECEIVABLES AND CONTRACT ASSETS

The Group

	At December 31,			At April 30,
	2021	2022	2023	2024
	US\$'000	US\$'000	US\$'000	US\$'000
Trade debtors, net of loss allowance	180,496	84,266	64,143	85,229
Other receivables, prepayments and deposits	13,017	20,659	13,322	13,957
Current portion of trade and other receivables	193,513	104,925	77,465	99,186
Non-current prepayments for the acquisitions of vessels	100,194	174,602	154,194	76,219
Contract assets	293,707	279,527	231,659	175,405
	39,746	11,327	1,559	6,870
	333,453	290,854	233,218	182,275

As at December 31, 2021, 2022 and 2023 and April 30, 2024, the portion of the Group's listing expenses that is of a nature which qualifies for charging against equity upon the listing and has been capitalized as prepayments amounted to US\$Nil, US\$1,003,000, US\$380,000 and US\$1,257,000.

As at December 31, 2021, 2022 and 2023 and April 30, 2024, except for the foregoing and the prepayments for the acquisitions of vessels which are classified as non-current assets, included in other receivables, prepayments and deposits which are expected to be recovered or recognized as expenses after one year amounted to US\$3,321,000, US\$4,212,000, US\$5,232,000 and US\$5,091,000, respectively.

Aging analysis

As at the end of each of the Track Record Periods, the aging analysis of the Group's trade debtors based on the invoice date and net of loss allowance, is as follows:

	At December 31,			At April 30,
	2021	2022	2023	2024
	US\$'000	US\$'000	US\$'000	US\$'000
Within 1 month	172,229	81,980	62,733	82,845
Over 1 month to 2 months	4,788	1,080	611	600
Over 2 months to 3 months	225	82	226	960
Over 3 months	3,254	1,124	573	824
	<u>180,496</u>	<u>84,266</u>	<u>64,143</u>	<u>85,229</u>

The Group's trade debtors are normally due within 30 days from the date of billing. Further details on the Group's credit policy and credit risk arising from trade debtors are set out in note 23(a).

The Company

	At December 31,			At April 30,
	2021	2022	2023	2024
	US\$'000	US\$'000	US\$'000	US\$'000
Trade debtors, net of loss allowance	256,101	75,639	70,537	80,449
Other receivables, prepayments and deposits	372,538	429,784	445,963	540,642
	628,639	505,423	516,500	621,091
Contract assets	39,746	11,327	1,559	6,870
	<u>668,385</u>	<u>516,750</u>	<u>518,059</u>	<u>627,961</u>

As at December 31, 2021, 2022 and 2023 and April 30, 2024, the portion of the Company's listing expenses that is of a nature which qualifies for charging against equity upon the listing and has been capitalized as prepayments amounted to US\$Nil, US\$1,003,000, US\$380,000 and US\$1,257,000.

As at December 31, 2021, 2022 and 2023 and April 30, 2024, except for the foregoing, included in other receivables, prepayments and deposits which are expected to be recovered or recognized as expenses after more than one year amounted to US\$228,000, US\$202,000, US\$364,000 and US\$351,000, respectively.

Aging analysis

As at the end of each of the Track Record Periods, the aging analysis of the Company's trade debtors based on the invoice date and net of loss allowance, is as follows:

	At December 31,			At April 30,
	2021	2022	2023	2024
	US\$'000	US\$'000	US\$'000	US\$'000
Within 1 month	253,824	74,897	69,127	79,499
Over 1 month to 2 months	16	187	611	334
Over 2 months to 3 months	2,258	–	226	–
Over 3 months	3	555	573	616
	<u>256,101</u>	<u>75,639</u>	<u>70,537</u>	<u>80,449</u>

The Company's trade debtors are normally due within 30 days from the date of billing.

17 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION**(a) Cash and cash equivalents comprise:***The Group*

	At December 31,			At April 30,
	2021	2022	2023	2024
	US\$'000	US\$'000	US\$'000	US\$'000
Cash at bank and on hand	<u>868,087</u>	<u>1,320,129</u>	<u>716,337</u>	<u>484,304</u>

As at December 31, 2021, 2022 and 2023 and April 30, 2024, cash at bank of US\$43,583,000, US\$7,087,000, US\$7,090,000 and US\$11,441,000 are placed with the banks in Mainland China. The remittance is subject to relevant rules and regulations of foreign exchange control promulgated by Mainland China government.

The Company

	At December 31,			At April 30,
	2021	2022	2023	2024
	US\$'000	US\$'000	US\$'000	US\$'000
Cash at bank and on hand	<u>651,539</u>	<u>1,036,989</u>	<u>442,537</u>	<u>277,786</u>

(b) Reconciliation of liabilities arising from financing activities:

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the consolidated cash flow statements as cash flows from financing activities.

The Group

	Bank borrowings	Lease liabilities	Total
	<i>(Note 19)</i>	<i>(Note 20)</i>	
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
At January 1, 2021	106,841	31,315	138,156
Changes from financing cash flows:			
Proceeds from new bank borrowings	111,767	–	111,767
Repayment of bank borrowings	(26,821)	–	(26,821)
Capital element of lease rentals paid	–	(71,512)	(71,512)
Interest element of lease rentals paid	–	(2,397)	(2,397)
Interest paid	(1,783)	–	(1,783)
Total changes from financing cash flows	83,163	(73,909)	9,254
Exchange adjustments	–	(96)	(96)
Other changes:			
Increase in lease liabilities from entering into new leases during the year	–	390,459	390,459
Interest expenses (<i>note 6(a)</i>)	1,783	2,397	4,180
Total other changes	1,783	392,856	394,639
At December 31, 2021	191,787	350,166	541,953
At January 1, 2022	191,787	350,166	541,953
Changes from financing cash flows:			
Repayment of bank borrowings	(191,787)	–	(191,787)
Capital element of lease rentals paid	–	(174,417)	(174,417)
Interest element of lease rentals paid	–	(6,135)	(6,135)
Interest paid	(2,429)	–	(2,429)
Total changes from financing cash flows	(194,216)	(180,552)	(374,768)
Exchange adjustments	–	(367)	(367)

	Bank borrowings	Lease liabilities	Total
	<i>(Note 19)</i>	<i>(Note 20)</i>	
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Other changes:			
Increase in lease liabilities from entering into new leases during the year	–	213,263	213,263
Interest expenses <i>(note 6(a))</i>	2,429	6,135	8,564
	<u>2,429</u>	<u>6,135</u>	<u>8,564</u>
Total other changes	2,429	219,398	221,827
	<u>2,429</u>	<u>219,398</u>	<u>221,827</u>
At December 31, 2022	–	388,645	388,645
	<u>–</u>	<u>388,645</u>	<u>388,645</u>
	Bank borrowings	Lease liabilities	Total
	<i>(Note 19)</i>	<i>(Note 20)</i>	
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
At January 1, 2023	–	388,645	388,645
	<u>–</u>	<u>388,645</u>	<u>388,645</u>
Changes from financing cash flows:			
Capital element of lease rentals paid	–	(154,991)	(154,991)
Interest element of lease rentals paid	–	(4,025)	(4,025)
	<u>–</u>	<u>(4,025)</u>	<u>(4,025)</u>
Total changes from financing cash flows	–	(159,016)	(159,016)
	<u>–</u>	<u>(159,016)</u>	<u>(159,016)</u>
Exchange adjustments	–	12	12
	<u>–</u>	<u>12</u>	<u>12</u>
Other changes:			
Interest expenses <i>(note 6(a))</i>	–	4,025	4,025
Early termination of a lease arrangement	–	(16,457)	(16,457)
	<u>–</u>	<u>(16,457)</u>	<u>(16,457)</u>
Total other changes	–	(12,432)	(12,432)
	<u>–</u>	<u>(12,432)</u>	<u>(12,432)</u>
At December 31, 2023	–	217,209	217,209
	<u>–</u>	<u>217,209</u>	<u>217,209</u>

	Bank borrowings	Lease liabilities	Total
	<i>(Note 19)</i>	<i>(Note 20)</i>	
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
At January 1, 2024	–	217,209	217,209
Changes from financing cash flows:			
Capital element of lease rentals paid	–	(34,691)	(34,691)
Interest element of lease rentals paid	–	(997)	(997)
Total changes from financing cash flows	–	(35,688)	(35,688)
Exchange adjustments	–	(135)	(135)
Other changes:			
Increase in lease liabilities from entering into new leases during the period	–	6,269	6,269
Interest expenses <i>(Note 6(a))</i>	–	997	997
Total other changes	–	7,266	7,266
At April 30, 2024	–	188,652	188,652
	Bank borrowings	Lease liabilities	Total
	<i>(Note 19)</i>	<i>(Note 20)</i>	
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Unaudited			
At January 1, 2023	–	388,645	388,645
Changes from financing cash flows:			
Capital element of lease rentals paid	–	(60,374)	(60,374)
Interest element of lease rentals paid	–	(1,625)	(1,625)
Total changes from financing cash flows	–	(61,999)	(61,999)
Exchange adjustments	–	(37)	(37)
Other change:			
Interest expenses <i>(note 6(a))</i>	–	1,625	1,625
At April 30, 2023 (unaudited)	–	328,234	328,234

(c) Total cash outflow for leases

Amounts included in the consolidated cash flow statements for leases comprise the following:

The Group

	Year ended December 31,			Four months ended April 30,	
	2021	2022	2023	2023	2024
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
				<i>(Unaudited)</i>	
Within operating cash flows	106,595	140,804	72,348	20,207	30,558
Within financing cash flows	73,909	180,552	162,868	61,999	35,688
	<u>180,504</u>	<u>321,356</u>	<u>235,216</u>	<u>82,206</u>	<u>66,246</u>

These amounts relate to the following:

The Group

	Year ended December 31,			Four months ended April 30,	
	2021	2022	2023	2023	2024
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
				<i>(Unaudited)</i>	
Lease rentals paid	180,504	321,356	231,364	82,206	66,246
Termination costs paid for a lease arrangement	–	–	3,852	–	–
	<u>180,504</u>	<u>321,356</u>	<u>235,216</u>	<u>82,206</u>	<u>66,246</u>

18 TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES

The Group

	At December 31,			At April 30,
	2021	2022	2023	2024
	US\$'000	US\$'000	US\$'000	US\$'000
Trade payables	221,820	189,059	133,238	129,669
Other payables and accrued charges	7,442	9,680	18,432	17,487
Deposits received	10,871	19,105	12,466	11,711
Provision for litigations	3,588	–	–	–
	<u>243,721</u>	<u>217,844</u>	<u>164,136</u>	<u>158,867</u>
Contract liabilities	5,012	4,784	3,099	3,538
	<u>248,733</u>	<u>222,628</u>	<u>167,235</u>	<u>162,405</u>

All of the Group's trade and other payables are expected to be settled within one year.

Contract liabilities represented the billing and receipts in advance in respect of provision of container shipping and related services. The amount included in the Group's contract liabilities at the beginning of each of the years ended December 31, 2021, 2022, 2023 and April 30, 2024, recognized as revenue in the respective years were US\$4,300,000, US\$5,012,000, US\$4,784,000 and US\$3,099,000, respectively.

As at December 31, 2021, provision for litigations represented the potential legal claim in connection with the potential non-compliance of the then Monopoly Regulation and Fair Trade Act in Korea. The legal claim was fully settled during the year ended December 31, 2022.

Aging analysis

As at the end of each of the Track Record Periods, the aging analysis of the Group's trade creditors (which are included in trade and other payables), based on the invoice date, is as follows:

	At December 31,			At April 30,
	2021	2022	2023	2024
	US\$'000	US\$'000	US\$'000	US\$'000
Within 1 month	143,465	142,480	94,993	92,602
Over 1 month to 3 months	76,828	40,903	36,201	30,638
Over 3 months	1,527	5,676	2,044	6,429
	<u>221,820</u>	<u>189,059</u>	<u>133,238</u>	<u>129,669</u>

The Company

	At December 31,			At April 30,
	2021	2022	2023	2024
	US\$'000	US\$'000	US\$'000	US\$'000
Trade payables	206,697	192,267	116,121	90,972
Other payables and accrued charges	5,305	39,626	13,745	12,333
Deposits received	674	9,005	326	301
Provision for litigations	3,588	–	–	–
	<u>216,264</u>	<u>240,898</u>	<u>130,192</u>	<u>103,606</u>
Contract liabilities	<u>223</u>	<u>211</u>	<u>58</u>	<u>68</u>
	<u>216,487</u>	<u>241,109</u>	<u>130,250</u>	<u>103,674</u>

All of the Company's trade and other payables are expected to be settled within one year.

Contract liabilities represented the billing and receipts in advance in respect of provision of container shipping and related services. The amount included in the Company's contract liabilities at the beginning of each of the years ended December 31, 2021, 2022 and 2023 and four months ended April 30, 2024, recognized as revenue was US\$347,000, US\$223,000, US\$211,000 and US\$58,000, respectively.

As at December 31, 2021, provision for litigations represented a potential legal claim in connection with the potential non-compliance of the then Monopoly Regulation and Fair Trade Act in Korea. The legal claim was fully settled during the year ended December 31, 2022.

Aging analysis

As at the end of each of the Track Record Periods, the aging analysis of the Company's trade creditors (which are included in trade and other payables), based on the invoice date, is as follows:

	At December 31,			At April 30,
	2021	2022	2023	2024
	US\$'000	US\$'000	US\$'000	US\$'000
Within 1 month	199,136	138,418	88,758	85,243
Over 1 month to 3 months	6,163	42,126	25,355	4,150
Over 3 months	1,398	11,723	2,008	1,579
	<u>206,697</u>	<u>192,267</u>	<u>116,121</u>	<u>90,972</u>

19 BANK BORROWINGS*The Group*

At the end of each of the Track Record Periods, the Group's bank borrowings were secured, guaranteed, and repayable as follows:

	At December 31,			At April 30,
	2021	2022	2023	2024
	US\$'000	US\$'000	US\$'000	US\$'000
Within 1 year	33,234	–	–	–
After 1 year but within 2 years	66,468	–	–	–
After 2 years but within 5 years	57,577	–	–	–
More than 5 years	34,508	–	–	–
	<u>158,553</u>	<u>–</u>	<u>–</u>	<u>–</u>
	<u>191,787</u>	<u>–</u>	<u>–</u>	<u>–</u>

All of the above bank borrowings are guaranteed by Mr. Chen Teh-Sheng, the controlling shareholder and director of the Company. All guarantees have been released by April 2023.

At December 31, 2021, the interest rates of the Group's bank borrowings were in the range of 1.07%–1.33% per annum.

At December 31, 2021 and 2022, the Group's vessels with an aggregate carrying amount of US\$359,641,000 and US\$96,704,000 were pledged to secure the banking facilities amounted to US\$305,938,000 and US\$86,910,000 respectively.

At December 31, 2021, vessels owned by an associate with carrying amount of US\$12,751,000 were pledged for the Group's banking facilities.

At December 31, 2022, vessels owned by a company which is controlled by the controlling shareholder with carrying amount of US\$12,603,000 were pledged for the Group's banking facilities.

All of the Group's banking facilities are subject to the fulfillment of covenants as are commonly found in lending arrangements with financial institutions. If the Group or its subsidiaries were to breach the covenants the drawn down facilities would become repayable on demand. The Group regularly monitors its compliance with these covenants. Further details of the Group's management of liquidity risk are set out in note 23(b).

As at December 31, 2021, none of the covenants relating to drawn down facilities had been breached.

The Company

At the end of each of the Track Record Periods, the Company's bank borrowings were secured, guaranteed, and repayable as follows:

	At December 31,			At April 30,
	2021	2022	2023	2024
	US\$'000	US\$'000	US\$'000	US\$'000
Within 1 year	5,200	–	–	–
After 1 year but within 2 years	5,200	–	–	–
After 2 years but within 5 years	13,000	–	–	–
	18,200	–	–	–
	23,400	–	–	–

All of the Company's bank borrowings are guaranteed by Mr. Chen Teh-Sheng, the controlling shareholder and director of the Company. All guarantees have been released by April 2023.

At December 31, 2021, the interest rates of the Company's bank borrowings were in the range of 1.07%–1.13% per annum.

All of the Company's banking facilities are subject to the fulfilment of covenants as are commonly found in lending arrangements with financial institutions. If the Company was to breach the covenants the drawn down facilities would become repayable on demand.

As at December 31, 2021, none of the covenants relating to drawn down facilities had been breached.

20 LEASE LIABILITIES

The Group

The following table shows the remaining contractual maturities of the Group's lease liabilities at the end of each of the Track Record Periods:

	At December 31,			At April 30,
	2021	2022	2023	2024
	US\$'000	US\$'000	US\$'000	US\$'000
Within 1 year	106,011	160,681	84,670	64,791

	At December 31,			At April 30,
	2021	2022	2023	2024
	US\$'000	US\$'000	US\$'000	US\$'000
After 1 year but within 2 years	91,089	94,110	27,023	22,718
After 2 years but within 5 years	88,610	64,532	53,947	55,733
After 5 years	64,456	69,322	51,569	45,410
	244,155	227,964	132,539	123,861
	350,166	388,645	217,209	188,652

The Company

The following table shows the remaining contractual maturities of the Company's lease liabilities at the end of each of the Track Record Periods:

	At December 31,			At April 30,
	2021	2022	2023	2024
	US\$'000	US\$'000	US\$'000	US\$'000
Within 1 year	105,272	159,241	83,521	63,581
After 1 year but within 2 years	90,505	92,962	26,289	22,154
After 2 years but within 5 years	88,132	63,685	53,756	55,548
After 5 years	64,501	69,250	51,569	45,410
	243,138	225,897	131,614	123,112
	348,410	385,138	215,135	186,693

21 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(a) Current taxation in the consolidated statements of financial position represents:

The Group

	At December 31,			At April 30,
	2021	2022	2023	2024
	US\$'000	US\$'000	US\$'000	US\$'000
Provision for Hong Kong Profits				
Tax for the year/period	8,542	3,754	665	–
Provisional Profits Tax Paid	(371)	(213)	(1,861)	–
	8,171	3,541	(1,196)	–
Balances of Profits Tax provision relating to prior years	–	–	4,612	3,416
	8,171	3,541	3,416	3,416
Tax payable outside Hong Kong	284	213	324	235
	8,455	3,754	3,740	3,651

The Company

	At December 31,			At April 30,
	2021	2022	2023	2024
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Provision for Hong Kong Profits Tax for the year/period	8,542	2,870	–	–
Provision Profits Tax Paid	(371)	(213)	(1,861)	–
	8,171	2,657	(1,861)	–
Balance of Profits Tax provision relating to prior years	–	–	4,612	3,121
	<u>8,171</u>	<u>2,657</u>	<u>2,751</u>	<u>3,121</u>

(b) Deferred tax assets/(liabilities) recognized

The components of deferred tax assets/(liabilities) recognized in the consolidated statements of financial position and the movements during each of the Track Record Periods are as follows:

The Group

	Depreciation less than related depreciation allowances <i>US\$'000</i>	Unused tax losses <i>US\$'000</i>	Total <i>US\$'000</i>
At January 1, 2021	(13,516)	13,516	–
(Charged)/credited to profit or loss	(6,186)	6,186	–
At December 31, 2021	<u>(19,702)</u>	<u>19,702</u>	<u>–</u>
At January 1, 2022	(19,702)	19,702	–
Credited/(charged) to profit or loss	8,487	(15,855)	(7,368)
At December 31, 2022	<u>(11,215)</u>	<u>3,847</u>	<u>(7,368)</u>
At January 1, 2023	(11,215)	3,847	(7,368)
Credited/(charged) to profit or loss	10,459	(3,091)	7,368
At December 31, 2023	<u>(756)</u>	<u>756</u>	<u>–</u>
At January 1, 2024	(756)	756	–
Credited/(charged) to profit or loss	192	(192)	–
At April 30, 2024	<u>(564)</u>	<u>564</u>	<u>–</u>
Unaudited			
At January 1, 2023	(11,215)	3,847	(7,368)
Credited/(charged) to profit or loss	3,175	(528)	2,647
At April 30, 2023 (unaudited)	<u>(8,040)</u>	<u>3,319</u>	<u>(4,721)</u>

(c) Deferred tax not recognized*The Group*

As at December 31, 2021 and 2022, the Group did not have any unrecognized material temporary differences. As at December 31, 2023 and April 30, 2024, the Group has not recognised deferred tax assets in respect of cumulative tax losses of US\$5,447,000 and US\$7,396,000, respectively as it is uncertain that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction. The tax losses do not expire under current tax legislation.

The Company

As at December 31, 2021 and 2022, the Company did not have any unrecognized material temporary differences. As at December 31, 2023 and April 30, 2024, the Company has not recognised deferred tax assets in respect of cumulative tax losses of US\$5,447,000 and US\$7,396,000, respectively as it is uncertain that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction. The tax losses do not expire under current tax legislation.

22 CAPITAL, RESERVES AND DIVIDENDS**(a) Components of the Company's capital and reserve**

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statements of changes in equity. Details of the changes in the Company's individual components of equity during the Track Record Periods are set out below:

The Company

	Share capital	Retained profits	Total
	<i>(Note 22(b)) US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
At January 1, 2021	70,000	292,655	362,655
Profit and total comprehensive income for the year	–	889,363	889,363
Interim dividend declared and paid <i>(Note 22(c))</i>	–	(10,455)	(10,455)
Bonus issue <i>(Note 22(c))</i>	70,000	(70,000)	–
At December 31, 2021 and January 1, 2022	140,000	1,101,563	1,241,563
Profit and total comprehensive income for the year	–	576,670	576,670
Interim dividend declared and paid <i>(Note 22(c))</i>	–	(370,000)	(370,000)
At December 31, 2022 and January 1, 2023	140,000	1,308,233	1,448,233
Loss and total comprehensive income for the year	–	(46,963)	(46,963)
Interim dividend declared and paid <i>(Note 22(c))</i>	–	(400,000)	(400,000)
At December 31, 2023 and January 1, 2024	140,000	861,270	1,001,270
Loss and total comprehensive income for the period	–	(26,485)	(26,485)
At April 30, 2024	<u>140,000</u>	<u>834,785</u>	<u>974,785</u>

(b) Share capital

	<i>No. of share ('000)</i>	<i>US\$'000</i>
Ordinary shares, issued and fully paid		
At January 1, 2021	70,000	70,000
Bonus issue (<i>Note 22(c)</i>)	70,000	70,000
At December 31, 2021, January 1, 2022, December 31, 2022, January 1, 2023, December 31, 2023, January 1, 2024 and April 30, 2024	<u>140,000</u>	<u>140,000</u>

In accordance with section 135 of the Hong Kong Companies Ordinance, the ordinary shares of the Company do not have a par value.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(c) Dividends

	Year ended December 31,			Four months ended April 30,	
	2021	2022	2023	2023	2024
Interim dividend declared (US\$'000)	10,455	370,000	400,000	400,000	–
Number of ordinary shares ('000)	140,000	140,000	140,000	140,000	140,000
Dividend per ordinary share (US\$ cents)	<u>7.47</u>	<u>264.29</u>	<u>285.71</u>	<u>285.71</u>	<u>–</u>

The Company made a bonus issue on the basis of 1 bonus share for every one existing share which capitalized retained profits of US\$70,000,000 during the year ended December 31, 2021.

During the years ended December 31, 2021, 2022 and 2023 the declared interim dividend of US\$10,455,000, US\$370,000,000 and US\$400,000,000 were paid as at December 31, 2021, 2022 and 2023 respectively. During four months ended April 30, 2023, the declared interim dividend of US\$400,000,000 was not yet paid as at April 30, 2023.

No dividend declared nor paid during the four months ended April 30, 2024.

(d) Nature and purpose of reserve***Exchange reserve***

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations with functional currencies other than US\$. The reserve is dealt with in accordance with the accounting policies set out in note 2(r).

(e) Capital management

The Group's and the Company's primary objective when managing capital is to safeguard the Group's and the Company's ability to continue as a going concern, so that the Group and the Company can continue to provide returns for shareholders and benefits for other stakeholders, by pricing services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group and the Company's actively and regularly review and manage its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

23 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables and contract assets. The Group's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks and financial institutions with sound credit ratings, for which the Group considers to have low credit risk.

Trade receivables and contract assets

The Group has a vast customer base that is not connected. Thus, the ability to concentrate the credit risk is limited.

The Group measures loss allowances for trade receivables and contract assets at an amount equal to lifetime ECLs. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables and contract assets:

	At December 31, 2021		
	Expected loss rate	Gross carrying amount	Loss allowance
		<i>US\$'000</i>	<i>US\$'000</i>
Current (not past due)	–*	211,975	–
1 to 30 days past due	–*	4,788	–
31 to 60 days past due	–*	225	–
More than 60 days past due	0.40%	3,267	13
		<u>220,255</u>	<u>13</u>

At December 31, 2022			
	Expected loss rate	Gross carrying amount	Loss allowance
		US\$'000	US\$'000
Current (not past due)	–*	93,307	–
1 to 30 days past due	–*	1,080	–
31 to 60 days past due	–*	82	–
More than 60 days past due	0.35%	1,128	4
		<u>95,597</u>	<u>4</u>

At December 31, 2023			
	Expected loss rate	Gross carrying amount	Loss allowance
		US\$'000	US\$'000
Current (not past due)	–*	64,292	–
1 to 30 days past due	–*	611	–
31 to 60 days past due	–*	226	–
More than 60 days past due	0.35%	575	2
		<u>65,704</u>	<u>2</u>

At April 30, 2024			
	Expected loss rate	Gross carrying amount	Loss allowance
		US\$'000	US\$'000
Current (not past due)	–*	89,118	–
1 to 30 days past due	–*	600	–
31 to 60 days past due	–*	2	–
More than 60 days past due	0.34%	2,387	8
		<u>92,107</u>	<u>8</u>

Expected loss rates are based on loss experience in the past and available financial information. These rates are adjusted to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables and contract assets.

- * The Group has assessed the expected credit loss rate for the trade receivables and contract assets in these categories. However, in view of the overall low historical default rates and immaterial forward-looking adjustment, the expected credit losses for these categories of trade receivables and contract assets are insignificant that they are rounded down to nil in thousand dollars scale.

(b) Liquidity risk

The Group's policy is to regularly monitor its liquidity requirements, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities of the Group's financial liabilities as at December 31, 2021, 2022 and 2023 and April 30, 2024, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at respective dates) and the earliest date the Group can be required to pay.

At December 31, 2021
Contractual undiscounted cash outflow

	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount at December 31, 2021
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Trade and other payables	240,133	–	–	–	240,133	240,133
Lease liabilities	109,299	93,325	91,754	66,208	360,586	350,166
Bank borrowings	35,169	69,259	58,969	34,945	198,342	191,787
	<u>384,601</u>	<u>162,584</u>	<u>150,723</u>	<u>101,153</u>	<u>799,061</u>	<u>782,086</u>

At December 31, 2022
Contractual undiscounted cash outflow

	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount at December 31, 2022
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Trade and other payables	217,844	–	–	–	217,844	217,844
Lease liabilities	164,784	96,440	68,269	71,005	400,498	388,645
	<u>382,628</u>	<u>96,440</u>	<u>68,269</u>	<u>71,005</u>	<u>618,342</u>	<u>606,489</u>

At December 31, 2023
Contractual undiscounted cash outflow

	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount at December 31, 2023
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Trade and other payables	164,136	–	–	–	164,136	164,136
Lease liabilities	86,902	28,535	56,954	52,493	224,884	217,209
	<u>251,038</u>	<u>28,535</u>	<u>56,954</u>	<u>52,493</u>	<u>389,020</u>	<u>381,345</u>

At April 30, 2024
Contractual undiscounted cash outflow

	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount at April 30, 2024
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Trade and other payables	158,867	–	–	–	158,867	158,867
Lease liabilities	66,845	24,166	58,558	46,046	195,615	188,652
	<u>225,712</u>	<u>24,166</u>	<u>58,558</u>	<u>46,046</u>	<u>354,482</u>	<u>347,519</u>

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises primarily from bank borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. The Group's interest rate profile as monitored by management is set out in (i) below.

(i) Interest rate profile

The following table details the interest rate profile of the Group's borrowings at December 31, 2021, 2022 and 2023 and April 30, 2024:

	At December 31,						At April 30,	
	2021		2022		2023		2024	
	<i>Effective interest rate</i>		<i>Effective interest rate</i>		<i>Effective interest rate</i>		<i>Effective interest rate</i>	
	%	US\$'000	%	US\$'000	%	US\$'000	%	US\$'000
Fixed rate borrowings:								
	1.13% –		1.13% –		1.13% –		1.13% –	
Lease liabilities	2.07%	350,166	6.525%	388,645	6.525%	217,209	6.525%	188,652
Variable rate borrowings:								
	1.07% –							
Bank borrowings	1.33%	191,787	N/A	–	N/A	–	N/A	–
Total borrowings		541,953		388,645		217,209		188,652

(ii) Sensitivity analysis

At December 31, 2021, 2022 and 2023 and April 30, 2024, it is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would have decreased/increased the Group's profit after taxation and retained profits by approximately US\$959,000, US\$Nil, US\$Nil and US\$Nil respectively.

The sensitivity analysis above indicates the instantaneous change in the Group's profit after taxation and retained profits that would arise assuming that the change in interest rates had occurred at the end of each of the Track Record Periods. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of each of the Track Record Periods, the impact on the Group's profit after taxation is estimated as an annualized impact on interest expense of such a change in interest rates.

(d) Currency risk

The Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily Renminbi ("RMB"), Japanese Yen ("JPY"), United States dollars ("USD") and New Taiwan dollars (NTD).

(i) Exposure to currency risk

The following table details the Group's exposure at the end of each of the Track Record Periods to currency risk arising from recognized assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purpose, the amounts of the exposure are shown in United States dollars, translated using the spot rate at the end of each of the Track Record Periods.

Exposure to foreign currencies as at December 31, 2021
(expressed in United States dollars)

	<i>RMB</i> <i>US\$'000</i>	<i>JPY</i> <i>US\$'000</i>	<i>USD</i> <i>US\$'000</i>	<i>NTD</i> <i>US\$'000</i>
Trade and other receivables	28,139	27,952	78,891	20,377
Cash and cash equivalents	4,669	39,555	41,119	–
Trade and other payables	(4,264)	(1,395)	(116,711)	(1,250)
Net exposure arising from recognized assets and liabilities	<u>28,544</u>	<u>66,112</u>	<u>3,299</u>	<u>19,127</u>

Exposure to foreign currencies as at December 31, 2022
(expressed in United States dollars)

	<i>RMB</i> <i>US\$'000</i>	<i>JPY</i> <i>US\$'000</i>	<i>USD</i> <i>US\$'000</i>	<i>NTD</i> <i>US\$'000</i>
Trade and other receivables	27,179	34,207	16,652	4,145
Cash and cash equivalents	436	4,017	5,630	–
Trade and other payables	(3)	–	(22,008)	–
Net exposure arising from recognized assets and liabilities	<u>27,612</u>	<u>38,224</u>	<u>274</u>	<u>4,145</u>

Exposure to foreign currencies as at December 31, 2023
(expressed in United States dollars)

	<i>RMB</i> <i>US\$'000</i>	<i>JPY</i> <i>US\$'000</i>	<i>USD</i> <i>US\$'000</i>	<i>NTD</i> <i>US\$'000</i>
Trade and other receivables	9,967	1,785	13,902	3,992
Cash and cash equivalents	7,274	12,956	5,138	–
Trade and other payables	(3)	–	(20,332)	–
Net exposure arising from recognized assets and liabilities	<u>17,238</u>	<u>14,741</u>	<u>(1,292)</u>	<u>3,992</u>

Exposure to foreign currencies as at April 30, 2024
(expressed in United States dollars)

	<i>RMB</i> <i>US\$'000</i>	<i>JPY</i> <i>US\$'000</i>	<i>USD</i> <i>US\$'000</i>	<i>NTD</i> <i>US\$'000</i>
Trade and other receivables	7,851	4,882	28,047	–
Cash and cash equivalents	32	27,600	11,456	–
Trade and other payables	–	(6,223)	(16,531)	–
	<u>7,883</u>	<u>26,259</u>	<u>22,972</u>	<u>–</u>

(ii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's profit after taxation that would arise if foreign exchange rates to which the entity has significant exposure at the end of each of the Track Record Periods had changed at that date, assuming all other risk variables remained constant.

	At December 31, 2021		At December 31, 2022		At December 31, 2023		At April 30, 2024	
	Increase/ (decrease) in foreign exchange rates	Effect on profit after taxation and retained profits	Increase/ (decrease) in foreign exchange rates	Effect on profit after taxation and retained profits	Increase/ (decrease) in foreign exchange rates	Effect on profit after taxation and retained profits	Increase/ (decrease) in foreign exchange rates	Effect on profit after taxation and retained profits
	US\$'000		US\$'000		US\$'000		US\$'000	
RMB	5%	1,427	5%	1,381	5%	862	5%	394
	(5%)	(1,427)	(5%)	(1,381)	(5%)	(862)	(5%)	(394)
JPY	5%	3,306	5%	1,911	5%	737	5%	1,313
	(5%)	(3,306)	(5%)	(1,911)	(5%)	(737)	(5%)	(1,313)
USD	5%	165	5%	14	5%	(65)	5%	1,149
	(5%)	(165)	(5%)	(14)	(5%)	65	(5%)	(1,149)
NTD	5%	956	5%	207	5%	200	5%	-
	(5%)	(956)	(5%)	(207)	(5%)	(200)	(5%)	-

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' profit after taxation and retained profits in the respective functional currencies, translated into United States dollars at the exchange rate ruling at each of the end of the Track Record Periods for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of each of the Track Record Periods. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency.

(e) Fair values

The carrying amounts of the Group's financial instruments carried at amortized cost were not materially different from their fair values as at December 31, 2021, 2022 and 2023 and April 30, 2024.

24 MATERIAL RELATED PARTY TRANSACTIONS

Material related party transactions

During the Track Record Periods, the directors are of the view that the following companies are related parties of the Group:

Name of Party	Relationship
T.S. Lines (India) Private Limited	Associate
T.S. Container Line (Thailand) Company Limited	Associate
T. S. Lines UAE L.L.C.	Associate
TEH Shipping Lines Co., Ltd. (previously known as T.S. Lines Co., Ltd)	Note (i)
T.S. Shipping Agency Co., Ltd.	Company controlled by the controlling shareholder
Chinatop Logistics (Shenzhen) Co., Ltd.	Note (ii)
Sharaf Shipping Agency (Pvt) Ltd.	Company controlled by the controlling shareholder
Sharaf Shipping Agency (T) Ltd.	Company controlled by the controlling shareholder
Diamond Shipping Services (Pvt) Ltd.	Company controlled by the controlling shareholder
Waterfront Maritime Service DMCC	Company controlled by the controlling shareholder
Cross Strait Holding Limited	Company controlled by the controlling shareholder
Kent Shipping Co., Ltd.	Company controlled by a shareholder
United Logistics International Co., Ltd.	Company controlled by a shareholder
Information Dynamic LLC	Company controlled by the controlling shareholder

Note (i): TEH Shipping Lines Co., Ltd. was previously an associate of the Group and has become a company controlled by the controlling shareholder of the Company upon the disposal of this associate during the year ended December 31, 2022.

Note (ii): Chinatop Logistics (Shenzhen) Co., Ltd. was previously controlled by the controlling shareholder, and has become a related company in which the controlling shareholder has a significant influence since the year ended December 31, 2022, after the disposal of certain equity interest in this entity by the controlling shareholder of the Company.

(a) Key management personnel emoluments

All members of key management personnel are the directors of the Group and their emoluments are disclosed in note 8.

(b) Transactions with related parties

	Year ended December 31,			Four months ended April 30,	
	2021	2022	2023	2023	2024
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
				(Unaudited)	
Companies controlled by the controlling shareholders or partially owned by the controlling shareholders with significant influence:					
– Commissions paid/payable	11,419	16,660	6,055	2,122	1,928
– Commissions received/receivable	–	360	773	202	197
– Freight and handling services income collected on the Group's behalf	245,807	293,380	117,543	43,952	41,499
– Freight service charge paid/payable and handling services fee paid on the Group's behalf	62,162	134,920	56,830	48,792	19,088
– Freight and handling services income collected on behalf of the companies controlled by the controlling shareholders	–	–	16,410	6,133	4,027
– Freight services charges and handling services paid on behalf of the companies controlled by the controlling shareholders	–	–	7,669	2,721	2,555
– Revenue from provision of container shipping services	–	4,096	4,120	2,137	859
– Charter hire expenses – vessels	–	10,301	15,555	4,800	4,840
– Rental income from containers	–	1,511	2,625	919	898

	Year ended December 31,			Four months ended April 30,	
	2021	2022	2023	2023	2024
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
				<i>(Unaudited)</i>	
Associates:					
– Commissions paid/payable	5,556	5,069	4,176	2,191	804
– Commissions received/receivable	2,112	574	–	–	–
– Freight and handling services income collected on the Group's behalf	152,278	164,163	81,601	29,395	27,310
– Freight service charge paid/payable and handling services fee paid on the Group's behalf	51,270	32,204	36,343	12,933	12,552
– Freight and handling services income collected on the associates' behalf	285,788	40,548	–	–	–
– Freight services charges and handling services fee paid on the associates' behalf	38,001	8,431	–	–	–
– Revenue from provision of container shipping services	25,649	10,379	–	–	–
– Charter hire revenue – vessels	138,564	4,650	–	–	–
– Charter hire expenses – vessels	8,733	12,877	–	–	–
– Rental income from containers	14,817	3,915	–	–	–

All of the above related party transactions were made according to the mutually agreed pricing.

(c) **Related party balances**

The Group

	Note	At December 31,			At April 30,
		2021	2022	2023	2024
		US\$'000	US\$'000	US\$'000	US\$'000
Trade-related					
Amounts due from associates	(i)	33,334	1,295	2,575	7,631
Amounts due from related companies	(ii)	34,400	14,479	15,049	18,316
		<u>67,734</u>	<u>15,774</u>	<u>17,624</u>	<u>25,947</u>
Non-trade related					
Amounts due from shareholders of the Company	(iii)	<u>5,056</u>	<u>–</u>	<u>–</u>	<u>–</u>
Trade-related					
Amounts due to associates	(iv)	<u>58,357</u>	<u>3,802</u>	<u>–</u>	<u>4,602</u>
Non-trade related					
Dividend payable to a shareholder of the Company	(v)	<u>–</u>	<u>250</u>	<u>8,585</u>	<u>8,585</u>

Notes:

- (i) The amounts due from the Group's associates are unsecured, interest-free and due within 30 days from the date of billing.
- (ii) The amounts are due from companies controlled by the controlling shareholders and a related company partially owned by the controlling shareholders with significant influence, which are unsecured, interest-free and due within 30 days from the date of billing.

- (iii) The amounts due from the shareholders of the Company are unsecured, interest-free and recoverable on demand.
- (iv) The amounts due to the Group's associates are unsecured, interest-free and due within 30 days from the date of billing.
- (v) The dividend payable to a shareholder of the Company has no fixed terms of repayment. The settlement of dividend payable of US\$8,585,000 as at December 31, 2023 and April 30, 2024 was still conditional upon adjudication of by the court that Mr. Wu Shang-Ying to be the beneficial owner of the Company.

The Company

	Note	At December 31,			At April 30,
		2021	2022	2023	2024
		US\$'000	US\$'000	US\$'000	US\$'000
Trade-related					
Amounts due from subsidiaries	(vi)	105,771	26,748	27,055	33,069
Amounts due from associates	(vii)	33,334	1,295	2,575	7,631
Amounts due from related companies	(viii)	34,400	14,479	15,049	18,316
		<u>173,505</u>	<u>42,522</u>	<u>44,679</u>	<u>59,016</u>
Non-trade related					
Amounts due from shareholders of the Company	(ix)	5,056	–	–	–
Amounts due from subsidiaries	(x)	364,661	371,361	437,504	535,061
		<u>369,717</u>	<u>371,361</u>	<u>437,504</u>	<u>535,061</u>
Trade-related					
Amounts due to subsidiaries	(xi)	50,142	57,328	21,107	26,919
Amounts due to associates	(xii)	58,357	3,802	–	–
		<u>108,499</u>	<u>61,130</u>	<u>21,107</u>	<u>26,919</u>
Non-trade related					
Dividend payable to a shareholder of the Company	(xiii)	–	250	8,585	8,585
		<u>–</u>	<u>250</u>	<u>8,585</u>	<u>8,585</u>

- (vi) The amounts due from the Company's subsidiaries are unsecured, interest-free and due within 30 days from the date of billing.
- (vii) The amounts due from the Company's associates are unsecured, interest-free and due within 30 days from the date of billing.
- (viii) The amounts are due from companies controlled by the controlling shareholders and a related company partially owned by the controlling shareholders with significant influence, which are unsecured, interest-free and due within 30 days from the date of billing.
- (ix) The amounts due from the shareholders of the Company are unsecured, interest-free and recoverable on demand.
- (x) The amounts due from the Company's subsidiaries are unsecured, interest-free and due within 30 days from the date of billing.
- (xi) The amounts due to the Company's subsidiaries are unsecured, interest-free and due within 30 days from the date of billing.
- (xii) The amounts due to the Company's associates are unsecured, interest-free and due within 30 days from the date of billing.
- (xiii) The dividend payable to a shareholder of the Company has no fixed terms of payment. The settlement of dividend payable of US\$8,585,000 as at December 31, 2023 and April 30, 2024 was still conditional upon adjudication of by the court that Mr. Wu Shang-Ying to be the beneficial owner of the Company.

25 COMMITMENTS

Capital commitments outstanding at the end of each of the Track Record Periods not provided for in the Historical Financial Information were as follows:

	At December 31,			At April 30,
	2021	2022	2023	2024
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Vessels				
Contracted but not provided for	913,546	685,138	361,520	151,180

26 CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at December 31, 2021, 2022 and 2023 and April 30, 2024.

27 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE DURING THE TRACK RECORD PERIODS

Up to the date of issue of this Historical Financial Information, the HKICPA has issued a number of new or revised standards, which are not yet effective during the Track Record Periods and which have not been adopted in the Historical Financial Information. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKAS 21, <i>The effects of changes in foreign exchange rates:</i> <i>Lack of exchangeability</i>	1 January 2025
HKFRS 18, <i>Presentation and Disclosure in Financial Statements</i>	1 January 2027
Amendments to HKFRS 10 and HKAS 28, <i>Sale or contribution of assets between an investor and its associate or joint venture</i>	To be determined

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact to the Group.

28 EVENTS AFTER THE TRACK RECORD PERIODS

- (a) In July 2024, the Company entered into a share transfer agreement to acquire additional 2% equity interest in T.S. Lines UAE L.L.C. at cash consideration of approximately US\$2,000. Upon the completion of this acquisition, T.S. Lines UAE L.L.C. would become a joint venture of the Group as the Group would have joint control on this entity based on the shareholders' agreement.
- (b) In October 2024, the Company declared a special interim dividend totaling US\$300,000,000 which will be settled before the listing of the Company.
- (c) In October 2024, additional 1,260,000,000 shares were allotted and issued at nil cash consideration to the existing shareholders of the Company with no change in their respective equity interests in the Company before and after the allotment and issuance of these shares.

29 SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company and its subsidiaries comprising the Group in respect of any period subsequent to April 30, 2024.

The information set forth in this appendix does not form part of the Accountants' Report prepared by KPMG, Certified Public Accountants, Hong Kong, the reporting accountants of our Company, as set forth in Appendix I to this Prospectus, and is included herein for illustrative purposes only.

The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this Prospectus and the Accountants' Report set forth in Appendix I to this Prospectus.

A UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group is prepared in accordance with paragraph 4.29 of the Listing Rules and is set out below for the purpose to illustrate the effect of the Global Offering on the consolidated net tangible assets attributable to equity shareholders of the Company as of April 30, 2024 as if it had taken place on April 30, 2024.

The unaudited pro forma statement of adjusted consolidated net tangible assets has been prepared for illustrative purpose only and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group had the Global Offering been completed as at April 30, 2024 or at any future date.

	Consolidated net tangible assets attributable to the equity shareholders of the Company as of April 30, 2024 ⁽¹⁾	Estimated net proceeds from the Global Offering ⁽²⁾	Unaudited pro forma adjusted consolidated net tangible assets attributable to equity shareholders of the Company	Unaudited pro forma adjusted net tangible assets attributable to equity shareholders of the Company per Share	
	US\$'000	US\$'000 ⁽⁴⁾	US\$'000	US\$ ⁽³⁾	(HK\$) ⁽⁴⁾ equivalent
Based on an Offer Price of HK\$3.5 per Share	1,779,809	106,840	1,886,649	1.14	8.86
Based on an Offer Price of HK\$4.5 per Share	1,779,809	138,935	1,918,744	1.16	9.01

Notes:

- (1) The consolidated net tangible assets attributable to equity shareholders of the Company as of April 30, 2024 have been calculated based on the consolidated total equity attributable to equity shareholders of the Company as of April 30, 2024 of US\$1,780,633,000 after deduction of intangible assets of US\$824,000, extracted from the Accountants' Report set out in Appendix I to this Prospectus.

- (2) The estimated net proceeds from the Global Offering are based on 250,940,000 Shares to be issued at the estimated Offer Prices of HK\$3.50 per Share (being the low-end of the Offer Price) and HK\$4.50 per Share (being the high-end of the Offer Price), respectively, after deduction of the estimated underwriting fees and other estimated related expenses payable by the Group (excluding listing expenses of US\$7,588,000 which have been expensed prior to April 30, 2024) and take no account of any Shares which may be issued upon the exercise of the Offer Size Adjustment Option and the Over-allotment Option.
- (3) The unaudited pro forma adjusted net tangible assets attributable to equity shareholders of the Company per Share is arrived at after the above adjustment and on the basis that 1,650,940,000 Shares were in issue immediately following the completion of the Global Offering assuming the Global Offering had completed on April 30, 2024 without taking into account of any Shares which may be issued upon the exercise of the Offer Size Adjustment Option and the Over-allotment Option.
- (4) For illustrative purpose, the estimated net proceeds from the Global Offering is converted from the Hong Kong dollar into United States dollar and the unaudited pro forma adjusted net tangible assets attributable to equity shareholders of the Company per Share is converted from the United States dollar into Hong Kong dollar at the exchange rate of US\$1.00 to HK\$7.7712. No representation is made that the Hong Kong dollar amounts have been, could have been or may be converted to United States dollar, or vice versa, at that rate or at any other rates.
- (5) No adjustment has been made to the unaudited pro forma adjusted net tangible assets to reflect any trading results or other transactions of the Group entered into subsequent to April 30, 2024. In particular, the above unaudited pro forma adjusted net tangible assets have not been taken into account the special dividend of US\$300,000,000 declared in October 2024. Had the special dividend of US\$300,000,000 been declared on April 30, 2024, the unaudited pro forma adjusted net tangible assets of the Group attributable to equity holders of the Company as at April 30, 2024 would have been decreased by US\$300,000,000 while the unaudited pro forma adjusted net tangible assets of the Group attributable to equity holders of the Company per Share as at April 30, 2024 would have been decreased by US\$0.18 or HK\$1.40.

B. REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from the reporting accountants, KPMG, Certified Public Accountants, Hong Kong, in respect of our Group's pro forma financial information for the purpose in this prospectus.

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE
COMPILATION OF PRO FORMA FINANCIAL INFORMATION****TO THE DIRECTORS OF T.S. LINES LIMITED**

We have completed our assurance engagement to report on the compilation of pro forma financial information of T.S. Lines Limited (the “**Company**”) and its subsidiaries (collectively the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets as at April 30, 2024 and related notes as set out in Part A of Appendix II to the prospectus dated October 24, 2024 (the “**Prospectus**”) issued by the Company. The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described in Part A of Appendix II to the Prospectus.

The pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed offering of the ordinary shares of the Company (the “**Global Offering**”) on the Group's financial position as at April 30, 2024 as if the Global Offering had taken place at April 30, 2024. As part of this process, information about the Group's financial position as at April 30, 2024 has been extracted by the Directors from the Group's historical financial information included in the Accountants' Report as set out in Appendix I to the Prospectus.

Directors' Responsibilities for the Pro Forma Financial Information

The Directors are responsible for compiling the pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Management 1 “Quality Management for Firms that Perform Audits and Reviews of Financial Statements, or Other Assurance or Related Services Engagements” which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants’ Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements (“**HKSAE**”) 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the pro forma financial information in accordance with paragraph 4.29 of the Listing Rules, and with reference to AG 7 issued by the HKICPA.

For purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of events or transactions as at April 30, 2024 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our procedures on the pro forma financial information have not been carried out in accordance with attestation standards or other standards and practices generally accepted in the United States of America, auditing standards of the Public Company Accounting Oversight Board (United States) or any overseas standards and accordingly should not be relied upon as if they had been carried out in accordance with those standards and practices.

We make no comments regarding the reasonableness of the amount of net proceeds from the issuance of the Company's shares, the application of those net proceeds, or whether such use will actually take place as described in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

Opinion

In our opinion:

- (a) the pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group, and
- (c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

KPMG

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

October 24, 2024

This Appendix contains a summary of the Articles of Association. As the information set out below is in summary form, it does not contain all of the information that may be important to potential investors. A copy of the Articles of Association is available on display as referred to in the section headed “Documents delivered to the Registrar of Companies and available for inspection” in Appendix V to this prospectus.

The Articles of Association were conditionally adopted on October 15, 2024. The powers conferred or permitted by the Articles of Association are subject to the provisions of the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, other ordinances and subsidiary legislation and the Listing Rules. The following is a summary of certain provisions of the Articles of Association:

CHANGES IN CAPITAL

Our Company may from time to time by ordinary resolution alter its share capital in any one or more of the ways permitted by the Companies Ordinance, including but not limited to:

- (a) increasing its share capital by allotting and issuing new shares in accordance with the Companies Ordinance;
- (b) increasing its share capital without allotting and issuing new shares, if the funds or other assets for the increase are provided by the members of our Company;
- (c) capitalizing its profits, with or without allotting and issuing new shares;
- (d) allotting and issuing bonus shares with or without increasing its share capital;
- (e) converting all or any of its share into a larger or smaller number of existing shares;
- (f) dividing its shares into several classes and attaching thereto respectively any preferential, deferred, qualified or special rights, privileges or conditions, provided always that where our Company issues shares which do not carry voting rights, the words “non-voting” shall appear in the designation of such shares and where the equity capital includes shares with different voting rights, the designation of each class of shares, other than those with the most favorable voting rights, must include the words “restricted voting” or “limited voting”;
- (g) canceling shares:
 - (i) that, at the date of the passing of the resolution for cancelation, have not been taken or agreed to be taken by any person; or
 - (ii) that have been forfeited; and

APPENDIX III SUMMARY OF THE ARTICLES OF ASSOCIATION

- (h) making provision for the issue and allotment of shares which do not carry any voting rights.

Our Company may by special resolution reduce its share capital in any manner allowed by law.

MODIFICATION OF RIGHTS

Subject to the provisions of the Companies Ordinance, all or any of the special rights attached to any class of shares (unless otherwise provided for by the terms of issue of the shares of that class) for the time being in issue may, at any time, as well before as during liquidation, be altered or abrogated either with the consent in writing of the holders of at least three-fourths of the voting rights of the members holding shares that class, or with the sanction of a special resolution passed at a separate general meeting of the holders of shares of that class, and all the provisions contained in the Articles of Association relating to general meetings shall *mutatis mutandis* apply to every such meeting, except that (a) the quorum thereof shall be a person or persons together holding (or representing by proxy or duly authorized representative) at least one third of the issued shares of the class, and that (b) any holder of shares of that class present in person (in the case of a member being a corporation, by its duly authorized representative) or by proxy may demand a poll.

The provisions of the foregoing Article shall apply to the variation or abrogation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class the rights whereof are to be varied.

The special rights conferred upon the holders of the shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of such shares, be deemed to be altered by the creation or issue of further shares ranking *pari passu* with them.

TRANSFER OF SHARES

The right of members to transfer their fully-paid Shares shall not be restricted (except where permitted by the Stock Exchange) and shall also be free from all lien.

The instrument of transfer of any Shares in our Company shall be in writing and in the usual form or in such other form as our Board may accept and shall be executed by or on behalf of the transferor and by or on behalf of the transferee. The instrument of transfer may be executed by hand only or, if the transferor or transferee is a recognized clearing house within the meaning of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) or any other ordinance substituted therefor (or its nominee), by hand or by machine imprinted signature or by such other manner of execution as our Board may approve from time to time. The transferor shall remain the holder of the shares concerned until the name of the transferee is entered in the Register in respect thereof. Nothing in the Articles of Association shall preclude our Board from recognizing a renunciation of the allotment or provisional allotment of any share by the allottee in favor of some other person.

APPENDIX III SUMMARY OF THE ARTICLES OF ASSOCIATION

Every instrument of transfer and other documents relating to or affecting the title to any Shares of our Company shall be lodged at the registered office of our Company for the time being for registration (or at such other place as our Board may appoint for such purpose) accompanied by the certificate relating to the Shares to be transferred and such other evidence as our Directors may require in relation thereto.

All instruments of transfer which shall be registered shall be retained by our Company, but save where fraud is suspected, any instrument of transfer which our Directors refuse to register shall, on demand, be returned to the person lodging the same.

There shall be paid to our Company in respect of the registration of a transfer and of any grant of probate or letters of administration, certificate of marriage or death, power of attorney or other document(s) relating to or affecting the title to any share or for making of any entry in the Register affecting the title to any share such fee (if any) as our Directors may from time to time require or prescribed, provided that such fee (if any) shall not exceed the maximum fees as the Stock Exchange may from time to time prescribe or permit.

GENERAL MEETINGS

Our Company shall in respect of each financial year hold a general meeting as its annual general meeting in addition to any other meetings in that year. The annual general meeting shall be held within 6 months after the end of each financial year and at such place(s) as may be determined by our Directors.

Our Directors may whenever they think fit, and shall on requisition in accordance with the Companies Ordinance, convene an extraordinary general meeting.

A general meeting may be held at 2 or more places using any technology that enables members of our Company who are not together at the same place to listen, speak and vote at such meeting.

NOTICE OF GENERAL MEETINGS

Subject to section 578 of the Companies Ordinance, an annual general meeting shall be called by not less than notice in writing of at least 21 clear days (or such longer period as may be required by the Listing Rules), and any other general meeting shall be called by not less than notice in writing of at least 14 clear days (or such longer period as may be required by the Listing Rules).

Notwithstanding that a meeting of our Company is called by shorter notice than that specified in the Articles of Association or required by the Companies Ordinance, it shall be deemed to have been duly called if it is so agreed:

- (a) in the case of a meeting called as the annual general meeting, by all the members entitled to attend and vote thereat; and

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- (b) in the case of any other meeting, by a majority in number of the members having the right to attend and vote at the meeting, being a majority together holding not less than 95 per cent of the shares giving that right.

The accidental omission to give notice of a meeting or (in cases where instruments of proxy are sent out with the notice) the accidental omission to send such instrument of proxy to, or the non-receipt of notice of a meeting or such instrument of proxy by, any person entitled to receive such notice shall not invalidate the proceedings at that meeting.

Subject to sections 576 and 578 of the Companies Ordinance, the notice shall specify the place(s), date and time of a meeting. The notice convening an annual general meeting shall specify the meeting as such, and the notice convening a meeting to pass a special resolution shall specify the intention to propose the resolution as a special resolution. There shall appear on every such notice with reasonable prominence a statement that a member entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of him and that a proxy need not be a member of our Company.

VOTING AT MEETINGS

Subject to the provisions of the Companies Ordinance, the Articles of Association and to any special rights, privileges or restrictions as to voting for the time being attached to any class or classes of shares, every member who (being an individual) is present in person or by proxy or (being a corporation) is present by a duly authorized representative or proxy at any general meeting shall be entitled, on a show of hands, to one vote only and, on a poll, to one vote for every fully paid-up share of which he is the holder.

On a poll, votes may be given either personally or by proxy or (in the case of a corporate member) by a duly authorized representative. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and seniority shall be determined by the order in which the names stand in the Register in respect of such share.

Where a member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any resolution, any vote cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

DIRECTORS NEED NOT BE MEMBERS

A Director need not hold any Shares. A Director who is not a member of our Company shall nevertheless be entitled to attend and speak at all general meetings of our Company.

BORROWING POWERS

Our Directors may exercise all the powers of our Company to borrow money and to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of our Company and to issue debentures, debenture stocks, bonds and other securities, whether outright or as collateral security for any debt, liability or obligation of our Company or of any third party.

DIRECTORS' APPOINTMENT, REMOVAL AND RETIREMENT

Our Company may, from time to time, by ordinary resolution elect any person to be a Director either to fill a casual vacancy or as an addition to our Board.

No person (other than a Director retiring in accordance with the Articles of Association) shall be eligible for election to the office of Director at any general meeting under the last paragraph unless:

- (a) he is recommended by our Board for re-election; or
- (b) he is nominated by notice in writing by a member (other than the person to be proposed) entitled to attend and vote at the meeting, and such notice of nomination shall be given to the person or persons appointed for the time being to perform for our Company the duties of the secretary of our Company within the seven-day period (or a longer period as may be determined by our Directors from time to time) commencing no earlier than the day after the dispatch of the notice of such meeting and ending no later than seven days prior to the date appointed for such meeting. The notice of nomination shall be accompanied by a notice signed by the proposed candidate indicating his willingness to be appointed or re-appointed.

Without prejudice to the power of our Company in general meeting in accordance with any of the provisions of the Articles of Association to appoint any person to be a Director, our Board shall have power, exercisable at any time and from time to time, to appoint any other person as a Director, either to fill a casual vacancy or as an addition to our Board, provided that the number of Directors so appointed shall not exceed the maximum number (if any) determined pursuant to the Articles of Association. Any Director so appointed shall hold office only until the first annual general meeting of our Company after his appointment and shall then be eligible for re-election, but shall not be taken into account in determining our Directors or the number of Directors who are to retire by rotation at each annual general meeting.

Our Company may, at any general meeting convened and held in accordance with the Companies Ordinance, by ordinary resolution remove any Director before the expiration of his period of service notwithstanding anything in the Articles of Association or in any agreement between him and our Company (but without prejudice to any claim he may have for damages

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for termination of such agreement not in accordance with its terms), and may, if thought fit, by ordinary resolution appoint another person in his stead. Any person so elected shall hold office for such time only as the Director in whose place he is elected would have held the same if he had not been removed.

The office of a Director shall ipso facto be vacated:

- (a) if he ceases to be a Director by virtue of any provision of the Companies Ordinance or the Companies (Winding Up and Miscellaneous Provisions) Ordinance or he becomes prohibited by law or court order from being a Director;
- (b) if he becomes bankrupt or a receiving order (or, in the case of a company, a winding-up order) is made against him or he makes any arrangement or composition with his creditors generally;
- (c) if he is, or may be, suffering from mental disorder and an order is made by a court claiming jurisdiction in that behalf (whether in Hong Kong or elsewhere) in matters concerning mental disorder for his detention or for the appointment of a receiver, *curator bonis* or other person by whatever name called to exercise powers with respect to his property or affairs;
- (d) if he is absent from meetings of our Board during a continuous period of six months without special leave of absence from our Board, and his alternate Director (if any) shall not during such period have attended such meetings in his stead, and our Board passes a resolution that he has by reason of such absence vacated his office;
- (e) if he is removed from office by notice in writing served upon him signed by all other Directors;
- (f) if he serves on our Company notice of his wish to resign, in which case he shall vacate office on the service of such notice to our Company or such later time as is specified in such notice;
- (g) if he is removed by ordinary resolution in accordance with the Companies Ordinance or in the manner provided in the Articles of Association; or
- (h) if he is convicted of an indictable offence.

If the office of a Director is vacated for any reason, he shall cease to be a member of any committee or sub-committee appointed by our Board.

DIRECTORS' REMUNERATION AND EXPENSES

Our Directors shall be entitled to receive by way of remuneration for their services such sum as is from time to time determined by our Company in general meeting, and such sum (unless otherwise directed by resolution by which it is voted) is to be divided amongst our Directors in such proportions and in such manner as our Board may agree, or failing agreement, equally, except that in such event any Director holding office for less than the whole of the relevant period in respect of which the remuneration is paid shall only rank in such division in proportion to the time during such period for which he has held office. The foregoing shall not apply to a Director who holds any salaried employment or office in our Company in the case of sums paid in respect of Directors' fees.

Our Directors shall also be entitled to be repaid their reasonable traveling, hotel and other expenses incurred by them in or about the performance of their duties as Directors, including their expenses of traveling to and from board meetings, committee meetings or general meetings or otherwise incurred whilst engaged on the business of our Company or on the discharge of their duties as Directors.

Our Board may grant special remuneration to any Director who, being called upon, shall perform any special or extra services to or at the request of our Company. Such special remuneration may be made payable to such Director in addition to or in substitution for his ordinary remuneration (if any) as a Director, and may, without prejudice to the payment of ordinary remuneration, be made payable by a lump sum or by way of salary, commission, participation in profits or otherwise as our Board may decide.

DIRECTORS' INTERESTS

If a Director or any entity connected with the Director is in any way, whether directly or indirectly, interested in a transaction, arrangement or contract or proposed transaction, arrangement or contract with our Company, such Director shall declare the nature and extent of his interest or his connected entities' interest at a meeting of the Directors at which the question of entering into the transaction, arrangement or contract is first taken into consideration, if he knows his interest then exists, or in any other case as soon as reasonably practicable, and in any event at the first meeting of Directors after he knows that he is or has become so interested. Such declaration shall be made in accordance with the Companies Ordinance, the Articles of Association and any other requirements prescribed by our Company for the declaration of interests of Directors in force from time to time. References to an entity connected with a Director shall be construed in accordance with section 486 of the Companies Ordinance.

APPENDIX III SUMMARY OF THE ARTICLES OF ASSOCIATION

A general notice in writing given by a Director to the Directors at a meeting of our Directors to the effect that he is a member or a director of a specified company or firm, and is to be regarded as interested in any contract, transaction, arrangement or dealing which may, after the date of the notice, be entered into or made with that company or firm, shall be deemed to be a sufficient declaration of interest in relation to any contract, transaction, arrangement or dealing so entered into or made if such declaration is made in accordance with the provisions of the Companies Ordinance.

A Director may:

- (a) hold any other office or place of profit under our Company (other than the office of Auditor) in conjunction with his office of Director for such period and on such terms as our Directors may determine and may be paid such extra remuneration for so doing as our Directors may determine, either in addition to or in lieu of any remuneration provided for by or pursuant to the Articles of Association;
- (b) act by himself or his firm in a professional capacity for our Company (other than as Auditor), and he or his firm shall be entitled to remuneration for professional services as if he were not a Director;
- (c) continue to be or become a director or other officer of, or otherwise interested in, any company promoted by our Company or in which our Company may be interested as a shareholder or otherwise, and no such Director shall be accountable to our Company for any remuneration or other benefit received by him as a director or officer of, or from his interest in, such other company. Our Directors may exercise the voting powers conferred by the shares in any other company held or owned by our Company, or exercisable by them as directors of such other company in such manner in all respects as they think fit (including the exercise thereof in favor of any resolution appointing themselves or any of them as directors, managing directors, joint managing directors, deputy managing directors or officers of such company) and any Director may vote in favor of the exercise of such voting rights in the manner aforesaid notwithstanding that he may be, or is about to be appointed a director or officer of such a company, and that as such he is or may become interested in the exercise of such voting rights in manner aforesaid.

Subject to the provisions of the Companies Ordinance, no Director or intended Director shall be disqualified by his office from contracting with our Company, nor shall any contract, transaction or arrangement entered into by or on behalf of our Company with any Director or any firm or company in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to our Company for any profit, remuneration or other benefits realized by any such contract, transaction or arrangement by reason only of such Director holding that office or of any fiduciary relationship thereby established, provided that such Director shall duly declare the nature and extent of his interest in any contract, transaction or arrangement in accordance with the Articles of Association.

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A Director shall not vote (or be counted in the quorum) on any resolution of our Board in respect of any contract or transaction or arrangement or proposal in which he or any of his close associates, is to his knowledge, materially interested, and if he shall do so his vote shall not be counted (nor shall he be counted in the quorum for that resolution), but this prohibition shall not apply to and the Directors may vote (and be counted in the quorum) in respect of any resolution concerning any one or more of the following matters:

- (a) the giving by our Company of any security or indemnity to him or any of his close associates in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of our Company or any of its subsidiaries;
- (b) the giving by our Company of any security or indemnity to a third party in respect of a debt or obligation of our Company or any of its subsidiaries for which he himself or any of his close associates has assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of the security;
- (c) any proposal concerning an offering of shares or debentures or other securities of or by our Company or any other company which our Company may promote or be interested in for subscription or purchase where he or any of his close associates is or is to be interested as a participant in the underwriting or sub-underwriting of offer;
- (d) any proposal concerning any other company in which he or his close associates are interested only, whether directly or indirectly, as an officer or executive or shareholder or in which he or his close associates are beneficially interested in shares of that company, provided that he and any of his close associates are not in aggregate beneficially interested in five per cent. or more of the issued shares of any class of the share capital of such company (or of any third company through which his interest or that of his close associates is derived) or of the voting rights;
- (e) any proposal or arrangement concerning the benefit of employees of our Company or its subsidiaries including:
 - (i) the adoption, modification or operation of any employees' share scheme or any share incentive or share option scheme under which he or his close associates may benefit; or
 - (ii) the adoption, modification or operation of a pension fund or retirement, death or disability benefit scheme which relates both to him, his close associates and employees of our Company or of any of its subsidiaries and does not provide in respect of him or his close associates any privilege or advantage not generally accorded to the class of persons to whom such scheme or fund relates; and

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- (f) any contract or arrangement in which he or any of his close associates is interested in the same manner as other holders of shares or debentures or other securities of our Company by virtue only of his interest in shares or debentures or other securities of our Company.

If any question shall arise at any meeting of our Board as to the materiality of the interest of a Director (other than the chairman of the meeting) or as to the entitlement of any Director (other than such chairman) to vote or be counted in the quorum and such question is not resolved by his voluntarily agreeing to abstain from voting or not to be counted in the quorum, such question shall be referred to the chairman of the meeting and his ruling in relation to the Director concerned shall be final and conclusive except in a case where the nature or extent of the interest of the Director or any of his close associates concerned so far as known to him has not been fairly disclosed to our Board. If any question as aforesaid shall arise in respect of the chairman of the meeting or any of his close associates, such question shall be decided by a resolution of our Board (for which purpose such chairman shall not be counted in the quorum and shall not vote thereon) and such resolution shall be final and conclusive except in a case where the nature or extent of the interest of such chairman so far as known to him has not been fairly disclosed to our Board.

Subject to the provisions of the Companies Ordinance, our Company may by ordinary resolution suspend or relax the provisions of the Articles of Association to any extent or ratify any transaction not duly authorized by reason of a contravention of Articles of Association.

DIVIDENDS

Subject to the provisions of the Companies Ordinance, our Company may by ordinary resolution declare a dividend to be paid to the members, according to their respective right and interests in the profits, and may fix the time for payment of such dividend, but no such dividend shall exceed the amount recommended by our Directors. No dividend shall be payable except out of the profits or other distributable reserves of our Company.

Unless and to the extent that the Articles of Association or the rights attached to any shares or the terms of issue thereof otherwise provide, all dividends shall (as regards any shares not fully paid throughout the period in respect of which the dividend is paid) be apportioned and paid pro rata according to the amounts paid on the shares during any portion or portions of the period in respect of which the dividend is paid. No amount paid on a share in advance of calls shall be treated as paid on the share.

All dividends unclaimed for one year after having become payable may be invested or otherwise made use of by our Directors for the benefit of our Company until claimed, and all dividends unclaimed for six years after having been declared may be forfeited by our Directors and shall revert to our Company. The payment into a separate account of any monies payable in respect of a dividend shall not constitute our Company a trustee in respect thereof for any person.

APPENDIX III SUMMARY OF THE ARTICLES OF ASSOCIATION

Our Directors may, if they think fit, from time to time, resolve to pay to the members such interim dividends as appear to our Directors to be justified. If at any time the share capital of our Company is divided into different classes, our Directors may resolve to pay such interim dividends in respect of those shares in the capital of our Company which confer on the holders thereof deferred or non-preferred rights as well as in respect of those shares which confer on the holders thereof preferential or special rights in regard to dividend, and provided that our Directors act bona fide they shall not incur any responsibility to the holders of shares conferring a preference for any damage that they may suffer by reason of the payment of an interim dividend on any share having deferred or non-preferred rights. Our Directors may also resolve to pay at half-yearly or at other suitable intervals to be settled by them any dividend which may be payable at a fixed rate if they are of the opinion that the payment is justified.

Our Board can offer Shareholders the right to choose to receive extra Shares, which are credited as fully paid up, instead of some or all of their cash dividends. The basis of such allotment shall be determined by our Board and our Board shall give notice in writing to our Shareholders of their rights of election accorded to them and shall send with such notice forms of election and specify the procedure to be followed and the place at which and the latest date and time by which duly completed forms of election must be lodged in order to be effective. The Shares allotted shall rank *pari passu* in all respects with the fully paid Shares then in issue save only as regards participation in the relevant dividends or any other distributions, bonuses or rights paid, made, declared or announced prior to or contemporaneously with the payment or declaration of the relevant dividend.

Our Directors may distribute in specie or in kind among the members in satisfaction in whole or in part of any dividend, any of the assets of our Company, and in particular any shares or securities of other companies to which our Company is entitled, and where any difficulty arises in regard to the distribution our Board may settle the same as it thinks expedient, and in particular may issue fractional certificates, disregard fractional entitlements or round the same up or down, and may fix the value for distribution of such specific assets, or any part thereof, and may determine that cash payments shall be made to any members upon the footing of the value so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees as may seem expedient to our Board and may appoint any person to sign any requisite instruments of transfer and other documents on behalf of the persons entitled to the dividend and such appointment shall be effective. Where required, a contract shall be filed in accordance with the provisions of the Companies Ordinance and our Board may appoint any person to sign such contract on behalf of the persons entitled to the dividend and such appointment shall be effective.

INDEMNITY

Subject to the provisions of the Companies Ordinance, every Director, company secretary or other officer of our Company shall be entitled to be indemnified out of the assets of our Company against all costs, charges, expenses, losses and liabilities which he may sustain or incur in or about the execution of his office or otherwise in relation thereto.

WINDING UP

If our Company shall be wound up, the surplus assets remaining after payment to all creditors shall be divided among the members in proportion to the capital paid up on the shares held by them respectively, and if such surplus assets shall be insufficient to repay the whole of the paid-up capital, they shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up on the shares held by them respectively. The winding up is subject to the rights of the holders of any shares which may be issued on special terms or conditions.

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation of our Company

Our Company was incorporated as a private company with limited liability under the Companies Ordinance on March 2, 2001 in Hong Kong. Our registered office is at 9/F, C-Bons International Center, 108 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong. Our Company changed our company status to a public company limited by shares with effect from October 15, 2024.

As our Company was incorporated in Hong Kong, we are subject to the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Articles of Association and the applicable laws of Hong Kong. A summary of certain provisions of the Articles is set out in Appendix III to this prospectus.

2. Changes in the share capital of our Company

Save as disclosed in “History, Reorganization and Corporate Structure” and as mentioned in “5. Written resolutions of our Shareholders passed on October 15, 2024” below, there was no alterations in the capital of any member of the group within the two years immediately preceding the issue of this prospectus.

3. Particulars of our subsidiaries

Particulars of our subsidiaries are set forth in Note 1 of the Accountants’ Report, the text of which is set out in Appendix I to this prospectus.

Set out below is certain information of our non-wholly owned subsidiary as of the Latest Practicable Date:

<u>Non-wholly owned subsidiary</u>	<u>Other non-Group shareholder(s)</u>	<u>Percentage of the equity interest held by non-Group shareholder(s)</u>
Duk Sang	A director of Duk Sang	20.0%
TS Hanoi	An Independent Third Party	30.0%
TS Philippines	Five directors of TS Philippines and an Independent Third Party	35.03%

4. Changes in the share capital of our subsidiaries

Our subsidiaries are set out in the Accountants' Report, the text of which is set out in Appendix I to this prospectus.

The following changes in the share capital of each of our subsidiaries took place within two years immediately preceding the date of this prospectus:

TS Singapore

On January 4, 2024, TS Singapore was incorporated in Singapore with limited liability with an authorized share capital of US\$100 divided into 100 shares of par value of US\$1.00 each. Upon incorporation, TS Singapore allotted and issued 100 ordinary shares to our Company.

TS Marina Bay

On May 17, 2024, TS Marina Bay was incorporated in Singapore with limited liability with an authorized share capital of US\$100 divided into 100 shares of par value of US\$1.00 each. Upon incorporation, TS Marina Bay allotted and issued 100 ordinary shares to our Company.

5. Written resolutions of our Shareholders passed on October 15, 2024

Pursuant to the written resolutions passed by our Shareholders on October 15, 2024, among other matters:

- (a) we approved and adopted the Articles of Association which will become effective from the date of the conversion of our Company;
- (b) conditional on (aa) the Stock Exchange granting the approval for the listing of, and permission to deal in, the Shares in issue and Shares to be allotted and issued pursuant to the Global Offering and as mentioned in this prospectus including the Shares which may be allotted and issued pursuant to the exercise of the Offer Size Adjustment Option and the Over-allotment Option; (bb) the Offer Price having been duly determined; and (cc) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional and not being terminated in accordance with the terms of such agreement (or any conditions as specified in this prospectus), in each case on or before the dates and times specified in the Underwriting Agreements:
 - (i) the Global Offering was approved and our Directors were authorized to allot and issue the Offer Shares pursuant to the Global Offering;

- (ii) the Offer Size Adjustment Option and the Over-allotment Option were approved and our Directors were authorized to allot and issue the Shares upon the exercise of the Offer Size Adjustment Option and the Over-allotment Option;
- (iii) a general unconditional mandate was given to our Directors to issue, allot and deal with (including the power to make an offer or agreement, or grant securities which would or might require Shares to be allotted and issued), otherwise than pursuant to a rights issue or pursuant to any scrip dividend schemes or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles or pursuant to a specific authority granted by our Shareholders in general meeting, unissued Shares not exceeding the aggregate of 20% of the number of issued Shares immediately following the completion of the Global Offering (but taking no account of any Shares which may be allotted and issued pursuant to the exercise of the Offer Size Adjustment Option and the Over-allotment Option), such mandate to remain in effect until the conclusion of the next annual general meeting of our Company, or the expiration of the period within which the next annual general meeting of our Company is required by the Articles or any applicable laws to be held, or until revoked or varied by an ordinary resolution of our Shareholders in general meeting, whichever occurs first;
- (iv) a general unconditional mandate was given to our Directors authorizing them to exercise all powers of our Company to buy back on the Stock Exchange or on any other approved stock exchange on which the securities of our Company may be listed and which is recognized by the SFC and the Stock Exchange for this purpose such number of Shares as will represent up to 10% of the number of issued Shares immediately following the completion of the Global Offering (but taking no account of any Shares which may be allotted and issued pursuant to the exercise of the Offer Size Adjustment Option and the Over-allotment Option), such mandate to remain in effect until the conclusion of the next annual general meeting of our Company, or the expiration of the period within which the next annual general meeting of our Company is required by the Articles or any applicable laws to be held, or until revoked or varied by an ordinary resolution of our Shareholders in general meeting, whichever occurs first; and
- (v) the general unconditional mandate mentioned in paragraph (v) above was extended by the addition to the number of issued Shares which may be allotted and issued or agreed conditionally or unconditionally to be allotted and issued by our Directors pursuant to such general mandate of an amount representing the total number of issued Shares bought back by our Company pursuant to the mandate to buyback Shares referred to in paragraph (v) above.

6. Reorganization

In preparation for the Listing, the companies comprising our Group underwent the Reorganization. For further details with regard to the Reorganization, see “History, Reorganization and Corporate Structure” in this prospectus.

7. Buyback by our Company of our own securities

This section includes information required by the Stock Exchange to be included in this prospectus concerning the buyback by our Company of our own securities.

(a) Provisions of the Listing Rules

The Listing Rules permit companies with a primary listing on the Stock Exchange to purchase their shares on the Stock Exchange subject to certain restrictions.

(i) Shareholders’ approval

The Listing Rules provide that all proposed buybacks of shares (which must be fully paid in the case of shares) by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of its shareholders in general meeting, either by way of general mandate or by specific approval of a particular transaction.

Note:

Pursuant to the written resolutions passed by our Shareholders on October 15, 2024, a general unconditional mandate (the “**Buyback Mandate**”) was granted to our Directors authorizing the buyback of shares by our Company on the Stock Exchange, or on any other stock exchange on which the securities of our Company may be listed and which is recognized by the SFC and the Stock Exchange for this purpose, with the total number of Shares not exceeding 10% of the total number of Shares in issue and to be issued as mentioned herein, at any time until the conclusion of the next annual general meeting of our Company, the expiration of the period within which the next annual general meeting of our Company is required by an applicable law or the Articles to be held or the date on which such mandate is revoked or varied by an ordinary resolution of our Shareholders in general meeting, whichever occurs first.

(ii) Source of funds

Buybacks must be funded out of funds legally available for the purpose in accordance with the Articles, the Listing Rules and the applicable laws of Hong Kong. A listed company may not buy back its own shares on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

(iii) Core connected persons

The Listing Rules prohibit our Company from knowingly buying back the Shares on the Stock Exchange from a “core connected person”, which includes a director, chief executive or substantial shareholder of our Company or any of the subsidiaries or a close associate of any of them and a core connected person shall not knowingly sell his/her Shares to our Company.

(b) Reasons for buybacks

Our Directors believe that it is in the best interests of our Company and our Shareholders as a whole for our Directors to have a general authority from our Shareholders to enable our Company to buy back Shares in the market. Such buybacks may, depending on the market conditions and funding arrangements at the time, lead to an enhancement of our Company’s net asset value per Share and/or earnings per Share and will only be made when our Directors believe that such buybacks will benefit our Company and our Shareholders.

(c) Funding of buyback

In buying back Shares, our Company may only apply funds legally available for such purpose in accordance with the Articles, the Listing Rules and the applicable laws of Hong Kong.

On the basis of the current financial position of our Group as disclosed in this prospectus and taking into account the current working capital position of our Company, our Directors consider that, if the Buyback Mandate were to be exercised in full, it might not have a material adverse effect on the working capital and/or the gearing position of our Group as compared to the position disclosed in this prospectus. However, our Directors do not propose to exercise the Buyback Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital and/or the gearing position of our Group which in the opinion of our Directors are from time to time appropriate for our Group.

(d) Share capital

The exercise in full of the Buyback Mandate, on the basis of 1,650,940,000 Shares in issue immediately after the Listing (but not taking into account of our Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option and the Over-allotment Option), would result in up to 165,094,000 Shares being bought back by our Company during the period until:

- (i) the conclusion of the next annual general meeting of our Company;

- (ii) the expiration of the period within which the next annual general meeting of our Company is required by any applicable law or the Articles to be held; or
- (iii) the date on which the Buyback Mandate is revoked or varied by an ordinary resolution of our Shareholders in general meeting, whichever occurs first.

(e) *General*

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their close associates (as defined in the Listing Rules), has any present intention if the Buyback Mandate is exercised to sell any Share(s) to our Company or our subsidiaries.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Buyback Mandate in accordance with the Listing Rules and the applicable laws of Hong Kong.

If as a result of a buyback of Shares pursuant to the Buyback Mandate, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purposes of Hong Kong Codes on Takeovers and Mergers and Share Buy-backs (the "**Takeovers Code**"). Accordingly, a Shareholder or a group of Shareholders acting in concert (within the meaning of the Takeovers Code), depending on the level of increase of our Shareholders' interest, could obtain or consolidate control of our Company and may become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code as a result of any such increase. Save as disclosed above, our Directors are not aware of any consequence that would arise under the Takeovers Code as a result of a buyback pursuant to the Buyback Mandate. Our Directors have no present intention to exercise the power to buy back Shares to such extent.

If the Buyback Mandate is fully exercised immediately following completion of the Global Offering (but not taking into account our Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option and the Over-allotment Option), the total number of Shares which will be bought back pursuant to the Buyback Mandate will be 165,094,000 Shares, being 10% of the total number of Shares based on the aforesaid assumptions. The aggregate percentage shareholding of our Controlling Shareholders will be increased to approximately 84.98% of the issued share capital of our Company immediately following the full exercise of the Buyback Mandate. Any buyback of Shares which results in the number of Shares held by the public being reduced to less than the prescribed percentage of our Shares then in issue could only be implemented with the approval of the Stock Exchange to waive the Listing Rules requirements regarding the public float under Rule 8.08 of the Listing Rules. However, our Directors have no present intention to exercise the Buyback Mandate to such an extent that, in the circumstances, there is insufficient public float as prescribed under the Listing Rules.

No core connected person of our Company has notified our Group that he/she/it has a present intention to sell Shares to our Company, or has undertaken not to do so, if the Buyback Mandate is exercised.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of material contracts

The following contracts (not being contracts in the ordinary course of business) have been entered into by members of our Group within the two years preceding the date of this prospectus and are or may be material:






- (a) the Chen Deed of Indemnity;
- (b) the TEH Deed of Indemnity;
- (c) the Deed of Non-Competition;
- (d) the cornerstone investment agreement dated October 21, 2024, entered into among T.S. Lines Limited, Hung Chi-Li (洪綺勵), J.P. Morgan Securities (Far East) Limited, China Merchants Securities (HK) Co., Limited and J.P. Morgan Securities (Asia Pacific) Limited, pursuant to which Hung Chi-Li agreed to subscribe for Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent amount of US\$13,000,000 (excluding brokerage and levies);
- (e) the cornerstone investment agreement dated October 21, 2024, entered into among T.S. Lines Limited, Indigo Rainbow Limited, J.P. Morgan Securities (Far East) Limited, China Merchants Securities (HK) Co., Limited and J.P. Morgan Securities (Asia Pacific) Limited, pursuant to which Indigo Rainbow Limited agreed to subscribe for Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent amount of US\$15,000,000 (excluding brokerage and levies);
- (f) the cornerstone investment agreement dated October 21, 2024, entered into among T.S. Lines Limited, Worldwide Logistics Holding HK Limited, J.P. Morgan Securities (Far East) Limited, China Merchants Securities (HK) Co., Limited and J.P. Morgan Securities (Asia Pacific) Limited, pursuant to which Worldwide Logistics Holding HK Limited agreed to subscribe for Shares at the Offer Price in the aggregate amount of HK\$99,990,000 (excluding brokerage and levies);






- (g) the cornerstone investment agreement dated October 21, 2024, entered into among T.S. Lines Limited, Metro Shine Group Limited, J.P. Morgan Securities (Far East) Limited, China Merchants Securities (HK) Co., Limited and J.P. Morgan Securities (Asia Pacific) Limited, pursuant to which Metro Shine Group Limited agreed to subscribe for Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent amount of US\$9,000,000 (excluding brokerage and levies);
- (h) the cornerstone investment agreement dated October 21, 2024, entered into among T.S. Lines Limited, Wang Yi-Fen (王意分), J.P. Morgan Securities (Far East) Limited, China Merchants Securities (HK) Co., Limited and J.P. Morgan Securities (Asia Pacific) Limited, pursuant to which Wang Yi-Fen agreed to subscribe for Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent amount of US\$8,000,000 (excluding brokerage and levies);
- (i) the cornerstone investment agreement dated October 21, 2024, entered into among T.S. Lines Limited, Crane Movement Investment Limited, J.P. Morgan Securities (Far East) Limited, China Merchants Securities (HK) Co., Limited and J.P. Morgan Securities (Asia Pacific) Limited, pursuant to which Crane Movement Investment Limited agreed to subscribe for Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent amount of US\$6,000,000 (excluding brokerage and levies); and
- (j) the Hong Kong Underwriting Agreement.

2. Intellectual property rights of our Group

(a) Trademarks

As of the Latest Practicable Date, our Company was the registered proprietor of the following trademarks which, in the opinion of our Directors, are material to our business:

No.	Trademark	Registration Number	Class	Place of Registration	Registered proprietor	Date of Registration	Date of expiry
1.	   	302297809	6, 12, 39	Hong Kong	Our Company	June 28, 2012	June 27, 2032
2.		11267624	39	PRC	Our Company	February 28, 2014	February 27, 2034

No.	Trademark	Registration Number	Class	Place of Registration	Registered proprietor	Date of Registration	Date of expiry
3.	德翔海運	11260894	39	PRC	Our Company	April 21, 2014	April 20, 2034
4.		5551543	39	Japan	Our Company	January 25, 2013	January 25, 2033
5.		41-0270882	39	South Korea	Our Company	October 14, 2013	October 14, 2033
6.		01548673	39	Taiwan	Our Company	November 16, 2012	November 15, 2032
7.		TM-01-00-22965-24	39	Saudi Arabia	Our Company	June 18, 2024	March 1, 2034
8.		TMA1255187	39	Canada	Our Company	September 9, 2024	September 9, 2034

(b) Domain name

As of the Latest Practicable Date, our Group was the registered proprietor of the following domain names, which in the opinion of our Directors, are material to our business:

No.	Domain name	Name of registered proprietor	Date of registration	Date of expiry
1.	www.tslines.com	Our Company	May 2, 2021	May 2, 2025
2.	www.tslines.com.hk	Our Company	April 2, 2003	December 2, 2025
3.	tslines.com.cn	TS Shanghai (Guangzhou branch)	May 24, 2006	June 24, 2025
4.	www.tslines.jp*	TS Japan	January 31, 2013	January 31, 2025
5.	www.tslines.co.kr	Duk Sang	April 23, 2008	April 23, 2026
6.	www.tslines.com.vn	TS Vietnam	December 4, 2014	December 4, 2027
7.	www.tslines.com.my*	TS Malaysia	March 7, 2005	March 7, 2025
8.	www.bkk-tslines.com	TS Thailand	June 7, 2021	June 8, 2025

Note:

* We do not expect any material legal impediment to renew these domain names upon their expiration.

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Directors

(a) Disclosure of Interests – Interests and short positions of our Directors and the chief executive of our Company in the Shares, underlying Shares and debentures of our Company and its associated corporations

Immediately following completion of the Global Offering and assuming that the Offer Size Adjustment Option and the Over-allotment Option are not exercised, the interests or short positions of our Directors or chief executives of our Company in the shares, underlying shares and debentures of our Company or our associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to our Company and the Stock Exchange, once our Shares are listed will be as follows:

(i) Interest in our Company

<u>Name of Director</u>	<u>Name of Interest</u>	<u>Number of Shares interested⁽¹⁾</u>	<u>Approximate percentage of interest</u>
Mr. Chen	Interest in controlled corporation ⁽²⁾⁽³⁾	618,902,420 Shares (L)	37.49%
Mrs. Chen	Interest in controlled corporation ⁽²⁾⁽³⁾	618,902,420 Shares (L)	37.49%
Mr. James Chen	Interest in controlled corporation ⁽²⁾⁽³⁾	618,902,420 Shares (L)	37.49%

Notes:

- (1) The letter “L” denotes the person’s long position in our Shares.
- (2) Maritime Legacy is owned as to 28.57% by Search & Search, 26.19% by TS Chen Holding, 22.62% by JC Righteous and 22.62% by Avermay.
- (3) Mr. Chen, Mrs. Chen, Mr. James Chen and Ms. Christy Chen, by virtue of their family relationship, are parties acting in concert with each other in respect of our Company. By virtue of the SFO, each of Mr. Chen, Mrs. Chen, Mr. James Chen, Ms. Christy Chen, TS Chen Holding, Search & Search, JC Righteous, Avermay and Maritime Legacy is deemed to be interested in the Shares held by TS Investment, Prevalence, Providence and AM Holding.

(b) Particulars of service agreements and letters of appointment

Each of our executive Directors has entered into a service agreement with our Company for a term of three years commencing from the date of appointment or re-designation as an executive Director, which may be terminated by not less than three months' notice in writing served by either party on the other.

Each of our independent non-executive Directors has entered into a letter of appointment with our Company for a term of three years commencing from the date of appointment, which may be terminated by not less than three months' notice in writing served by either party on the other.

(c) Directors' remuneration

Each of our executive Directors, being Mr. Chen, Mrs. Chen, Mr. To Hung-Lin, Mr. Chow Hong Man and Mr. James Chen, is entitled to an annual remuneration of US\$42,000. The aggregate remuneration (including fees, salaries, allowances and benefits in kind and retirement scheme contributions) paid to our Directors for the three years ended December 31, 2021, 2022 and 2023 and the four months ended April 30, 2024 was approximately US\$165,000, US\$302,000, US\$690,000 and US\$205,000, respectively. For details, please refer to Note 8 of the Accountants' Report set out in Appendix I to this prospectus.

Each of our independent non-executive Directors, being Mr. Wu Youn-Ger, Mr. Chang Shan-Hui and Mr. Yang Li-Yen, has been appointed for a term three years. We intend to pay a director's fee of US\$42,000 per annum to each of them. Save for directors' fees, none of our independent non-executive Directors is expected to receive any other remuneration for holding their office as independent non-executive Directors.

Under the arrangement currently in force, the aggregate remuneration (including fees, salaries, allowances and benefits in kinds and retirement scheme contributions) of our Directors for the year ending December 31, 2024 is estimated to be no more than approximately US\$970,000.

2. Substantial shareholders

(a) Interest of substantial shareholders in our Company

Save as disclosed as "substantial shareholders", so far as our Directors are aware, immediately following the completion of the Global Offering assuming that the Offer Size Adjustment Option and the Over-allotment Option are not exercised, no person (other than our Directors and chief executives of our Company) will have or be deemed or taken to have an interest and/or short position in our Shares or the underlying Shares which would fall to be disclosed under the provisions of Division 2 and 3 of Part XV of the SFO, or who will be, directly or indirectly, interested in 10% or more of the issued voting shares of our Company.

(b) Interest of substantial shareholders in other members of our Group

As of the Latest Practicable Date, so far as our Directors are aware, the following persons (other than our Directors or chief executives of our Company) were entitled to exercise, or control the exercise of, 10% or more of the issued voting shares at any general meeting of other members of our Group:

<u>Member of our Group</u>	<u>Name of shareholder</u>	<u>Percentage of equity interest held</u>
Duk Sang	Mr. Choi Young Soo	20.0%
TS Hanoi	Container Vietnam JSC (Viconship)	30.0%
TS Philippines	Ben Line Agencies Philippines, Inc.	34.98%

3. Agency fees or commissions received

Save as disclosed in this prospectus, no commissions, discounts, brokerages or other special terms were granted in connection with the issue or sale of any capital of any member of our Group within the two years immediately preceding the date of this prospectus.

4. Disclaimers

- (a) save as disclosed in this section, none of our Directors or chief executive of our Company has any interest or short position in our shares, underlying shares or debentures of our Company or any of its associated corporation (within the meaning of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors Of Listed Issuers once our Shares are listed;
- (b) none of our Directors or experts referred to under “— D. Other information — 8. Qualifications and consents of experts” below has any direct or indirect interest in the promotion of our Company, or in any assets which have within the two years immediately preceding the date of this prospectus been acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;
- (c) none of our Directors is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group taken as a whole;

- (d) save as disclosed in this section, none of our Directors has any existing or proposed service contracts with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation));
- (e) taking no account of Shares which may be taken up under the Global Offering, none of our Directors knows of any person (not being a Director or chief executive of our Company) who will, immediately following completion of the Global Offering, have an interest or short position in our Shares or underlying Shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of SFO or be interested, directly or indirectly, in 10% or more of the issued voting shares of any member of our Group; and
- (f) so far as is known to our Directors, as of the Latest Practicable Date, save as disclosed in “Business — Suppliers” and “Business — Customers” of this prospectus, none of our Directors, their respective close associates (as defined under the Listing Rules) or Shareholders of our Company who are interested in more than 5% of the total number of issued Shares has any interests in the five largest customers or the five largest suppliers of our Group.

D. OTHER INFORMATION

1. Estate duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries.

2. Litigation

As of the Latest Practicable Date, no member of our Group was engaged in any litigation or arbitration of material importance and, so far as our Directors are aware, no litigation or claim of material importance is pending or threatened by or against any member of our Group.

3. Joint Sponsors

Each of the Joint Sponsors satisfies the independence criteria applicable to sponsor set out in Rule 3A.07 of the Listing Rules. The Joint Sponsors will receive an aggregate fee of US\$1,000,000 for acting as the sponsors for the Listing, of which US\$149,990 has been paid and US\$850,010 remains payable as of the Latest Practicable Date.

The Joint Sponsors have made an application on our Company’s behalf to the Stock Exchange for the approval for the listing of, and permission to deal in, all the Shares in issue and to be issued as mentioned in this prospectus (including any Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option and the Over-allotment Option). All necessary arrangements have been made for the Shares to be admitted into CCASS.

4. Preliminary expenses

We did not incur any material preliminary expenses relating to the incorporation of our Company.

5. No material adverse change

Saved as disclosed in this prospectus, our Directors confirm that there has been no material adverse change in our Group's financial or trading position since April 30, 2024 (being the date on which the latest audited consolidated financial information of our Group was prepared).

6. Promoter

Our Company has no promoter. Within the two years immediately preceding the date of this prospectus, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoters in connection with the Global Offering and the related transactions described in this prospectus.

7. Taxation of holders of Shares**(a) Hong Kong**

The sale, purchase and transfer of Shares registered with our Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty, the current rate charged on each of the purchaser and seller is 0.10% of the consideration or, if higher, the fair value of the Shares being sold or transferred. Profits from dealings in the Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax.

(b) Consultation with professional advisors

Intending holders of the Shares are recommended to consult their professional advisors if they are in doubt as to the taxation implications of holding or disposing of or dealing in the Shares. It is emphasized that none of our Company, our Directors or the other parties involved in the Global Offering will accept responsibility for any tax effect on, or liabilities of, holders of Shares resulting from their holding or disposal of or dealing in Shares or exercise of any rights attaching to them.

8. Qualifications and consents of experts

The following are the qualifications of the experts who have given opinions or advice in this prospectus:

Name	Qualifications
J.P. Morgan Securities (Far East) Limited	A licensed corporation under the SFO to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) of regulated activities as defined under the SFO
China Merchants Securities (HK) Co., Limited	A licensed corporation under the SFO to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) of regulated activities as defined under the SFO
KPMG	Certified Public Accountants; Public Interest Entity Auditor registered in accordance with Accounting and Financial Reporting Council Ordinance
Haiwen & Partners	Legal advisors to our Company as to PRC law
Baker & McKenzie	Legal advisors to our Company as to Taiwan law
Kim & Chang	Legal advisors to our Company as to South Korea law
Quisumbing Torres	Legal advisors to our Company as to Philippines competition law
Hogan Lovells	Legal advisors to our Company as to International Sanctions law
Drewry	Industry Consultant

Each of the experts named above has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its reports, letters, opinions, summaries of opinions and/or references to its names included herein in the form and context in which they respectively appear.

9. Interests of experts in our Company

None of the persons named in “— D. Other information — 8. Qualifications and consents of experts” above is interested beneficially or otherwise in any Shares or shares of any member of our Group or has any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any shares or securities in any member of our Group.

10. Binding effect

This prospectus shall have the effect, in an application is made in pursuance of it, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

11. Miscellaneous

- (a) Within the two years immediately preceding the date of this prospectus:
 - (i) save as disclosed in “History, Reorganization and Corporate Structure” in this prospectus, no share or loan capital of our Company or any of our subsidiaries has been issued or agreed to be issued fully or partly paid either for cash or for a consideration other than cash;
 - (ii) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
 - (iii) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any capital of our Company or any of our subsidiaries; and
 - (iv) no commission has been paid or payable subscribing, agreeing to subscribe or procuring subscription or agreeing to procure subscription for any shares in our Company or any of our subsidiaries;
- (b) no founder, management or deferred Shares nor any debenture in our Company or any of our subsidiaries have been issued or agreed to be issued;
- (c) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this prospectus;

- (d) the register of members of our Company will be maintained in Hong Kong by Computershare Hong Kong Investor Services Limited. Unless our Directors otherwise agree, all transfer and other documents of title of Shares must be lodged for registration with and registered by our Company's share register in Hong Kong. All necessary arrangements have been made to enable the Shares to be admitted to CCASS;
- (e) no company within our Group is presently listed on any stock exchange or traded on any trading system;
- (f) there is no arrangement which future dividends are waived or agreed to be waived;
- (g) our Company has no outstanding convertible debt securities or debentures; and
- (h) there is no restriction affecting the remittance of profits or repatriation of capital into Hong Kong and from outside Hong Kong.

12. Bilingual prospectus

The English language and Chinese language versions of this prospectus are being published separately in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 321 of the Laws of Hong Kong).

In case of any discrepancies between the English language version and Chinese language version of this prospectus, the English language version shall prevail.

A. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were:

- (a) the written consents referred to in “Statutory and General Information — D. Other information — 8. Qualifications and consents of experts” in Appendix IV to this prospectus; and
- (b) a copy of each of the material contracts referred to in “Statutory and General Information — B. Further information about our Business — 1. Summary of material contracts” in Appendix IV to this prospectus.

B. DOCUMENTS ON DISPLAY

The following documents will be published on the Stock Exchange’s website at www.hkexnews.hk and our Company’s website at www.tslines.com up to and including the date which is 14 days from the date of this prospectus:

- (a) the Articles of Association;
- (b) the Accountants’ Report from KPMG, the text of which is set out in Appendix I to this prospectus;
- (c) the report from KPMG in respect of the unaudited pro forma financial information, the text of which is set out in Appendix II to this prospectus;
- (d) the audited consolidated financial statements of our Group for the three years ended December 31, 2021, 2022 and 2023 and the four months ended April 30, 2024;
- (e) the legal opinion issued by Haiwen & Partners, our legal advisors as to PRC law, in respect of our Group’s business operations in the PRC;
- (f) the legal opinion issued by Baker & McKenzie, our legal advisors as to Taiwan law, in respect of our Group’s business operations in Taiwan.
- (g) the legal opinion issued by Kim & Chang, our legal advisors as to South Korea law, in respect of our Group’s business operations in South Korea;
- (h) the legal opinion issued by Quisumbing Torres, our legal advisors as to Philippines competition law, in respect of our Group’s business operations in the Philippines;
- (i) the memorandum issued by Hogan Lovells, our legal advisors as to International Sanctions law;

- (j) the material contracts referred to in “Statutory and General Information — B. Further Information about our Business — 1. Summary of material contracts” in Appendix IV to this prospectus;
- (k) the service contracts referred to in “Statutory and General Information — C. Further information about our Directors and substantial shareholders — 1. Directors — (b) Particulars of service agreements and letters of appointment” in Appendix IV to this prospectus;
- (l) the written consents referred to “Statutory and General Information — D. Other information — 8. Qualifications and consents of experts” in Appendix IV to this prospectus; and
- (m) the Drewry Report.



T.S. Lines Limited
德 翔 海 運 有 限 公 司