T.S. LINES
德翔海運

T.S. Lines Limited
德翔海運有限公司

(Incorporated in Hong Kong with limited liability)

Stock Code : 2510

2024
ANNUAL REPORT

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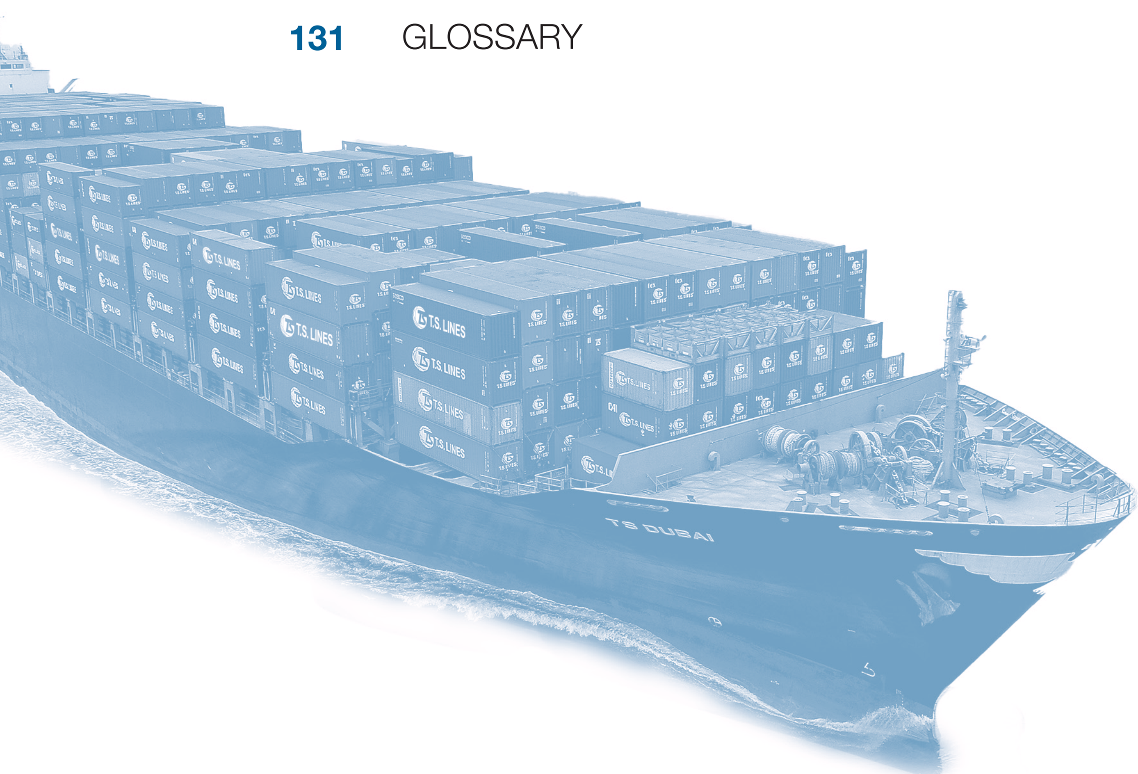

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Chen Teh-Sheng
(Chairman and Chief Executive Officer)
Mr. Chen Shao-Hsiang (James) *(Vice Chairman)*
Mrs. Chen Chuang Chuang-Li
Mr. To Hung-Lin
Mr. Chow Hong Man

Independent Non-Executive Directors

Mr. Wu Youn-Ger
Mr. Chang Shan-Hui
Mr. Yang Li-Yen

AUDIT COMMITTEE

Mr. Chang Shan-Hui *(Chairperson)*
Mr. Wu Youn-Ger
Mr. Yang Li-Yen

NOMINATION COMMITTEE

Mr. Chen Teh-Sheng *(Chairperson)*
Mr. Wu Youn-Ger
Mr. Chang Shan-Hui
Mr. Yang Li-Yen

REMUNERATION COMMITTEE

Mr. Yang Li-Yen *(Chairperson)*
Mr. Wu Youn-Ger
Mr. Chang Shan-Hui

AUTHORIZED REPRESENTATIVES

Mr. Chow Hong Man
Mr. Chan Chung Kik, Lewis

COMPANY SECRETARY

Mr. Chan Chung Kik, Lewis

LEGAL ADVISERS AS TO HONG KONG LAW

Allen Overy Shearman Sterling
9th Floor, Three Exchange Square
Central
Hong Kong

AUDITORS

KPMG
Certified Public Accountants and Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance
8th Floor, Prince's Building
10 Chater Road
Central
Hong Kong

COMPLIANCE ADVISOR

Innovax Capital Limited

SHARE REGISTRAR

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

PRINCIPAL BANKERS

Bank of Taiwan
Hua Nan Commercial Bank Ltd.
Mega International Commercial Bank Co., Ltd.
Taiwan Cooperative Bank Ltd

PRINCIPAL PLACE OF BUSINESS AND HEADQUARTERS IN TAIWAN

6F
No. 167, Tun-Hwa North Road
Taipei
Taiwan

REGISTERED OFFICE

9/F, C-Bons International Center
108 Wai Yip Street
Kowloon
Hong Kong

COMPANY'S WEBSITE

https://www.tslines.com/

STOCK CODE

2510

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of T.S. Lines Limited, I would like to extend our sincere gratitude to you. Thanks to your trust and support, we were able to move forward steadily in the changing environment of the shipping market in 2024 and successfully listed on the Stock Exchange on November 1, 2024.

Looking back on the past year, the global container shipping market faced multiple challenges and opportunities, including increased supply capacity and geopolitical risks. The Company has adhered to a flexible business strategy, leveraging our rapid market response capabilities and regional route advantages to continuously optimize route layout, enhance operational efficiency and strive to provide high-quality shipping services to customers.

In 2024, the Company took delivery of eight new vessels, including six 7,000 TEU, one 2,900 TEU, and one 1,100 TEU vessels. As of December 31, 2024, our owned fleet totaled 41 vessels. In addition to chartering out five vessels for rental income, a total of 43 vessels were actually deployed in our operating routes, comprising 36 owned vessels with a capacity of 90,008 TEU and seven chartered vessels with a capacity of 23,419 TEU, bringing the total deployed shipping capacity to 113,427 TEU. This represents an approximately 26.3% increase compared to the route capacity of 89,818 TEU as of December 31, 2023. With the substantial delivery of new vessels in 2023 and 2024, our capacity structure has been significantly enhanced, with a notable increase in the proportion of owned vessels. We have successfully replaced most of the high-rent chartered vessels with our newly owned vessels, significantly reducing vessel costs. Moreover, these new vessels are characterized by low fuel consumption and are all equipped with scrubbers, giving us a competitive edge in fuel cost control.

As of December 31, 2024, the Company operated a total of 46 routes, including 11 self-operated routes, 22 joint-operated routes, 10 slot-exchange routes and three purchased-slot routes. Our management team closely monitored the changes in market supply and demand. During peak seasons, the Company added several extra voyages to its shipping schedule, including 11 to Australia, three to India and Pakistan, nine to the Middle East and two to East Africa. In addition to generating substantial additional profits for the Company with the operation of extra voyages during peak seasons, we were also able to flexibly adjust the capacity during periods of declining market demand and earn better profits through the short-term chartering of our owned vessels.

Looking back on 2024, the Company recorded an operating revenue of approximately US$1,340.4 million, representing an increase of approximately 53.3% year-on-year, and gross profit reached approximately US$315.0 million. The profit before taxation was approximately US$365.9 million, representing an increase of approximately 2,544.3% over 2023. The profit attributable to equity shareholders was approximately US$365.9 million, with an earnings per share of approximately US$0.220 (calculated based on the total number of issued shares as of December 31, 2024). For the year ended December 31, 2024, the Board has recommended a final dividend of US$0.110 (equivalent to HK$0.858) per Share to reward our Shareholders for their support.

Looking ahead to 2025, the global shipping industry will continue to face multiple challenges, with uncertainties in market demand and intensified industry competition affecting the overall operating environment. However, our management remains confident in the long-term growth trend of the Asian market. We will continue to further expand our market presence and layout, enhance operational efficiency, expand the route network and put focused efforts to provide more efficient and reliable shipping services to our customers.

CHAIRMAN'S STATEMENT

Finally, on behalf of the Board, I would like to express our sincere thanks to all Shareholders, Directors, senior management and employees for your support and contributions to the Company. Looking to the future, we will continue to adhere to the steady development strategy, strive to become a leading shipping enterprise in the Asia-Pacific region and continuously create greater value for our Shareholders and investors.

Chen Teh-Sheng
Chairman, executive Director and chief executive officer

March 28, 2025

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS

Market Overview in 2024

In 2024, the global shipping market faced multiple challenges and opportunities. Geopolitical tensions, particularly the Russia-Ukraine conflict and the situation in the Red Sea, had a significant impact on the shipping market. Some routes were forced to divert, with ships having to sail around the Cape of Good Hope in Africa. This led to increased voyage distances, higher fuel costs, and subsequently, higher transportation expenses. Meanwhile, the global new ship order volume reached a new high in 2024. The increasing market demand for green and low-carbon vessels drove the development of the shipbuilding industry.

Market Outlook

It is projected that the global container market demand growth rate will remain between 3% and 4% in 2025. However, due to changes in supply and demand and geopolitical influences, freight rates may experience fluctuations. Developments in U.S. political affairs could also bring additional uncertainties, especially regarding its stance on issues such as trade policies towards China, the Russia-Ukraine situation, and unrest in the Middle East. Moreover, recent adjustments by the U.S. government to its global strategic layout, such as enhancing its influence in Greenland, the Panama Canal, and the Suez Canal, and strengthening North American economic integration, may have a profound impact on the stability of the global shipping market.

2024 Business Review

Business Scope

The Group primarily provides container shipping services. The Group's fleet consists of both owned and chartered vessels, focusing on shipping services in the Asia-Pacific region. This includes routes within Greater China, Greater China – North Asia, Greater China – Southeast Asia, Northeast Asia – Southeast Asia, Asia – Oceania, as well as Asia – Indian Subcontinent. In 2024, the Group also emphasized the operation of Transpacific routes, as well as routes to East Africa and the Middle East.

MANAGEMENT DISCUSSION AND ANALYSIS

Route and Shipping Capacity Development

By the end of 2024, the Group operated a total of 46 routes (excluding any vessels we chartered out), comprising 11 self-operated routes, 22 joint-operated routes, 10 slot swaps, and 3 slot purchases. The Group's shipping network covers major trading markets in Asia, calling at 61 ports in approximately 20 countries and regions worldwide.

During 2024, a total of eight new vessels were delivered, including one 1,100 TEU, one 2,900 TEU, and six 7,000 TEU vessels. The operating fleet consisted of 36 owned vessels and 7 chartered vessels, with a total capacity of 113,427 TEU.

Revenue and Shipping Volume

As of December 31, 2024, the Group's total shipping volume reached 1,652,222 TEU, representing an increase of approximately 12.7% compared to the same period in 2023. The total revenue from container shipping services was approximately US$1,270.8 million, representing an approximately 58.5% increase compared to the same period in 2023.

The revenue growth in 2024 was mainly due to route expansion, especially in the Middle East, Red Sea, and Transpacific routes, which are high freight rate markets. In addition, the increase in shipping volume was also due to the addition of new routes to Indonesia and the deployment of 7,000 TEU vessels on routes to India and Australia, further enhancing capacity and market competitiveness.

Moreover, the Group's total shipping volume in the intra-Asia shipping market maintained steady growth in 2024 with a minor increase. As of December 31, 2024, the total shipping volume in this market reached 1,189,429 TEU, representing an approximately 1.2% increase from 1,175,781 TEU in the same period in 2023, indicating relatively stable market demand. During the same period, revenue from the intra-Asia shipping market reached approximately US$634.1 million, representing an approximately 13.7% increase from approximately US$557.8 million in 2023, mainly due to adjustments in freight rate structure and optimization of market strategies. Despite ongoing fierce market competition, the Group ensured stable business development through flexible operational strategies and precise market positioning, further consolidating the Asia-Pacific region as its core development area.

MANAGEMENT DISCUSSION AND ANALYSIS

Meanwhile, by actively expanding long-haul and semi long-haul routes, the Group's performance in the third quarter of 2024 significantly improved. In 2024, the total shipping volume in the Asia-Oceania market reached 129,923 TEU, representing an approximately 25.5% increase from the same period in 2023. The revenue from this market in 2024 reached approximately US$195.3 million, representing an approximately 96.5% increase from approximately US$99.4 million in 2023. In addition, the total shipping volume in the Asia – Indian Subcontinent market reached 202,775 TEU in 2024, representing an approximately 31.8% increase from the same period in 2023. The revenue reached approximately US$240.1 million, representing a significant increase of approximately 107.9% from approximately US$115.5 million in the same period in 2023.

For the new routes added to the Transpacific, East Africa, and Middle East markets in 2024, the shipping volumes were 32,944 TEU, 68,880 TEU and 26,812 TEU respectively, accounting for approximately 7.8% of the total shipping volume during the same period. The revenues from these three markets were approximately US$70.7 million, US$41.8 million, and US$87.8 million, respectively, totaling approximately 15.8% of the total shipping revenue during the same period. These strategic expansions not only optimized the allocation of shipping capacity but also effectively increased market share and overall profitability.

Business Development and Investment

As of December 31, 2024, the Group had committed a total capital expenditure of approximately US$599.1 million, mainly for the purchase of seven new vessels, including two 4,300 TEU, two 7,000 TEU, and three 14,000 TEU vessels. Among them, one 7,000 TEU vessel is expected to be delivered in 2026, while the remaining six vessels (ranging from 4,300 TEU to 14,000 TEU) will be delivered sequentially in 2027. This investment will further enhance the Group's overall shipping capacity, optimize operational efficiency and ensure compliance with the latest environmental and regulatory standards which is in line with the Group's sustainable development strategy.

Summary and Outlook

In 2024, the Group maintained steady development in the rapidly changing market environment, further enhancing operational efficiency and market competitiveness through flexible response strategies and digital transformation.

Looking ahead to 2025, the Group will continue to optimize route layout, deepen supply chain integration, and flexibly adjust operational strategies to adapt to market changes. At the same time, the Group will drive long-term sustainable growth and maintain its competitive advantage in both regional and global markets.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

REVENUE

The Group's revenue increased by approximately 53.3% from approximately US$874.6 million for the year ended December 31, 2023 to approximately US$1,340.4 million for the year ended December 31, 2024. This increase primarily reflected the increase in revenue from container shipping services by approximately 58.5% from approximately US$801.7 million for the year ended December 31, 2023 to approximately US$1,270.8 million for the year ended December 31, 2024, which was primarily due to (i) an approximately 40.6% increase in overall average freight rates from approximately US$547 per TEU in 2023 to approximately US$769 per TEU in 2024, which was generally in line with the market rates' movement; (ii) the Group's launch of new long-haul services in the East Asia – Middle East market and resumption of long-haul services in the Transpacific market, with freight rates for these services being higher than those for short-haul services; and (iii) an approximately 12.7% increase in the shipping volume from 1,466,431 TEU in 2023 to 1,652,222 TEU in 2024, which was partially attributed to the Group's increased shipping capacity.

COST OF SALES

The Group's cost of sales primarily consisted of container handling fees, bunkers costs, depreciation expenses, container rental and yard expenses, charter hire fees, port charges and vessel running costs. The Group's cost of sales increased by approximately 12.9% from approximately US$908.4 million for the year ended December 31, 2023 to approximately US$1,025.4 million for the year ended December 31, 2024, which was primarily due to the increase in shipping volume by approximately 12.7%. The cost of sales per TEU remained consistent in 2023 and 2024 at approximately US$620 per TEU.

GROSS PROFIT AND GROSS PROFIT MARGIN

As a result of the foregoing, the Group made a gross profit of approximately US$315.0 million for the year ended December 31, 2024 as compared to the approximately US$33.8 million gross loss incurred in 2023, and the Group's gross profit margin was approximately 23.5% for the year ended December 31, 2024 as compared to the negative gross profit margin of approximately 3.9% in 2023, which was mainly attributable to the increase in the average freight rates at a pace faster than the increase in the cost of sales.

MANAGEMENT DISCUSSION AND ANALYSIS

OTHER REVENUE

The Group's other revenue increased by approximately 478.1% from approximately US$12.3 million for the year ended December 31, 2023 to approximately US$71.0 million for the year ended December 31, 2024, primarily due to the increase in charter hire revenue of vessels from approximately US$9.3 million in 2023 to approximately US$67.8 million in 2024, which mainly reflected the increased number of vessels the Group chartered out with higher charter rates.

OTHER NET INCOME

The Group's other net income decreased from approximately US$34.2 million for the year ended December 31, 2023 to approximately US$0.4 million for the year ended December 31, 2024, primarily due to the decrease in gain on disposals of property, plant and equipment from approximately US$35.3 million for the year ended December 31, 2023 to approximately US$0.3 million for the year ended December 31, 2024, which was primarily due to the significant profit generated from the disposal of vessels in 2023 which did not recur in 2024.

ADMINISTRATIVE AND OTHER OPERATING EXPENSES

The Group's administrative and other operating expenses decreased by approximately 6.2% from approximately US$44.2 million for the year ended December 31, 2023 to approximately US$41.5 million for the year ended December 31, 2024, primarily due to the decrease in net listing expenses.

NET FINANCE COSTS

The Group's net finance costs decreased by approximately 57.2% from approximately US$44.4 million for the year ended December 31, 2023 to approximately US$19.0 million for the year ended December 31, 2024, primarily due to the decrease in bank interest income from approximately US$48.4 million for the year ended December 31, 2023 to approximately US$21.7 million for the year ended December 31, 2024, which was mainly due to a decrease in the Group's bank deposits as a result of the purchase payment made for newbuilds.

SHARE OF PROFITS LESS LOSSES OF ASSOCIATES AND A JOINT VENTURE

The Group's share of profits less losses of associates and a joint venture increased from approximately US$1.0 million for the year ended December 31, 2023 to approximately US$2.0 million for the year ended December 31, 2024, primarily due to the increased contribution from TS India (an associate of the Company) due to the increase in its freight rate and shipping volume in the Asia – Indian Subcontinent market.

MANAGEMENT DISCUSSION AND ANALYSIS

INCOME TAX CREDIT

The Group's income tax credit decreased from approximately US$6.5 million for the year ended December 31, 2023 to approximately US$0.3 million for the year ended December 31, 2024, primarily due to origination of temporary differences, which changed from approximately US$7.4 million for the year ended December 31, 2023 to approximately US$0.2 million for the same period in 2024. The deferred tax credit in 2023 mainly reflected the reversal of the aforementioned origination of temporary differences of approximately US$7.4 million due to the disposal of the vessels associated with such temporary differences by the respective Hong Kong entities, which did not recur in 2024.

PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

As a result of the aforementioned factors, the profit attributable to equity shareholders of the Company increased significantly by approximately 1,666.9% from approximately US$20.7 million for the year ended December 31, 2023 to approximately US$365.9 million for the year ended December 31, 2024.

OTHER PERFORMANCE INDICATORS

The following table sets forth other performance indicators of the Group for the years indicated:

	2024	2023
Return on equity[(1)] *(%)*	**19.5**	1.1
Return on total assets[(2)] *(%)*	**16.3**	0.8
Current ratio[(3)] *(Times)*	**2.5**	3.2
Quick ratio[(4)] *(Times)*	**2.4**	3.1

Notes:

(1) Return on equity is calculated based on profit attributable to equity shareholders of the Company for the year divided by the arithmetic mean of the opening and closing balances of total equity attributable to equity shareholders of the Company and multiplied by 100%.

(2) Return on total assets is calculated based on profit attributable to equity shareholders of the Company for the year 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 as at the end of the respective year.

(4) Quick ratio is calculated based on total current assets less inventories (bunkers) divided by total current liabilities as at the end of the respective year.

MANAGEMENT DISCUSSION AND ANALYSIS

RETURN ON EQUITY

The Group's return on equity increased from approximately 1.1% in 2023 to approximately 19.5% in 2024, primarily reflecting the significant increase in the profit attributable to equity shareholders of the Company.

RETURN ON TOTAL ASSETS

The Group's return on total assets increased from approximately 0.8% in 2023 to approximately 16.3% in 2024, primarily because the increase in profit attributable to equity shareholders of the Company outpaced the increase in total assets.

CURRENT RATIO AND QUICK RATIO

The Group's current ratio decreased from 3.2 times as of December 31, 2023 to 2.5 times as of December 31, 2024 and the Group's quick ratio decreased from 3.1 times as of December 31, 2023 to 2.4 times as of December 31, 2024. Such decreases were mainly due to the decrease in cash and cash equivalents as a result of the payment of interim dividends and purchases of vessels and containers, partially offset by the increase in net cash generated from operating activities.

LIQUIDITY AND FINANCIAL RESOURCES

The Group adopts a prudent financial management approach for its treasury policy to ensure that the Group's liquidity structure comprising assets, liabilities and other commitments is able to always meet its capital requirements.

The Group's financial position remains solid and the Group has sufficient financial resources to meet its commitments and working capital requirements. As at December 31, 2024, the Group had net current assets of approximately US$353.1 million (2023: US$561.4 million) of which cash and cash equivalents were approximately US$422.1 million (2023: US$716.3 million) and were denominated in US$, RMB, JPY and HKD as at December 31, 2024.

USE OF NET PROCEEDS FROM GLOBAL OFFERING

The Company was successfully listed on the Main Board of the Stock Exchange on November 1, 2024. The net proceeds from the Global Offering (being the issue of 250,940,000 new Shares and including the partial exercise of the over-allotment option in respect of 14,091,000 new Shares at HK$4.18 per Share) which the Company received, after deducting the underwriting commissions and expenses in relation to the Listing payable by the Company, was approximately US$127.7 million.

As at December 31, 2024, the approximately US$114.9 million net proceeds from the Global Offering which was not utilised were deposited into interest bearing bank accounts with licensed commercial banks and will be applied according to the section headed "Future Plans and Use of Proceeds" of the Prospectus.

MANAGEMENT DISCUSSION AND ANALYSIS

Purposes	Net proceeds from the Global Offering US$'000	Approximate % of net proceeds from the Global Offering	Amounts utilized as at December 31, 2024 US$'000	Amounts unutilized as at December 31, 2024 US$'000	Expected timetable for utilizing the unutilized net proceeds
Purchase of two new 7,000 TEU vessels ordered in April 2024	63.8	50%	–	63.8	Before end of December 2026 and 2027
Vessel chartering	31.9	25%	–	31.9	Before end of December 2025
Container leasing	19.2	15%	–	19.2	Before end of December 2025
Working capital and general corporate purposes	12.8	10%	12.8	–	
	127.7	100%	12.8	114.9	

The Company will use the remaining proceeds for the purposes disclosed in the Prospectus. The expected timetable for utilizing the remaining proceeds is based on the best estimates of the future market conditions made by the Group. It may be subject to change based on the current and future development of market conditions.

BORROWINGS AND GEARING RATIO

The gearing ratio as at December 31, 2024 was nil (2023: nil), which is calculated by dividing the total bank borrowings by the total equity. The Group did not incur any bank borrowings in 2023 and 2024.

PLEDGE OF ASSETS

The Group had no pledged assets as at December 31, 2023 and 2024. The Group did not have any banking facilities as at December 31, 2023 and 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL EXPENDITURES AND INVESTMENT

For the year ended December 31, 2024, the Group's total capital expenditures amounted to approximately US$543.4 million, which was mainly related to the purchase of vessels and was financed by internal resources. Save as disclosed above, the Group did not make any significant investments during the year ended December 31, 2024.

CAPITAL COMMITMENT

As at December 31, 2024, the capital commitment for acquisition of property, plant and equipment amounted to approximately US$599.1 million (December 31, 2023: US$361.5 million).

CONTINGENT LIABILITIES

As at December 31, 2024, the Group did not have any significant contingent liabilities.

SIGNIFICANT INVESTMENTS HELD AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

There were no significant investments held during the year ended December 31, 2024.

Save as disclosed in the Prospectus, there was no plan authorised by the Board for other material investments or additions of capital assets of the Group as at the date of this annual report.

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES, AND JOINT VENTURES

Save as disclosed in the Prospectus and during the year ended December 31, 2024, the Group did not have any material acquisitions nor disposals of subsidiaries, associates and joint ventures.

FINANCIAL INSTRUMENT

During the year ended December 31, 2024, no financial instruments were used for hedging purposes, nor were there any foreign currency net investments hedged by current borrowings and/or other hedging instruments.

INTEREST RATE RISK AND FOREIGN EXCHANGE RISK

Please refer to note 20 to the consolidated financial statements for the interest rate and currency risks that affected the Group's during the year ended December 31, 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

EMPLOYEES AND REMUNERATION POLICY

The Group is committed to providing a fair, diverse and inclusive workplace for all employees by strictly abiding by laws and regulations in regions the Group operates in relation to compensation and dismissal, equal opportunities, diversity, anti-discrimination, and other benefits. In compliance with relevant legal requirements, the recruitment, remuneration and welfare, promotion and dismissal of the Group's employees are dependent on their competence at work. The Group respects the rights and interests of every employee and strive to ensure a discrimination-free 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. Also, training is provided to employees of the Group depending on their departments and the scope of their responsibilities.

As at December 31, 2024, the Group had 908 employees (2023: 914 employees). The total remuneration cost incurred by the Group for the year ended December 31, 2024 was approximately US$70.1 million (2023: US$66.5 million). The Group's remuneration packages were generally structured with reference to market terms and individual merits.

The Group participates in a defined contribution retirement benefits scheme in accordance with the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for all employees in Hong Kong. The Group also provides welfare schemes for its employees in mainland China and Taiwan, as required by applicable laws and regulations in mainland China and Taiwan.

DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Chen Teh-Sheng (陳德勝), aged 73, founded the Group in March 2001. Mr. Chen was appointed as a Director on March 2, 2001 and was re-designated as an executive Director, chief executive officer and Chairman of the Board on April 25, 2023. He is responsible for formulating the overall business directions, strategic development and management of the Group and overseeing the Board. He currently holds directorships in various subsidiaries of the 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 43 years of experience in the shipping industry. Prior to founding the 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.

Mr. Chen Shao-Hsiang (James) (陳劭翔), aged 41, joined the Group as a Director and vice president on September 27, 2022 and was redesignated as an executive Director on April 25, 2023 and appointed as the Vice Chairman on March 28, 2025. Mr. James Chen is responsible for overseeing the Group's planning, marketing and marine department and formulating the Group's medium to long term strategies and investments. He currently holds directorships in various subsidiaries of the Group. Mr. James Chen is the son of Mr. Chen, the founder and chief executive officer, a Controlling Shareholder, an executive Director and Chairman of the 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 the 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 the 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.

DIRECTORS AND SENIOR MANAGEMENT

Mrs. Chen Chuang Chuang-Li (莊壯麗), aged 70, joined the Group in March 2001. Mrs. Chen was appointed as a Director on November 3, 2006 and was redesignated as an executive Director on April 25, 2023. She is responsible for overseeing the strategic development and financial affairs of the Group. Mrs. Chen is the wife of Mr. Chen, the founder, chief executive officer and Chairman of the 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 24 years of experience in the shipping industry. Prior to joining the 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 the Group and was appointed as a Director on 13 May 2015 and was redesignated as an executive Director on April 25, 2023. Mr. To has served in various positions in the Group with his latest position as an executive Director and president of the Company. He is responsible for overseeing the operations and day-to-day management of the Group.

Mr. To has over 28 years of experience in the shipping industry. Prior to joining the 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 the Group in April 2001 as the general manager and was appointed as a Director on 6 October 2008 and was redesignated as an executive Director on April 25, 2023. He is responsible for overseeing the operations and day-to-day management of the Company in Hong Kong.

Mr. Chow has over 29 years of experience in the shipping industry. Prior to joining the 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 was 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 was 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.

DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Wu Youn-Ger (吳榮貴), aged 74, was appointed as an independent non-executive Director on October 15, 2024. He is responsible for supervising and providing independent advice to the Board.

Mr. Wu has over 46 years of experience in the education and shipping industry. Prior to joining the 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 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.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Chang Shan-Hui (張山輝), aged 72, was appointed as an independent non-executive Director on October 15, 2024. He is responsible for supervising and providing independent advice to the Board.

Mr. Chang has over 36 years of experience in accounting. Prior to joining the 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. 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. (台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.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Yang Li-Yen (楊豊彥), aged 72, was appointed as the independent non-executive Director on October 15, 2024. He is responsible for supervising and providing independent advice to the Board.

Mr. Yang has over 45 years of experience in the banking and finance industry. Prior to joining the Group, from April 1979 to July 2012, he served in various positions at Bank of Taiwan (台灣銀行), 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 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.

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

Mr. Huang Jen-Chieh (黃仁傑), aged 53, joined the Company as a senior vice president in September 2022. He is primarily responsible for overseeing and managing the landside operations, ship building, vessel and crew management of the Group. Mr. Huang has over 28 years of experience in the shipping industry. Prior to joining the 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. (台源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.

Mr. Huang obtained a bachelor's degree in transportation engineering and management from National Yang Ming Chiao Tung University in Taiwan in June 1994.

DIRECTORS AND SENIOR MANAGEMENT

COMPANY SECRETARY

Mr. Chan Chung Kik, Lewis (陳仲戟), aged 52, joined the Group in May 2022 as the chief financial officer and was appointed as the company secretary on September 27, 2022. Mr. Chan has over 28 years of experience in auditing, accounting and corporate finance. 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.

REPORT OF THE DIRECTORS

The Directors are pleased to present this report to the Shareholders together with the audited consolidated financial statements of the Group for the year ended December 31, 2024.

PRINCIPAL ACTIVITIES

The principal activities of the Company are provision of container shipping services and investment holding and the activities of its subsidiaries are set out in note 12 to the consolidated financial statements. There was no significant change in the nature of Group's activities during the year ended December 31, 2024.

FINANCIAL STATEMENTS

The financial performance of the Group for the year ended December 31, 2024 and the financial position of the Group as of December 31, 2024 are set out in the consolidated financial statements on pages 63 to 69 of this annual report.

GROUP FINANCIAL SUMMARY

A summary of the Group's results and assets and liabilities for the past five financial years is set out in the section headed "Five Years Financial Summary" of this annual report.

BUSINESS REVIEW

A review of the business of the Group for the year ended December 31, 2024 and the future development of the Group's business is set out in the section headed "Chairman's Statement" on pages 3 to 4 of this annual report. Financial and business performance analysis is disclosed in the section headed "Management Discussion and Analysis" on pages 5 to 14. The principal risks and uncertainties affecting the Group's results and business can be found in note 20 to the consolidated financial statements. The Board recognises the importance of environmental protection and has adopted stringent measures for environmental protection in order to ensure the Group's compliance to the prevailing environmental protection laws and regulations. Additional details regarding the Company's performance on environmental and social-related key performance indicators and policies are provided in the "Environmental Policies and Performance" of this Report of Directors on page 37.

Compliance with relevant laws and regulations which have a significant impact on the Company are provided in the "Compliance with laws and regulations" of this Report of Directors; and an account of the Company's relationships with its employees, customers, suppliers, Shareholders, etc. are disclosed, in "Relationship with Stakeholders" of this Report of Directors on page 38.

REPORT OF THE DIRECTORS

DIRECTORS

The Directors of the Company during the year ended December 31, 2024 and up to the date of this annual report are:

Executive Directors

Mr. Chen Teh-Sheng *(Chairman and Chief Executive Officer)*
Mr. Chen Shao-Hsiang (James) *(Vice Chairman as appointed on March 28, 2025)*
Mrs. Chen Chuang Chuang-Li
Mr. To Hung-Lin
Mr. Chow Hong Man

Independent Non-Executive Directors

Mr. Wu Youn-Ger (appointed on October 15, 2024)
Mr. Chang Shan-Hui (appointed on October 15, 2024)
Mr. Yang Li-Yen (appointed on October 15, 2024)

In accordance with Article 122 of the Articles of Association, at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years.

Accordingly, Mr. Chen Teh-Sheng, Mrs. Chen Chuang Chuang-Li and Mr. Chow Hong Man shall retire from their office by rotation at the forthcoming AGM. Mr. Chen Teh-Sheng, Mrs. Chen Chuang Chuang-Li and Mr. Chow Hong Man, being eligible, will offer themselves for re-election at the AGM.

A list of directors of the subsidiaries of the Company during the year ended December 31, 2024 and up to the date of this annual report is kept at the Company's registered office and available for inspection by the Shareholders during office hours.

REPORT OF THE DIRECTORS

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Biographies of the Directors and senior management of the Group are set out in the section headed "Directors and Senior Management" in this annual report.

DIRECTORS' SERVICE CONTRACTS

All executive Directors have entered into service contracts with the Company effective from their respective appointment dates, which remain in force until terminated according to the contract terms. Under these contracts, either the executive Director or the Company may terminate the appointment with a written notice of at least three months. Independent non-executive Directors have signed appointment letters with the Company, with terms set for three years. The appointments are subject to the provisions of retirement and rotation of Directors under the Articles of Association.

None of the Directors proposed for re-election at the AGM has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

CONTINUING CONNECTED TRANSACTIONS

During the year ended December 31, 2024, the Group had conducted the following transactions which constituted continuing connected transactions (as defined in the Listing Rules), which are subject to the reporting and annual review requirements pursuant to Rule 14A of the Listing Rules:

1. Vessel Chartering Services from Cross Strait Holding to the Group

On October 22, 2024, the 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 the Group for a term commencing from the November 1, 2024 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.

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 Holding and TEH Shipping are associates of the aforesaid Controlling Shareholders and thus connected persons of the Company for the purpose of the Listing Rules. Accordingly, the transactions under the Master Vessel Charter Agreement constitute continuing connected transactions of the Company.

REPORT OF THE DIRECTORS

The transactions under the Master Vessel Charter Agreement are 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.

The following table is a summary of the transaction amount and the annual cap for the year ended December 31, 2024 for the transactions contemplated under the Master Vessel Charter Agreement:

	Transaction amount for the year ended December 31, 2024 (US$'000)	Annual cap for the year ended December 31, 2024 (US$'000)
Vessel Chartering Services from Cross Strait Holding to the Group	**14,640**	**16,000**

2. TSTW Slot Charters from the Group to TEH Shipping

On October 22, 2024, the 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 the Company (or its subsidiaries) to TEH Shipping for a term commencing from November 1, 2024 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.

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 the Company for the purpose of the Listing Rules. Accordingly, the transactions under the Master TSTW Slot Charter Agreement constitute continuing connected transactions of the Company.

The transactions under the Master TSTW Slot Charter Charter Agreement are 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.

REPORT OF THE DIRECTORS

The following table is a summary of the transaction amount and the annual cap for the year ended December 31, 2024 for the transactions contemplated under the Master TSTW Slot Charter Agreement.

	Transaction amount for the year ended December 31, 2024 (US$'000)	Annual cap for the year ended December 31, 2024 (US$'000)
TSTW Slot Charters from the Group to TEH Shipping	**3,157**	**4,000**

3. TSHK Slot Charters from TEH Shipping to the Group

On October 22, 2024, the 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 the Company (or its subsidiaries) (the "**TSHK Slot Charters**") for a term commencing from November 1, 2024 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.

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 the Company for the purpose of the Listing Rules. Accordingly, the transactions under the Master TSHK Slot Charter Agreement constitute continuing connected transactions of the Company.

The transactions under the Master TSHK Slot Charter Agreement are 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.

The following table is a summary of the transaction amount and the annual cap for the year ended December 31, 2024 for the transactions contemplated under the Master TSHK Slot Charter Agreement:

	Transaction amount for the year ended December 31, 2024 (US$'000)	Annual cap for the year ended December 31, 2024 (US$'000)
TSHK Slot Charters from TEH Shipping to the Group	**2,806**	**3,000**

REPORT OF THE DIRECTORS

4. Sales and Marketing Services from the Group to TEH Shipping

On October 22, 2024, the 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 the Group 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 November 1, 2024 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.

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 the Company for the purpose of the Listing Rules. Accordingly, the transactions under the Sales and Marketing Services Agreement constitute continuing connected transactions of the Company.

The transactions under the Sales and Marketing Services Agreement are 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.

The following table is a summary of the transaction amount and the annual cap for the year ended December 31, 2024 for the transactions contemplated under the Sales and Marketing Services Agreement:

	Transaction amount for the year ended December 31, 2024 (US$'000)	Annual cap for the year ended December 31, 2024 (US$'000)
Sales and Marketing Services from the Group to TEH Shipping	**641**	**830**

REPORT OF THE DIRECTORS

5. Taiwan Agency Services from TSSA to the Group

On October 22, 2024, the 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 the 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 November 1, 2024 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.

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 the Controlling Shareholders. As such, TSSA and its subsidiaries are associates of the aforesaid Controlling Shareholders and thus connected persons of the Company for the purpose of the Listing Rules. Accordingly, the transactions under the Taiwan Agency Service Framework Agreement constitute continuing connected transaction of the Company.

The transactions under the Taiwan Agency Service Framework Agreement are 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.

The following table is a summary of the transaction amount and the annual cap for the year ended December 31, 2024 for the transactions contemplated under the Taiwan Agency Service Framework Agreement:

	Transaction amount for the year ended December 31, 2024 (US$'000)	Annual cap for the year ended December 31, 2024 (US$'000)
Taiwan Agency Services from TSSA to the Group	**2,597**	**4,000**

REPORT OF THE DIRECTORS

6. Container lease from the Group to TEH Shipping

On October 22, 2024, the 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 the Group to TEH Shipping (including sharing of a shipping management software system with TEH Shipping) for a term commencing from November 1, 2024 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.

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 the Company for the purpose of the Listing Rules. Accordingly, the transactions under the Master Container Lease Agreement constitute continuing connected transactions of the Company.

The transactions under the Master Container Lease Agreement are 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.

The following table is a summary of the transaction amount and the annual cap for the year ended December 31, 2024 for the transactions contemplated under the Master Container Lease Agreement:

	Transaction amount for the year ended December 31, 2024 (US$'000)	Annual cap for the year ended December 31, 2024 (US$'000)
Container lease from the Group to TEH Shipping	**2,945**	**4,000**

REPORT OF THE DIRECTORS

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 the Group

On October 22, 2024, the 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 the Group in Sri Lanka, Pakistan, India, the United Arab Emirates, 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 November 1, 2024 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.

Each of Diamond Shipping and Sharaf Tanzania Agency is a 30%-controlled company (as defined in the Listing Rules) of Mr. Sharafuddin, one of the 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 the Controlling Shareholders. Sharaf Pakistan Agency is indirectly wholly-owned by Mr. Sharafuddin, one of the Controlling Shareholders. TS Pakistan, on the basis of being a direct non-wholly owned subsidiary of the Company owned as to 51% by the Company and indirectly owned as to 49% by Mr. Sharafuddin, one of the Controlling Shareholders, is a connected subsidiary and thus a connected person of the Company. TS India is indirectly owned as to 60% by Mr. Sharafuddin, one of the Controlling Shareholders. TS UAE is a joint venture of the 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 the Controlling Shareholders. Sharaf Oman Agency is indirectly owned as to 70% by Mr. Sharafuddin, one of the 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 the Company for the purpose of the Listing Rules. Accordingly, the transactions under the Master Sharafuddin Agency Service Framework Agreement constitute continuing connected transactions for the Company.

The transactions under the Master Sharafuddin Agency Service Framework Agreement are 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.

REPORT OF THE DIRECTORS

The following table is a summary of the transaction amount and the annual cap for the year ended December 31, 2024 for the transactions contemplated under the Master Sharafuddin Agency Service Framework Agreement:

	Transaction amount for the year ended December 31, 2024 (US$'000)	Annual cap for the year ended December 31, 2024 (US$'000)
Sharafuddin Agency Service to the Group	6,590	8,100

The independent non-executive Directors have reviewed and confirmed that the continuing connected transactions disclosed above undertaken by the Group were entered into (i) in the ordinary and usual course of business of the Group; (ii) either on normal commercial terms or better; and (iii) in accordance with the relevant agreements governing the transactions on terms that are fair and reasonable and in the interests of the Shareholders of the Company as a whole.

KPMG, the Company's auditors, were engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and with reference to Practice Note 740 (Revised) *Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules* issued by the Hong Kong Institute of Certified Public Accountants. KPMG have issued their unmodified letter containing their findings and conclusions in respect of the continuing connected transactions by the Group in accordance with the Listing Rules and confirming the matters as stated in Rule 14A.56 of the Listing Rules.

The Company confirmed that during the year ended December 31, 2024, it has followed the pricing terms and policies for each of the continuing connected transactions set out in this section and in the Prospectus.

The related party transactions set out in note 21 to the consolidated financial statements also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules, and such transactions are wholly-exempt from the requirements under Chapter 14A of the Listing Rules.

The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules in respect of the connected transactions or continuing connected transactions.

REPORT OF THE DIRECTORS

SHARE CAPITAL

Details of the movements in the share capital of the Company during the year ended December 31, 2024 are set out in note 19 to the consolidated financial statements.

RESERVES

Details of the movements in reserves of the Group and the Company during the year ended December 31, 2024 are set out in the consolidated statement of changes in equity and note 19 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

As at December 31, 2024, the Company had distributable reserves of approximately US$820.7 million in total available for distribution.

DIVIDEND POLICY

The Company is committed to proposing an annual dividend of no less than US$70.0 million at the relevant Shareholders' meetings for each of the years 2024 and 2025. The Board resolved to propose to the Shareholders at the AGM on May 29, 2025 for the distribution of a final dividend of US$0.110 (equivalent to HK$0.858 at the exchange rate of US$1: HK$7.8) per Share for the year ended December 31, 2024, representing a dividend payout of approximately 50.0%. The Company has established a target annual dividend payout ranging from 30% to 50% of the consolidated net profit attributable to the equity shareholders of the Company. The Board has adopted a dividend policy. The declaration and distribution of dividends shall be determined at the sole discretion of the Board taking into account, among others, the financial results, cashflow situation, future operations and earnings, capital requirements and expenditure plans and any other factors that the Board may consider relevant. The Company may declare and pay dividends by way of cash or scrip or by other means that the Board considers appropriate. The declaration and distribution of dividends shall also be subject to the Articles of Association and all applicable laws and regulations. The Board will review the policy from time to time and make relevant amendments as necessary.

TREASURY POLICY

The Directors will continue to follow a prudent policy in managing the Group's cash and maintaining a strong and healthy liquidity to ensure that the Group is well placed to take advantage of future growth opportunities.

FINANCIAL SUMMARY

A summary of the consolidated results and the assets and liabilities of the Group for the last five financial years is set out on page 130 of this annual report.

DONATIONS

The Company had made a donation of approximately US$0.6 million to various charity projects or organisations for the year ended December 31, 2024.

REPORT OF THE DIRECTORS

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year ended December 31, 2024 are set out in note 10 to the consolidated financial statements.

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this report, the Company has maintained the prescribed public float under the Listing Rules, based on the information that is publicly available to the Company and within the knowledge of the Directors.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association or the laws of Hong Kong, which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at December 31, 2024, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations, within the meaning of Part XV of the SFO, which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, including interests and short positions which the Directors and chief executive of the Company were taken or deemed to have under such provisions of the SFO, or which are recorded in the register required to be kept pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Name of Director	Capacity/Nature of interest	Total Number of Ordinary Shares[1]	Approximate Percentage of Shareholding (%)
Mr. Chen	Interest in a controlled corporation[2][3]	618,902,420 (L)	37.17
Mr. James Chen	Interest in a controlled corporation[2][3]	618,902,420 (L)	37.17
Mrs. Chen	Interest in a controlled corporation[2][3]	618,902,420 (L)	37.17
Mr. To Hung-Lin	Beneficial owner	300,000 (L)	0.018
	Interest of spouse	60,000 (L)	0.004

Notes:

(1) The letter "L" denotes the person's long position in the Shares.

(2) Maritime Legacy Limited ("**Maritime Legacy**") is owned as to 28.57% by Search & Search Company Limited ("**Search & Search**"), 26.19% by TS Chen Holding Limited ("**TS Chen Holding**"), 22.62% by JC Righteous Holding Limited ("**JC Righteous**") and 22.62% by Avermay Holding Limited ("**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 the 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 Limited ("**TS Investment**"), Prevalence Holding Limited ("**Prevalence**"), Providence Holding Limited ("**Providence**") and AM Holding Limited ("**AM Holding**").

Save as disclosed above, as at December 31, 2024, none of the Directors or chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations.

REPORT OF THE DIRECTORS

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at December 31, 2024, the following are the persons (other than the Directors or chief executive of the Company) who had interests or short positions in the shares and underlying shares of the Company as recorded in the register of interests required to be kept by the Company pursuant to Section 336 of Part XV of the SFO:

Name of Shareholder	Capacity/Nature of interest	Total Number of Ordinary Shares	Approximate Percentage of Shareholding (%)
Prevalence	Beneficial owner	176,829,400 (L)	10.62
TS Investment	Beneficial owner	162,073,020 (L)	9.73
Providence	Beneficial owner	140,000,000 (L)	8.41
AM Holding	Beneficial owner	140,000,000 (L)	8.41
Maritime Legacy	Interest in a controlled corporation	618,902,420 (L)	37.17
TS Chen Holding	Interest in a controlled corporation	618,902,420 (L)	37.17
Search & Search	Interest in a controlled corporation	618,902,420 (L)	37.17
JC Righteous	Interest in a controlled corporation	618,902,420 (L)	37.17
Ms. Chen Wei	Interest of spouse	618,902,420 (L)	37.17
Avermay	Interest in a controlled corporation	618,902,420 (L)	37.17
Ms. Christy Chen	Interest in a controlled corporation	618,902,420 (L)	37.17
Mr. Liu Ting-Jui	Interest of spouse	618,902,420 (L)	37.17
Vision Investments Limited, ("**Vision Investments**")	Beneficial owner	618,902,420 (L)	37.17
The Nova Foundation	Interest in a controlled corporation	618,902,420 (L)	37.17
Mr. Sharafuddin	Interest in a controlled corporation	618,902,420 (L)	37.17
Mrs. Zubaida M Taherwali	Interest of spouse	618,902,420 (L)	37.17
Kentship Holding Limited, ("**Kentship**")	Beneficial owner	97,720,000 (L)	5.87
Mr. Wu Shang-Ying ("**Mr. Wu**")	Beneficial owner	30,328,820 (L)	1.82
	Interest in a controlled corporation	97,720,000 (L)	5.87
Mrs. Wu Huang Yueh-Chiung	Interest of spouse	128,048,820 (L)	7.69

REPORT OF THE DIRECTORS

Notes:

(1) The letter "L" denotes the person's long position in the 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 the 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 The Nova Foundation, and pursuant to the rules of The Nova Foundation, Vision Investments is beneficially held by The 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.

Save as disclosed above, as of December 31, 2024, the Directors were not aware of any persons who had an interest or short position in the Shares, underlying Shares and debentures of the Company which would need to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

As at December 31, 2024, save as disclosed below, none of the Directors was a director or employee of a company which had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Director	Name of company which had such discloseable interest or short position in the Shares	Position within such company
Mr. Chen	TS Investment	Director
	Maritime Legacy	Director
	TS Chen Holding	Director
	Search & Search	Director
Mr. James Chen	JC Righteous	Director
	Providence	Director
Mrs. Chen	Prevalence	Director
	Search & Search	Director

REPORT OF THE DIRECTORS

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENT OR CONTRACTS

Save as disclosed in note 21 to the consolidated financial statements and the section headed "Continuing connected transactions" in this report, no Director or any entity connected with any Director had a material interest, either directly or indirectly, in any transactions, arrangement or contract of significance to the business of the Group to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party during the year ended December 31, 2024.

CONTRACTS OF SIGNIFICANCE WITH CONTROLLING SHAREHOLDERS

Save as disclosed in this annual report, there was no transactions, arrangements and contract of significance to the business of the Group between the Company, or any of its subsidiaries, and a Controlling Shareholder or any of its subsidiaries during the year ended December 31, 2024. During the year ended December 31, 2024, no transactions, arrangements and contract of significance for the provision of services to the Group by a Controlling Shareholder or any of its subsidiaries was made.

DIRECTORS' REMUNERATION

The Directors' fees are subject to Shareholders' approval at general meetings. Other emoluments are determined by the Board with reference to Directors' duties, responsibilities and performance and the results of the Group. Details of the Directors' remuneration during the year ended December 31, 2024 are set out in note 7 to the consolidated financial statements.

RETIREMENT SCHEMES

Details of the retirement benefits plans of the Group are set out in note 1(p)(i) to the consolidated financial statements.

SHARE SCHEMES

As at the year ended December 31, 2024, the Company and its subsidiaries had no share schemes.

MATERIAL CONTRACTS

Save as disclosed in the Prospectus and this annual report, at no time during the year ended December 31, 2024 had the Company or any of its subsidiaries entered into any material contracts or contract of significance with the Controlling Shareholders or any of their respective subsidiaries, nor had any material contracts been entered into for the services provided by the Controlling Shareholders or any of their respective subsidiaries to the Company or any of its subsidiaries.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended December 31, 2024.

REPORT OF THE DIRECTORS

DEBENTURES IN ISSUE

The Company did not have any debentures in issue during the year ended December 31, 2024.

EQUITY-LINKED AGREEMENT

The Company did not enter into any equity-linked agreements for the year ended December 31, 2024.

PERMITTED INDEMNITY PROVISION

Under the Articles of Association, every Director or other officers of the Company acting in relation to any of the affairs of the Company shall be entitled to be indemnified against all actions, costs, charges, losses, damages and expenses which he/she may incur or sustain in or about the execution of his/her duties in his/her office. The Company has arranged appropriate insurance cover in respect of legal action against its Directors and officers.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended December 31, 2024, the aggregate amount of purchases attributable to the Group's five largest suppliers represented less than 30% of the Group's total purchases; and the aggregate amount of revenue attributable to the Group's five largest customers represented less than 30% of the Group's total revenue.

None of the Directors or any of their associates or any Shareholders (which to the best knowledge of the Directors owned more than 5% of the Company's issued share capital) had a material interest in the Group's five largest customers and suppliers.

TAX RELIEF AND EXEMPTION

For the year ended December 31, 2024, the Company is not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Shares.

PURCHASE, SALE OR REDEMPTION OF THE SHARES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Shares during the year ended December 31, 2024.

EVENTS AFTER THE REPORTING PERIOD

There have not been any significant events affecting the Group after December 31, 2024.

ENVIRONMENTAL POLICIES AND PERFORMANCE

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

The Group has identified a number of ESG-related (including climate) risks that may have a significant impact on the 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 the assets and operations are identified. The Group has 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.

REPORT OF THE DIRECTORS

COMPLIANCE WITH LAWS AND REGULATIONS

The Company promotes the culture of adhering to the highest ethical standards of business conduct and commits to complying with all prevailing laws and regulations in all its operating regions. Details of laws and regulations that would have material implication on the operation of the Company are set out in the section headed "Regulatory Overview" of the Prospectus. During the year ended December 31, 2024, to the best knowledge of the Directors, there was no material breach or non-compliance with the relevant laws and regulations by the Group that have a significant impact on the Group.

RELATIONSHIP WITH STAKEHOLDERS

The Group recognizes that employees, customers, suppliers and Shareholders are key to the Group's success.

Employees

The Group believes that its employees are valuable assets that contribute to the success of the Group. The Group is committed to providing a fair, diversified and inclusive workplace for all employees by strictly abiding by laws and regulations in regions the Group operates in relation to compensation and dismissal, equal opportunities, diversity, anti-discrimination, and other benefits. In compliance with relevant legal requirements, the recruitment, remuneration and welfare, promotion and dismissal of the employees are dependent on their competence at work. The Group respects 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.

Customers

The customers for the Group's container shipping services primarily include (i) freight forwarders, (ii) BCO customers, and (iii) other container shipping companies. The Group's BCO customers are primarily small and medium-sized businesses, including diversified manufacturers of consumer, primary and mechanical products. While the majority of customers enter into shipping contracts with the Group through freight forwarders, the Group has established long-term relationships with some of its BCO customers. The length of relationship with these major customer ranges from 5 to 22 years. Besides, the Group services large blue-chip customers with tailored needs from time to time. The Group has undertaken large projects with specifically tailored needs for these customers with whom the Group has enjoyed long-term business relationships. The Group's targeted customers generally consist of those with sound reputations in the international shipping market and good credit records.

REPORT OF THE DIRECTORS

The Group may be exposed to credit risks resulting from delays and/or defaults in payments by its customers, which would adversely affect the Group's business, financial condition and results of operations. 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.

The Group has established an extensive in-house sales network covering the Company's strategically important markets in the Asia-Pacific Region, primarily consisting of the Company's local sales teams. As at 31 December 2024, the Group 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 the United Arab Emirates and one in the Philippines. The Group believes a strong local presence can bring it closer to market developments, directly covering a wider base of small and medium-size customers and build better customer relationships.

Suppliers

Along the supply chain, the Company's 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. The Group has established long-term relationships with its major suppliers and the length of relationship with these major suppliers ranges from 6 to 22 years.

Disruptions caused by third-party contractors, partners and agents could materially and adversely affect the Group's operations and reputation. Additionally, a work stoppage at any one of the Group's suppliers, including its land transportation suppliers, could materially and adversely affect the Company's operations if an alternative source of supply was not readily available. There can be no assurance that the products delivered and services rendered by the 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 the Company, either on time or at all. Any delay or failure of the contractors or suppliers to perform their contractual obligations to the Group could have a material adverse effect on the Group's business, financial condition, results of operations and liquidity. The Group considers it is important to maintain good business relationships with the suppliers and where possible, to diversify the supplier base so as to avoid any disruptions in the supply of vessels, containers and bunkers.

Shareholders

One of the Group's key corporate objectives is to maximize shareholder value. The Company is dedicated to promoting business development to ensure sustainable earnings growth and to provide stable dividend payouts to Shareholders, while also considering capital adequacy, liquidity, and the need for business expansion.

REPORT OF THE DIRECTORS

CONFIRMATION OF INDEPENDENCE FROM THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors, a confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all independent non-executive Directors have been independent from the date of their appointment to December 31, 2024 and remain so as at the date of this annual report.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules. Specific enquiries have been made to all the Directors and the Directors have confirmed that they have complied with the Model Code throughout the year ended December 31, 2024 and up to the date of this annual report.

AUDITORS

KPMG, which has audited the consolidated financial statements of the Company for the year ended December 31, 2024, will retire as the auditor of the Company at the AGM, and being eligible, offer itself for re-appointment. A resolution will be proposed at the AGM to re-appoint KPMG as the auditor of the Company. The Company did not change its auditors during the preceding three years.

PROPOSED DISTRIBUTION OF FINAL DIVIDEND

The Board resolved to propose to the Shareholders at the AGM on May 29, 2025 for the distribution of a final dividend of US$0.110 (equivalent to HK$0.858 at the exchange rate of US$1: HK$7.8) per Share for the year ended December 31, 2024 payable to the Shareholders whose names are listed in the register of members of the Company on June 9, 2025, in an aggregate amount of US$183.2 million. It is expected that the final dividend will be paid on July 9, 2025. The proposal for the distribution of the final dividend above is subject to the consideration and approval of the Shareholders at the AGM. The final dividend will be paid in the same currency, either in US dollars or HK dollars. Shareholders should complete a dividend election form and return it to the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, China, not later than 4:30 p.m. on June 27, 2025.

DIRECTORS' INTEREST IN COMPETING BUSINESS

Save as disclosed in the Prospectus, none of the Directors and their respective associates (as defined in the Listing Rules) has any competing interests directly or indirectly with the business of the Group which require to be disclosed as defined in the Listing Rules during the year ended December 31, 2024.

REPORT OF THE DIRECTORS

NON-COMPETITION CONFIRMATION

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 the Company, pursuant to which (i) each member of the Chen Family Group has undertaken to the 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 the 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 the Group for the principal trade lanes the Group operates (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). Details of the Deed of Non-Competition have been set out in the section headed "Relationship with our Controlling Shareholders" in the Prospectus.

The Company has received a confirmation from each member of the Chen Family Group and TEH Shipping in respect of their compliance with the terms of the Deed of Non-Competition for the year ended December 31, 2024. The independent non-executive Directors have reviewed the status of compliance by each member of the Chen Family Group and TEH Shipping with the undertakings and as far as the independent non-executive Directors can ascertain, there is no breach of any of the undertakings in the Deed of Non-Competition for the year ended December 31, 2024.

AGM AND CLOSURE OF THE REGISTER OF MEMBERS

The AGM will be held on May 29, 2025. The notice of AGM and all other relevant documents will be published in April 2025.

For the purpose of determining who is entitled to attend the AGM, the register of members of the Company will be closed from May 26, 2025 to May 29, 2025 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for attending and voting at the AGM, unregistered holders of shares shall lodge share transfer documents, together with relevant share certificates, with the Company's share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration before 4:30 p.m. on May 23, 2025.

REPORT OF THE DIRECTORS

In addition, the Company's register of members will be closed from Wednesday, June 4, 2025 to Monday, June 9, 2025 (both days inclusive) for the purpose of determining the Shareholder's entitlement to the proposed final dividend of the Company. In order to qualify for the proposed final dividend (subject to the approval by Shareholders at the AGM), unregistered holders of shares shall lodge share transfer documents, together with relevant share certificates, with the Company's share registrar, Computershare Hong Kong Investor Services Limited, at the above-mentioned address for registration before 4:30 p.m. on Tuesday, June 3, 2025.

By order of the Board
Mr. Chen Teh-Sheng
Chairman, executive Director and chief executive officer

Hong Kong, March 28, 2025

CORPORATE GOVERNANCE REPORT

The Board is pleased to present this Corporate Governance Report for the Reporting Period.

The Company is committed to achieving high standards of corporate governance to safeguard the interests of Shareholders and to enhance corporate value and accountability.

CORPORATE CULTURE

The Company is committed to achieving high standards of corporate governance to safeguard the interests of Shareholders and to enhance corporate value and accountability. The Company's goal is to establish ourselves as a reliable service provider by emphasizing the Company's vision and fostering a corporate culture centered around service, excellence, shared goals, flexibility, motivation, and advancement. These principles serve not only as guiding lights for the operations but also as the foundation upon which the Group builds lasting relationships with its stakeholders. The Board is dedicated to upholding the highest standards of corporate governance. This commitment is reflected in the adoption of sound governance practices, which aim to promote a culture that values transparency and accountability. The dedication to these values and principles not only enhances the Company's corporate governance but also strengthens the Company's reputation as a trustworthy and responsible organization.

COMPLIANCE WITH THE CORPORATE GOVERNANCE PRACTICES

The Company has adopted the Corporate Governance Code (the "**CG Code**") as set out in Appendix C1 to the Listing Rules as its own code to govern its corporate governance practices. From the Listing Date (being November 1, 2024) to December 31, 2024, the Company had complied with all the applicable code provisions of the CG Code, except as expressly described below.

Pursuant to code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Chen Teh-Sheng is the Chairman and chief executive officer of the Group. The Board believes that Mr. Chen should continue to assume the responsibilities of chief executive officer as this arrangement will improve the efficiency of the decision-making and execution process given his knowledge of the Group's affairs. Further, the Company has put in place an appropriate check-and-balance mechanism through the Board and the independent non-executive Directors. In light of the above, the Board considers that the deviation from code provision C.2.1 of the CG Code is appropriate in the circumstances of the Company. The Board will continue to review and monitor the corporate governance practices of the Company with an aim to maintain a high standard of corporate governance practices.

CORPORATE GOVERNANCE REPORT

THE BOARD

Board Composition

The Directors of the Company during the year ended 31 December 2024 and up to the date of this annual report are:

Executive Directors
Mr. Chen Teh-Sheng *(Chairman and chief executive officer)*
Mr. Chen Shao-Hsiang *(Vice Chairman as appointed on March 28, 2025)*
Mrs. Chen Chuang Chuang-Li
Mr. To Hung-Lin
Mr. Chow Hong Man

Independent Non-executive Directors
Mr. Wu Youn-Ger (appointed on October 15, 2024)
Mr. Chang Shan-Hui (appointed on October 15, 2024)
Mr. Yang Li-Yen (appointed on October 15, 2024)

Biographies of the Directors and senior management of the Group are set out in the section headed "Directors and Senior Management" in this annual report.

There is no financial, business, family or other material relationships among the Controlling Shareholders, members of the Board and senior management of the Company except for family relationships between Mr. Chen Teh-Sheng (Chairman, executive Director and chief executive officer), Mr. Chen Shao-Hsiang (Vice Chairman and executive Director) and Mrs. Chen Chuang Chuang-Li (executive Director).

INDEPENDENT NON-EXECUTIVE DIRECTORS

During the period from the Listing Date to December 31, 2024, the Board has met the requirements of the Listing Rules that the number of independent non-executive Directors must represent at least one-third of the Board members, and that at least one of the independent non-executive Director has appropriate professional qualifications or accounting or related financial management expertise.

The Company has received annual confirmation of independence from the three independent non-executive Directors regarding the independent criteria under Rule 3.13 of the Listing Rules. The Board is of the view that all independent non-executive Directors are independent within the definition of the Listing Rules from the Listing Date to the date of this annual report.

CORPORATE GOVERNANCE REPORT

ROLES AND RESPONSIBILITIES OF THE BOARD

The primary responsibility of the Board is to ensure the Company is managed effectively in the best interests of the Shareholders. Under the leadership of the Chairman, the Board provides guidance and maintains oversight of the management team. The key duties of the Board include: (i) developing long-term strategies for the Group and overseeing their execution; (ii) reviewing and approving the Group's business plans and financial budgets; (iii) approving annual and interim financial results; (iv) assessing and supervising risk management and internal controls; (v) upholding high standards of corporate governance and compliance; and (vi) monitoring management performance.

All Directors must fulfill their duties in good faith, comply with applicable laws and regulations, and prioritize the interests of the Company and its Shareholders at all times. The Board regularly assesses the contributions expected of each Director to ensure they are dedicating adequate time to fulfill their responsibilities. Daily operations and administration of the Company are delegated by the Board to the senior management of the Company.

APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS

The Company adheres to a formal, thoughtful, and transparent process for appointing new Directors. The Nomination Committee has established a nomination policy and is responsible for identifying and recommending suitable candidates for the Board's consideration, whether for additional director roles or to fill casual vacancies. The Committee also makes recommendations to Shareholders regarding any proposed appointments or re-elections of Directors at annual general meetings.

Each of the executive Directors has entered into a service contract with the Company for a term of three years commencing from their respective 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 independent non-executive Director has entered into a letter of appointment with the 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.

The appointments of Directors are subject to the provisions of retirement and rotation under the Articles of Association and the Listing Rules. In accordance with Article 121 of the Articles of Association, any Director appointed by the Board to fill a casual vacancy on the Board or as an addition to the existing Board shall hold office only until the first annual general meeting of the Company after his appointment and shall be then eligible for re-election, but shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at each annual general meeting. In accordance with Article 122 of the Articles of Association, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years.

Each of the executive Directors of the Company has obtained the legal advice referred to under Rule 3.09D of the Listing Rules from the Hong Kong legal advisors of the Company on September 27, 2022. Each of Mr. Wu Youn-Ger, Mr. Chang Shan-Hui and Mr. Yang Li-Yen has obtained the legal advice referred to under Rule 3.09D of the Listing Rules from the Hong Kong legal advisors of the Company on May 28, 2024. Each Director has confirmed that he/she understand his/her obligations as a director of a listed issuer on the Stock Exchange under the Listing Rules.

CORPORATE GOVERNANCE REPORT

INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

All Directors shall participate in continuous professional development to develop and refresh their knowledge and skills to ensure that they keep abreast of the current requirements of the Listing Rules and other applicable laws and regulations. The Company should be responsible for arranging and funding suitable training, placing an appropriate emphasis on the roles, functions and duties of a Director.

Every newly appointed Director of the Company will receive a comprehensive, formal and tailored induction on appointment. Subsequently, he/she will receive any briefing and professional development necessary to ensure that he/she has a proper understanding of the Company's operations and business and is fully aware of his/her responsibilities under statute and common law, the Listing Rules, applicable legal and other regulatory requirements and the Company's business and governance policies.

The Company arranged training sessions conducted by its Hong Kong legal advisors for all Directors before the Listing. These sessions focused on the duties and responsibilities of Directors. Additionally, relevant reading materials, including the applicable Listing Rules and other relevant laws and regulations, were provided to the Directors for their reference and study.

From the Listing Date to December 31, 2024, all Directors had participated in continuous professional development in the following manner in compliance with code provision C.1.4 of the Corporate Governance Code:

Name of Directors	Type of trainings
Mr. Chen Teh-Sheng *(Chairman and chief executive officer)*	A&B
Mr. Chen Shao-Hsiang *(Vice Chairman as appointed on March 28, 2025)*	A&B
Mrs. Chen Chuang Chuang-Li	A&B
Mr. To Hung-Lin	A&B
Mr. Chow Hong Man	A&B
Mr. Wu Youn-Ger	A&B
Mr. Chang Shan-Hui	A&B
Mr. Yang Li-Yen	A&B

Note:

A: Attending seminars/conferences/workshops/forums.

B: Reading journals/updates/articles/materials.

CORPORATE GOVERNANCE REPORT

BOARD MEETINGS

Pursuant to code provision C.5.1 of the CG Code, at least four regular Board meetings should be held in each year at approximately quarterly intervals with active participation of majority of Directors, either in person or through electronic means of communication. As the Company was listed on the Stock Exchange on November 1, 2024, one Board meeting was held between the Listing Date up to December 31, 2024 with all Directors attending the meeting:

Name of Director	Number of board meetings attended during the Director's term of office for the year ended December 31, 2024 since the Listing Date	Attendance rate
Mr. Chen Teh-Sheng	1/1	100%
Mr. Chen Shao-Hsiang	1/1	100%
Mrs. Chen Chuang Chuang-Li	1/1	100%
Mr. To Hung-Lin	1/1	100%
Mr. Chow Hong Man	1/1	100%
Mr. Wu Youn-Ger	1/1	100%
Mr. Chang Shan-Hui	1/1	100%
Mr. Yang Li-Yen	1/1	100%

All relevant materials were sent to all the Directors relating to the matters brought before the meetings. All the Directors have been provided with sufficient resources to discharge their duties, and, upon reasonable request, the Directors will be able to seek independent professional advice in appropriate circumstances, at the Company's expenses. All Directors will have the opportunity to include matters in the agenda for Board meetings.

DIRECTORS' AND OFFICERS' LIABILITY

Appropriate Directors' and officers' liability insurance has been arranged for the Directors and officers of the Company for the year ended December 31, 2024.

BOARD COMMITTEES

The Board has established the Audit Committee, the Remuneration Committee and the Nomination Committee, to oversee particular aspects of the Company's affairs. The three Board committees of the Company are established with defined written terms of reference. The terms of reference of the Board committees are posted on the websites of Company and the Stock Exchange.

The majority of the members of the Audit Committee, the Remuneration Committee and the Nomination Committee are independent non-executive Directors and the list of the chairperson and members of each Board committee is set out under "Corporate Information" on page 2.

CORPORATE GOVERNANCE REPORT

Audit Committee

The primary duties of the Audit Committee include (but without limitation): (i) reviewing and supervising the financial reporting process, internal control and risk management systems and audit procedures of the Group; (ii) assisting the Board by providing advice and an independent view of the effectiveness of the financial reporting process, internal control and risk management systems of the Group; (iii) developing and reviewing the policies of the Group; and (iv) performing other duties and responsibilities as assigned by the Board. In particular, the Audit Committee is empowered under its terms of reference to review any arrangement which may raise concerns about possible improprieties in financial reporting, internal control or other matters.

As the Company was listed on the Stock Exchange on November 1, 2024, one Audit Committee meeting was held during the year ended December 31, 2024 with all members thereof present to review, among others, the appointment, remuneration, and scope of work of external auditors:

Name of Director	Number of Audit Committee meetings attended during the Director's term of office for the year ended December 31, 2024 since the Listing Date	Attendance rate
Mr. Wu Youn-Ger	1/1	100%
Mr. Chang Shan-Hui	1/1	100%
Mr. Yang Li-Yen	1/1	100%

The Audit Committee has reviewed with the management the accounting principles and policies adopted by the Company and discussed internal control and financial reporting matters (including the review of the audited consolidated financial statements and annual results of the Group for the year ended December 31, 2024) of the Group. The Audit Committee considered that the audited consolidated financial statements of the Group are in compliance with the applicable accounting standards, the Listing Rules and all other applicable legal requirements. Accordingly, the Audit Committee recommended the Board to approve the audited consolidated financial statements and annual results of the Group for the year ended December 31, 2024.

CORPORATE GOVERNANCE REPORT

Corporate Governance Functions

The Audit Committee is responsible for determining the policy for the corporate governance of the Company and it performed the corporate governance duties as follows in 2024:

(a) to develop and review the Company's policies and practices on corporate governance and make recommendations to the board;

(b) to review and monitor the training and continuous professional development of Directors and senior management;

(c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and

(e) to review the Company's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report.

Remuneration Committee

The primary duties of the Remuneration Committee include (but without limitation): (i) establishing, reviewing and providing advice to the Board on the policy and structure concerning remuneration of the Directors and senior management and on the establishment of a formal and transparent procedure for developing policies concerning such remuneration; (ii) make recommendations to the Board on the specific remuneration package of each Director and senior management; (iii) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by the Directors from time to time; and (iv) ensuring that no Director or any of his/her associates is involved in deciding his/her own remuneration.

According to the Company's remuneration policy, the emolument payable to Directors will depend on their respective contractual terms under employment contracts, if any, and as recommended by the Remuneration Committee.

Details of the amount of Directors' and chief executive officer's remuneration are set out in note 7 to Financial Statements.

CORPORATE GOVERNANCE REPORT

For the year ended December 31, 2024, the aggregate emoluments payable to members of senior management (excluding Directors) fell within the following band:

Remuneration bands *(US$)*	**Number of Individual(s)**
100,000 to 200,000	1
300,000 to 400,000	1

As the Company was listed on the Stock Exchange on November 1, 2024, the Remuneration Committee did not hold any meeting or conduct any work during the year ended December 31, 2024. On January 20, 2025, the Remuneration Committee had convened a meeting which was attended by all the members of the Remuneration Committee for reviewing and making recommendations to the Board on the remuneration packages of the Directors and assessing performance of executive Directors.

Nomination Committee

The primary duties of the Nomination Committee include (but without limitation): (i) reviewing the structure, size and composition (including the skills, knowledge, experience and diversity of perspectives) of the Board regularly and at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy; (ii) identifying individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of, individuals nominated for directorships; (iii) assessing the independence of the independent non-executive Directors; (iv) making recommendations to the Board on the appointment, re-appointment or removal of Directors and succession planning for Directors (in particular the Chairman and the chief executive); and (v) reviewing the board diversity policy of the Company (the "**Board Diversity Policy**") and any measurable objectives for implementing such Board Diversity Policy as may be adopted by the Board from time to time and to review the progress on achieving the objectives.

As the Company was listed on the Stock Exchange on November 1, 2024, the Nomination Committee did not hold any meeting nor conduct any work during the year ended December 31, 2024. On March 28, 2025, the Nomination Committee had convened a meeting which was attended by all of its members for the nomination of Mr. James Chen as Vice Chairman and the Directors for re-election at the forthcoming AGM and had resolved Mr. James Chen's appointment as Vice Chairman and which Directors shall retire, and, being eligible, shall offer themselves for re-election at the forthcoming AGM.

Nomination Policy

The Company has adopted a nomination policy for Directors (the "**Nomination Policy**") in accordance with the Corporate Governance Code. The Nomination Policy sets out the selection criteria and procedure in relation to nomination, appointment and re-election of Directors. The Nomination Policy aims to ensure that the Board has a balance of skill set, experience, expertise and diversity of perspectives enhances decision-making capability and the overall effectiveness of the Board.

CORPORATE GOVERNANCE REPORT

The Nomination Committee shall identify, assess, select and nominate suitable director candidates to the Board for it to consider for appointment. The Nomination Policy sets out the factors for assessing the suitability and the potential contribution to the Board of a proposed candidate, including but not limited to the following:

- Character and integrity;
- Qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy;
- Diversity in all aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service;
- Requirements of independent non-executive Directors on the Board and independence of the proposed independent non-executive Directors in accordance with the Listing Rules; and
- Commitment in respect of available time and relevant interest to discharge duties as a member of the Board and/or Board committee(s) of the Company.

Board Diversity Policy

The Company has adopted a Board Diversity Policy which sets out the approach to achieve diversity of the Board. The Company recognizes and embraces the importance and benefit to achieve diversity on the Board to corporate governance and the Board's effectiveness. The purpose of this policy is to set out the basic principles to be followed to ensure that the Board has the appropriate balance of skills, experience and diversity of perspectives necessary to enhance the effectiveness of the Board and to maintain high standards of corporate governance.

CORPORATE GOVERNANCE REPORT

Pursuant to the Board Diversity Policy, the Nomination Committee will review annually the structure, size and composition of the Board and where appropriate, make recommendations on changes to the Board to complement the Company's corporate strategy and to ensure that the Board maintains a balanced diverse profile. In relation to reviewing and assessing the Board composition, the Nomination Committee is committed to diversity at all levels and will consider a number of aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and regional and industry experience. To ensure long-term gender diversity on the Board, the Group will seek to identify and select female candidates who possess a diverse range of skills, experience, and knowledge relevant to the Group's business. These candidates will be maintained on a list of potential female successors to the Board, thereby developing a pipeline of qualified female individuals to achieve further gender diversity on the Board.

According to Rule 13.92 of the Listing Rules, the Stock Exchange will not consider diversity to be achieved for a single gender board. As at the date of this annual report, the Board comprises seven male Directors and one female Director. At present, the Nomination Committee considers that the Board is sufficiently diverse.

For the purpose of implementation of the Board Diversity Policy, the Board will consider setting measurable objectives and review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives. As at the date of this annual report, the following measurable objectives were adopted:

(a) at least one of the members of the Board shall be female;

(b) at least one-third of the members of the Board shall be independent non-executive Directors; and

(c) at least one of the members of the Board shall have obtained accounting or other professional qualifications.

The Board is committed to improving the diversity of the Board and has achieved the above objectives as at the date of this annual report.

The Company acknowledges the significance of diversity and strives to promote diversity not only at the Board level but also throughout the entire workforce. The workforce of the Group (including its senior management) comprised approximately 39.6% male employees and 60.4% female employees as at December 31, 2024. For more information about the gender diversity at workforce levels (including the senior management), please refer to the Environmental, Social and Governance Report.

CORPORATE GOVERNANCE REPORT

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix C3 of the Listing Rules as its own code of conduct regarding securities transactions by the Directors and the relevant employees. Having made specific enquiry of all Directors, all of them have confirmed that they have complied with the Model Code for the period from the Listing Date to December 31, 2024.

COMPANY SECRETARY

During the year ended December 31, 2024, Mr. Chan Chung Kik, Lewis ("**Mr. Chan**") was the company secretary of the Company. Mr. Chan is a full-time staff of the Group and is responsible for ensuring and advising the Board on compliance of all policies and procedures in connection with the applicable rules and regulations. The biographical details of Mr. Chan are set out under the section headed "Directors and Senior Management".

For the year ended December 31, 2024, Mr. Chan received not less than 15 hours of relevant professional training to update his knowledge and skills.

ACCOUNTABILITY AND AUDIT

Directors' and Auditors' acknowledgment

The Board acknowledges its responsibilities for the preparation of the financial statements for each financial year, which should give a true and fair view of the state of affairs of the Company and the Group and of the results and cash flows for that year in compliance with relevant laws and disclosure provisions of the Listing Rules.

In preparing the financial statements for the year ended December 31, 2024, the Directors have adopted appropriate and consistent accounting policies and made prudent and reasonable judgments and estimations. The financial statements for the year ended December 31, 2024 have been prepared on a going-concern basis.

The responsibility of the external auditors is to form an independent opinion, based on their audit, on those consolidated financial statements prepared by the Board and to report their opinion to the Shareholders. A statement by the auditor about their reporting responsibility is set out in the Independent Auditor's Report.

CORPORATE GOVERNANCE REPORT

Auditors' Remuneration

For the year ended December 31, 2024, the fees paid/payable to KPMG for services and other non-audit services are set out below:

Type of services	Amount (US$'000)
Audit services	370
IPO-related services	881
Other non-audit services *(Note)*	32
Total	1,283

Note: Such non-audit services include tax advisory services and non-assurance services.

Risk Management and Internal Control

The Board is responsible for the risk management and internal control system of the Group and for reviewing its effectiveness on an annual basis. The Group's internal control system is designed to safeguard assets against misappropriation and unauthorized disposition and to manage operational risks. These systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss. Internal control and risk management systems are reviewed annually to ensure its continuous effectiveness. The Group has in place a risk management framework which has the following five components: risk identification, risk assessment, risk treatment, risk reporting and risk monitoring. The Group also has an internal audit function which primarily carries out the analysis and independent appraisal of the adequacy and effectiveness of the Company's risk management and internal control systems, and reports their findings to the Board on, at least, an annual basis.

To maintain a high standard of corporate governance of the Group, the Company engaged an external internal control consultant to conduct review on the effectiveness of the Group's internal control system and report the findings to the Audit Committee and the Board. A review of the effectiveness of the Group' system of internal control covering all key controls, including financial, operational and compliance and risk management controls, is conducted by rotation and performed annually. The examination consisted of enquiry, discussion and validation through observation and inspection. The result of the review has been reported to the Audit Committee and the Board, and areas of improvement, if any, have been identified an appropriate measures have been put in place to manage the risks. Based on the reports from the Group's external internal control consultant, the Audit Committee and the Board consider the Group's risk management and internal control system is adequate and effective and the Group has complied with the provisions on risk management and internal controls as set out in the CG Code for the year ended December 31, 2024.

To ensure that a sound system is maintained and operated by the management in compliance with the agreed procedures and standards, for the year ended December 31, 2024, the Board has reviewed the effectiveness of the risk management and internal control measures of the Group, including the internal audit function of the Group. Through its review, the Board concluded that no material risk management and internal control aspects of any significant discrepancies were discovered during the review and was satisfied that the Group's risk management and internal control systems were effective and adequate.

CORPORATE GOVERNANCE REPORT

Whistleblowing Policy

The Company is committed to the highest possible standards of openness, probity and accountability. In line with that commitment the Company expects and encourages its employees, customers, suppliers and other stakeholders who have concerns about any suspected misconduct or malpractice within the Company to come forward and voice those concerns. The Group has established a whistleblowing policy which aims to enable the Company's employees and those who deal with the Company to raise concerns, in confidence and anonymity, with the Audit Committee about possible improprieties in matters related to the Company, in order to help detect and deter misconduct or malpractice or unethical acts in the Company.

Anti-Corruption Policy

The Company takes a zero-tolerance approach towards bribery and corruption and are committed to upholding high standards of business integrity, honesty and transparency in all its business dealings. The Company strictly prohibits any form of fraud or bribery, and is committed to the prevention, deterrence, detection and investigation of all forms of fraud and bribery.

The Company has established an anti-corruption policy which sets out the basic standard of conduct which applies to all Directors, officers and employees of the Company and its wholly owned subsidiaries. It also provides guidance to all employees on acceptance of advantage and handling of conflict of interest when dealing with the Company's business. The Company also encourages and expects its business partners including suppliers, contractors and clients to abide by the principles of the policy.

During the Reporting Period, the Group did not find any material violations of laws and regulations relating to the prevention of bribery, extortion, fraud and money laundering, nor did it have any corruption cases concluded.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company is committed to providing Shareholders and other stakeholders (including potential investors) with balanced and understandable information about the Company. The Company uses various communication methods to ensure its Shareholders are kept well informed of key business imperatives. These include general meetings, annual reports, interim reports, various notices, announcements and circulars.

To ensure all Shareholders' timely access to important corporate information, the Company utilises its corporate website to disseminate to the Shareholders information such as announcements, circulars and annual and interim reports. Any information or documents of the Company posted on the Stock Exchange's website (www.hkexnews.hk) are also published on the Company's website (https://www.tslines.com/). Other corporate information about the Company's business developments, goals and strategies, corporate governance and risk management are also available on the Company's website.

The Board continues to maintain regular dialogue with institutional investors and analysts to keep them informed of the Group' strategy, operations, management and plans.

CORPORATE GOVERNANCE REPORT

The annual general meeting and other general meetings of the Company provide a useful forum for Shareholders to exchange views with the Board. The Company provides Shareholders with relevant information on the resolution(s) proposed at a general meeting in a timely manner in accordance with the Listing Rules. The information provided shall be reasonably necessary to enable Shareholders to make an informed decision on the proposed resolution(s). Shareholders are encouraged to participate in general meetings or to appoint proxies to attend and vote at the meetings for and on their behalf if they are unable to attend the meetings. The Chairman and other Directors, the chairpersons of Board committees or their delegates, and the representative of external auditors are available to answer Shareholders' questions at the annual general meeting. The chairperson of the independent Board committee or his delegate will be also available to answer questions at any general meeting if a connected transaction or any other transaction that is subject to independent Shareholders' approval is required.

Shareholders may make direct enquiries about their shareholdings to the Company's share registrar. To the extent the requisite information of the Company is publicly available, Shareholders and other stakeholders (including potential investors) may put forward their enquiries about the Company to the Board or the company secretary at the Company's head office in Hong Kong or by email. The contact details are available on the Company's website.

The Company had adopted a Shareholders' communication policy (the "**Shareholders' Communication Policy**") which had been published on the website of the Company. The Company maintains an ongoing dialogue with Shareholders and other investors through various communication channels set out in the Shareholders' Communication Policy and in particular, through annual general meetings or other general meetings to communicate with them, encourages their participation and takes any areas of concern into consideration when formulating its business strategies. The Board regularly reviews the Shareholders' Communication Policy to ensure its effectiveness. The Board had reviewed the implementation and effectiveness of the Shareholders' Communication Policy and considered such policy to be effective and adequate for the year ended December 31, 2024.

SHAREHOLDERS' RIGHTS

Procedures for Shareholders to put forward enquiries to the Board

For putting forward any enquiries to the Board, Shareholders may send written enquiries to the Company by email to ir@tslines.com.hk or by letter to 9/F, C-Bons International Center, 108 Wai Yip Street, Kowloon, Hong Kong. The Company will not normally deal with verbal or anonymous enquiries.

CORPORATE GOVERNANCE REPORT

Procedures for Shareholders to convene a general meeting and putting forward proposals at Shareholders' meetings

Pursuant Article 65 of the Articles of Association, the Directors may whenever they think fit, and shall on requisition in accordance with the Companies Ordinance, convene a general meeting. Under Sections 566 to 568 of the Companies Ordinance, Shareholders representing at least 5% of the total voting rights of all the Shareholders having a right to vote at general meetings are entitled to send a request to the Company to convene a general meeting. Such requisition must state the general nature of the business to be dealt with at the meeting and may include the text of a resolution that may properly be moved and is intended to be moved at the meeting. The request may be sent to the Company in hard copy form or electronic form and must be authenticated by the Shareholder(s) making it. Directors must call a general meeting within 21 days after the date on which they become subject to the requirement and the meeting so called must be held on a date not more than 28 days after the date of the notice convening the meeting. If the Directors do not do so, the requisitionist(s) himself/herself (themselves) or any of them representing more than one half of the total voting rights of all Shareholders may do so in the same manner, but the meeting must be called for a date not more than 3 months after the date on which the Directors become subject to the requirement to call a meeting. All reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Directors duly to call the meeting shall be reimbursed by the Company. Pursuant to Section 615 of the Companies Ordinance, Shareholders can request the Company to give notice of a resolution and move such resolution at an annual general meeting, provided that such a request is made by (i) Shareholders representing at least 2.5% of the total voting rights of all the Shareholders; or (ii) at least 50 Shareholders (as the case may be) who have a right to vote on the resolution at the annual general meeting to which the request relates. Such a request must identify the resolution of which notice is to be given, be either in hard copy form or in electronic form and authenticated by the person or persons making it, and be received by the Company not later than six weeks before the annual general meeting to which the request relates or, if received by the Company later than the time as stated above, the time at which notice is given of that meeting.

CONSTITUTIONAL DOCUMENTS

From the Listing Date to the date of this report, no change has been made to the Articles of Association. The latest version of the Articles of Association is available on the websites of the Stock Exchange (https://www.hkexnews.hk) and the Company (https://www.tslines.com/).

INDEPENDENT AUDITOR'S REPORT

To the members of T.S. Lines Limited
(Incorporated in Hong Kong with limited liability)

OPINION

We have audited the consolidated financial statements of T.S. Lines Limited ("**the Company**") and its subsidiaries ("**the Group**") set out on pages 63 to 129, which comprise the consolidated statement of financial position as at December 31, 2024, 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 year then ended and notes, comprising material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2024 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("**the Code**") and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTER

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTER (CONTINUED)

Recognition of freight revenue

Refer to accounting policy note 1(s) and note 3 to the consolidated financial statements

The Key Audit Matter	How the matter was addressed in our audit
During the year ended December 31, 2024, the Group recorded revenue amounting to US$1,340,398,000, arising from provisions of container shipping and related services. The Group recognizes revenue over time on a percentage of completion basis, which is determined on the time apportionment of each individual vessel voyage. In particular, the revenue recognition of incomplete voyages as at year end is determined with reference to the voyage details including days of vessel voyage completed to date (as at year end) and the total number of days required for the completion of the entire voyage. We identified recognition of freight revenue as a key audit matter because of its significance to the Group and revenue is a key performance indicator of the Group, and therefore there is a risk that revenue could be manipulated to meet specific targets or expectation.	Our audit procedures to assess the recognition of freight revenue included the following: • understanding and assessing the design and implementation of the management's key internal controls over recognition of freight revenue; • evaluating, on a sample basis, freight revenue recognized during the year by inspecting underlying documentations, including invoices issued to the customers, bills of lading and cash receipts, to determine whether the related revenue had been properly recognized; and • evaluating, on a sample basis, freight revenue recognized near the financial year end by inspecting underlying documentations, including invoices issued to the customers and bills of lading, and terminal records of departure and arrival ports; and recalculating freight revenue of incomplete voyages at year end with reference to days of vessel voyage completed to date (as at year end) and the total number of days required for the completion of the entire voyage, to determine whether the related revenue had been recognized in the appropriate financial period.

INDEPENDENT AUDITOR'S REPORT

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

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

The engagement partner on the audit resulting in this independent auditor's report is Sylvene Fong.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong
March 28, 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended December 31, 2024

	Note	2024 US$'000	2023 US$'000
Revenue	3(a)	1,340,398	874,602
Cost of sales		(1,025,372)	(908,391)
Gross profit/(loss)		315,026	(33,789)
Other revenue	4	71,031	12,288
Other net income	4	376	34,217
Administrative and other operating expenses		(41,507)	(44,242)
Profit/(loss) from operations		344,926	(31,526)
Finance costs, net	5(a)	18,972	44,369
Share of profits less losses of associates	13(a)	1,438	995
Share of profit of a joint venture	13(b)	580	–
Profit before taxation	5	365,916	13,838
Income tax credit	6(a)	286	6,544
Profit for the year		366,202	20,382
Attributable to:			
Equity shareholders of the Company		365,913	20,709
Non-controlling interests		289	(327)
Profit for the year		366,202	20,382
Earnings per share	9		
Basic and diluted (US$)		0.254	0.015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

For the year ended December 31, 2024

	2024 US$'000	2023 US$'000
Profit for the year	**366,202**	20,382
Other comprehensive income for the year:		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations (with nil tax effect)	**209**	209
Total comprehensive income for the year	**366,411**	20,591
Attributable to:		
Equity shareholders of the Company	**366,101**	20,889
Non-controlling interests	**310**	(298)
Total comprehensive income for the year	**366,411**	20,591

The notes on pages 70 to 129 form part of these financial statements. Details of dividends payable to equity shareholders of the Company are set out in note 19(c).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2024

	Note	2024 US$'000	2023 US$'000
Non-current assets			
Property, plant and equipment	10	**1,597,620**	1,181,249
Intangible assets	11	**731**	801
Prepayments for the acquisition of vessels	14	**134,632**	154,194
Interests in associates	13(a)	**2,856**	6,420
Interest in a joint venture	13(b)	**1,490**	–
Deferred tax assets	18(b)	**152**	–
		1,737,481	1,342,664
Current assets			
Bunkers		**26,950**	21,717
Contract assets	14	**16,313**	1,559
Trade and other receivables	14	**118,789**	77,465
Cash and cash equivalents	15(a)	**422,134**	716,337
		584,186	817,078
Current liabilities			
Contract liabilities	16	**4,113**	3,099
Trade and other payables	16	**181,494**	164,136
Lease liabilities	17	**41,251**	84,670
Tax payable	18(a)	**4,244**	3,740
		231,102	255,645
Net current assets		**353,084**	561,433
Total assets less current liabilities		**2,090,565**	1,904,097

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At December 31, 2024

	Note	2024 US$'000	2023 US$'000
Non-current liability			
Lease liabilities	17	**115,383**	132,539
NET ASSETS		**1,975,182**	1,771,558
Capital and reserves	19		
Share capital		**277,213**	140,000
Reserves		**1,697,495**	1,631,394
Total equity attributable to equity shareholders of the Company		**1,974,708**	1,771,394
Non-controlling interests		**474**	164
TOTAL EQUITY		**1,975,182**	1,771,558

Approved and authorized for issue by the Board of Directors on

Mr. Chen Teh-Sheng	Mr. Chen Shao-Hsiang
Chairman	*Vice Chairman*

The notes on pages 70 to 129 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2024

		Attributable to equity shareholders of the Company					
	Note	Share capital (note 19(b)) US$'000	Exchange reserve (note 19(d)) US$'000	Retained profits US$'000	Total US$'000	Non-controlling interests US$'000	Total US$'000
At January 1, 2023		140,000	(594)	2,011,099	2,150,505	462	2,150,967
Changes in equity for year ended December 31, 2023:							
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	19(c)	–	–	(400,000)	(400,000)	–	(400,000)
At December 31, 2023		140,000	(414)	1,631,808	1,771,394	164	1,771,558
At January 1, 2024		**140,000**	**(414)**	**1,631,808**	**1,771,394**	**164**	**1,771,558**
Changes in equity for year ended December 31, 2024:							
Profit for the year		**–**	**–**	**365,913**	**365,913**	**289**	**366,202**
Other comprehensive income for the year		**–**	**188**	**–**	**188**	**21**	**209**
Total comprehensive income for the year		**–**	**188**	**365,913**	**366,101**	**310**	**366,411**
Issuance of shares under initial public offering ("**IPO**") (including partial exercise of the over-allotment option)		**137,213**	**–**	**–**	**137,213**	**–**	**137,213**
Interim dividend declared and paid	19(c)	**–**	**–**	**(300,000)**	**(300,000)**	**–**	**(300,000)**
At December 31, 2024		**277,213**	**(226)**	**1,697,721**	**1,974,708**	**474**	**1,975,182**

The notes on pages 70 to 129 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended December 31, 2024

	Note	2024 US$'000	2023 US$'000
Operating activities			
Profit before taxation		**365,916**	13,838
Adjustments for:			
Depreciation and amortization	5(c)	**176,960**	207,740
Gain on disposals of property, plant and equipment	4	**(316)**	(10,152)
Gain on disposals of non-current assets classified as held for sale	4	**–**	(25,160)
Share of profits less losses of associates	13(a)	**(1,438)**	(995)
Share of profit of a joint venture	13(b)	**(580)**	–
Finance costs	5(a)	**2,732**	4,025
Interest income	5(a)	**(21,704)**	(48,394)
Foreign exchange loss		**913**	497
(Gain)/loss on termination of a lease arrangement	4	**(223)**	3,095
Operating profit before changes in working capital		**522,260**	144,494
Changes in working capital:			
(Increase)/decrease in bunkers		**(5,233)**	3,498
(Increase)/decrease in trade and other receivables		**(42,231)**	27,460
(Increase)/decrease in contract assets		**(14,754)**	9,768
Increase/(decrease) in trade and other payables		**19,680**	(53,708)
Increase/(decrease) in contract liabilities		**1,014**	(1,685)
Cash generated from operations		**480,736**	129,827
Income tax paid		**(75)**	(825)
Net cash generated from operating activities		**480,661**	129,002

CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

For the year ended December 31, 2024

	Note	2024 US$'000	2023 US$'000
Investing activities			
Payment for purchases of property, plant and equipment		**(543,369)**	(395,745)
Proceeds from disposals of property, plant and equipment		**493**	20,827
Proceeds from disposals of non-current assets classified as held for sale		**–**	157,297
Payment for purchases of intangible assets		**(86)**	(767)
Payment for acquisition of interest in a joint venture		**(2)**	–
Interest income received		**21,704**	48,394
Dividend received from the associates		**4,007**	–
Net cash used in investing activities		**(517,253)**	(169,994)
Financing activities			
Capital element of lease rentals paid	15(b)	**(91,414)**	(154,991)
Interest element of lease rentals paid	15(b)	**(2,732)**	(4,025)
Termination cost paid for a lease arrangement		**–**	(3,852)
Proceeds from issuance of shares under IPO		**142,365**	–
Payment for listing expenses		**(5,152)**	–
Interim dividend paid	19(c)	**(300,000)**	(400,000)
Net cash used in financing activities		**(256,933)**	(562,868)
Net decrease in cash and cash equivalents		**(293,525)**	(603,860)
Cash and cash equivalents at January 1		**716,337**	1,320,129
Effect of foreign exchange rate changes		**(678)**	68
Cash and cash equivalents at December 31	15(a)	**422,134**	716,337

The notes on pages 70 to 129 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the requirements of the Hong Kong Companies Ordinance ("**HKCO**"). These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Stock Exchange**"). Material accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 1(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended December 31, 2024 comprise the Company and its subsidiaries (together referred to as the "**Group**") and the Groups' interests in associates and a joint venture. The measurement basis used in the preparation of the financial statement is the historical cost basis.

The preparation of financial statement 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.

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.

Judgments made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 2.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(c) Changes in accounting policies

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group.

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

(d) 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 consolidated financial statements 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 consolidated financial statements. 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.

Non-controlling interests are presented in the consolidated statement 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 statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year 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 statement of financial position in accordance with notes 1(n) or 1(o) 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.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(d) Subsidiaries and non-controlling interests (Continued)

When the Group loses control of a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in that former subsidiary is measured at fair value when control is lost.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 1(i)).

(e) Associates and joint venture

An associate is an entity in which the Group or the Company has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group or the Company has joint control, whereby the Group or the Company has the rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

An investment in an associate or a joint venture is accounted for in the consolidated financial statements 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). They are initially recognized at cost, which includes transaction costs. Subsequently, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of those investees, until the date on which significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in the associate or the joint venture, 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 or the joint venture, after applying the ECL model to such other long-term interests where applicable (see note 1(i)(i)).

Unrealized profits and losses resulting from transactions between the Group and its equity-accounted investees 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.

In the Company's statement of financial position, an investment in an associate or a joint venture is stated at cost less impairment losses (see note 1(i)).

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(f) 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 1(i)).

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.

(g) 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 1(i)).

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.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(h) Leased assets

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.

(i) As a lessee

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 1(f) and 1(i)(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.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(h) Leased assets (Continued)

(i) As a lessee (Continued)

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 statement 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.

(ii) As a lessor

The Group determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. Otherwise, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognized in accordance with note 1(s)(iv).

When the Group is an intermediate lessor, the sub-leases are classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the exemption described in note 1(h)(i), then the Group classifies the sub-lease as an operating lease.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(i) 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 rate 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.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(i) Credit losses and impairment of assets (Continued)

(i) Credit losses from financial instruments (Continued)

Measurement of ECLs (Continued)

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 receivable and contract assets 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 realising 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.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(i) Credit losses and impairment of assets (Continued)

(i) Credit losses from financial instruments (Continued)

Significant increases in credit risk (Continued)

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.

Credit-impaired financial assets

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.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(i) Credit losses and impairment of assets (Continued)

(i) Credit losses from financial instruments (Continued)

Credit-impaired financial assets (Continued)

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 being more than 90 days past due;

– the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;

– it is probable that the debtor will enter bankruptcy or other financial reorganization; or

– the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset or contract asset is written off (either partially or in full) to the extend 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.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(i) Credit losses and impairment of assets (Continued)

(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, associates and joint venture in the Company's statement 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.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(i) Credit losses and impairment of assets (Continued)

(ii) Impairment of other non-current assets (Continued)

– ***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.

(j) 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.

(k) 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 1(l)).

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 1(i)(i)).

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(l) Contract assets and contract liabilities

A contract asset is recognized when the Group recognizes revenue (see note 1(s)) 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 1(i)(i) and are reclassified to receivables when the right to the consideration has become unconditional (see note 1(k)).

A contract liability is recognized when the customer pays non-refundable consideration before the Group recognizes the related revenue (see note 1(s)). 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 1(k)).

For a single contract with the customer, a net contract liability is presented. For multiple contracts, contract liabilities of unrelated contracts are not presented on a net basis.

(m) 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 statement. Cash and cash equivalents are assessed for ECLs in accordance with the policy set out in note 1(i)(i).

(n) 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.

(o) 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 1(u)).

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(p) 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 year 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 May 1, 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.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(q) 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.

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 investments in subsidiaries, associates and joint venture 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 Organization for Economic Co-operation and Development.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(q) Income tax (Continued)

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.

(r) Provisions, contingent liabilities and onerous contracts

(i) Provisions and contingent liabilities

Provisions are recognized when the Group 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.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(r) Provisions, contingent liabilities and onerous contracts (Continued)

(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.

(s) 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.

Income is recognized when control over a service is transferred to the customer, or the lessee has the right to use the asset, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Income 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.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(s) Revenue and other income (Continued)

(iii) 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 1(i)(i)).

(iv) 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.

(t) 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 operations outside Hong Kong 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 ruling at the end of the reporting period. The resulting exchange differences are recognized directly in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of operations outside Hong Kong, the cumulative amount of the exchange differences relating to that operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognized.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(u) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale 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 or sale are in progress. Capitalization of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(v) Related parties

(1) 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.

(2) 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.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(v) Related parties (Continued)

(2) An entity is related to the Group if any of the following conditions applies: (Continued)

(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 (1).

(vii) A person identified in (1)(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.

(w) 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.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

2 ACCOUNTING JUDGMENTS AND ESTIMATES

Note 20 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, if any.

(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.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

3 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 12.

Disaggregation of revenue from contracts with customers by major service lines is as follows:

	2024 US$'000	2023 US$'000
Revenue from contracts with customers within the scope of HKFRS 15		
Provision of container shipping services	**1,270,845**	801,727
Other container shipping related services	**69,553**	72,875
	1,340,398	874,602

All of the above revenue are recognized over time.

Disaggregation of revenue from contracts with customers by the geographic markets is disclosed in note 3(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, 2024 and 2023.

The Group does not have any remaining performance obligation that has an original expected duration of longer than one year.

(b) Segment reporting

The segment's operating results are reviewed regularly by the entity's chief operating decision makers 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.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

3 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (Continued)

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:

	2024 US$'000	2023 US$'000
Hong Kong Special Administrative Region ("**HKSAR**")	86,011	62,419
Mainland China	616,134	228,838
Taiwan	81,485	72,771
Philippines	126,859	90,208
Japan	102,345	118,469
Australia	56,018	42,000
Thailand	42,259	46,803
India	51,420	28,269
Other countries or regions	177,867	184,825
	1,340,398	874,602

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

4 OTHER REVENUE AND NET INCOME

	2024 US$'000	2023 US$'000
Other revenue		
Rental income from containers	**3,234**	2,954
Charter hire revenue – vessels	**67,797**	9,334
	71,031	12,288
Other net income		
Gain on disposals of property, plant and equipment	**316**	10,152
Gain on disposals of non-current assets classified as held for sale	**–**	25,160
Net foreign exchange (loss)/gain	**(305)**	1,469
Gain/(loss) on termination of a lease arrangement (note 10(b))	**223**	(3,095)
Others	**142**	531
	376	34,217

5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

	2024 US$'000	2023 US$'000
(a) Finance costs, net		
Bank interest income	**(21,704)**	(48,394)
Interest on lease liabilities (note 10(b))	**2,732**	4,025
	(18,972)	(44,369)

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

5 PROFIT BEFORE TAXATION (CONTINUED)

		2024 US$'000	2023 US$'000
(b)	***Staff costs***		
	Contributions to defined contribution retirement plan*	**1,177**	1,759
	Salaries, wages and other benefits		
	– Administrative and other operating expenses*	**27,071**	28,526
	– Cost of sales	**41,843**	36,219
		70,091	66,504
(c)	***Other items***		
	Auditors' remuneration*		
	– Audit services	**370**	212
	– Other non-audit services	**913**	197
	Depreciation of right-of-use assets (note 10(b))	**91,188**	152,966
	Depreciation of property, plant and equipment (other than right-of-use assets) (note 10)	**85,620**	54,696
	Amortization of intangible assets (note 11)	**152**	78
	Cost of bunkers consumed	**190,162**	187,742
	Listing expenses*	**1,969**	4,578

*: Included in "Administrative and other operating expenses".

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(a) Taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	2024 US$'000	2023 US$'000
Current tax – Hong Kong Profits Tax		
Provision for the year	–	665
Over-provision in respect of prior years	(356)	–
	(356)	665
Current tax – Outside Hong Kong		
Provision for the year	222	159
	(134)	824
Deferred tax		
Origination and reversal of temporary differences	(152)	(7,368)
	(286)	(6,544)

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

(a) Taxation in the consolidated statement of profit or loss and other comprehensive income represents: (Continued)

No provision for Hong Kong Profits Tax has been made for 2024 as the Company and its subsidiaries in Hong Kong either did not have any assessable profits subject to Hong Kong Profits Tax during the year ended December 31, 2024 or their unused tax losses were sufficient to cover their estimated assessable profits for the year ended December 31, 2024.

Provisions for Hong Kong Profits Tax for the year ended December 31, 2023 was calculated at 16.5% of the estimated assessable profits for the prior year.

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 credit and accounting profit at applicable tax rates:

	2024 US$'000	2023 US$'000
Profit before taxation	**365,916**	13,838
Notional tax on profits/losses before taxation, calculated at the rates applicable to profits/losses in the jurisdictions concerned	**33,292**	(27,141)
Tax effect of non-taxable income	**(217,638)**	(157,334)
Tax effect of non-deductible expenses	**183,994**	177,034
Tax effect of unused tax losses not recognized	**–**	899
Over-provision in respect of prior years	**(356)**	–
Others	**422**	(2)
	(286)	(6,544)

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 expenses mainly represented expenses incurred not in the production of the Group's assessable profits in Hong Kong.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

(c) Pillar Two income taxes

In 2021, the Organisation for Economic Co-operation and Development published the Global Anti-Base Erosion Model Rules ("**Pillar Two model rules**") for a new global minimum tax reform applicable to large multinational enterprises. Certain jurisdictions in which the Group operates have implemented Pillar Two income tax legislation based on this framework, and those Pillar Two income tax laws became effective on January 1, 2024. The Group assessed that they have met the prerequisite for exemption of international shipping income from the minimum top-up tax for its majority of revenue arising from provision for container shipping services and therefore the impact of Pillar Two income taxes is not material.

The Group has applied the temporary mandatory exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes and accounted for the tax as current tax when incurred.

Other jurisdictions in which the Group operates are in the process of implementing their Pillar Two income tax legislation. Therefore, it is possible that the Group may be subject to additional Pillar Two income taxes in those jurisdictions. In 2024 the HKSAR Government amended the Inland Revenue Ordinance to introduce a domestic minimum top-up tax which will take effect from the year ending December 31, 2025. If the new tax laws had been applied in 2024, the profits relating to the Group's operations in Hong Kong that are not exempted from international shipping income would be subject to the minimum top-up tax if the applicable effective tax rate is lower than the minimum tax rate of 15%, and the impact is considered immaterial.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

7 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:

	Directors' fee US$'000	Salaries, allowances and benefits in kind US$'000	Discretionary bonuses US$'000	Retirement scheme contributions US$'000	2024 Total US$'000
Chairman					
Mr. Chen Teh-Sheng	**–**	**80**	**400**	**–**	**480**
Executive directors					
Mr. Chen Shao-Hsiang	**–**	**167**	**300**	**3**	**470**
Mrs. Chen Chuang Chuang-Li	**–**	**155**	**300**	**3**	**458**
Mr. Chow Hong Man	**–**	**91**	**140**	**2**	**233**
Mr. To Hung-Lin	**–**	**195**	**350**	**3**	**548**
Independent non-executive directors					
Mr. Wu Youn-Ger	**7**	**–**	**–**	**–**	**7**
Mr. Yang Li-Yen	**7**	**–**	**–**	**–**	**7**
Mr. Chang Shan-Hui	**7**	**–**	**–**	**–**	**7**
	21	**688**	**1,490**	**11**	**2,210**

	Directors' fee US$'000	Salaries, allowances and benefits in kind US$'000	Discretionary bonuses US$'000	Retirement scheme contributions US$'000	2023 Total US$'000
Chairman					
Mr. Chen Teh-Sheng	–	241	61	–	302
Executive directors					
Mrs. Chen Chuang Chuang-Li	–	79	–	3	82
Mr. Chow Hong Man	–	89	26	5	120
Mr. To Hung-Lin	–	104	–	3	107
Mr. Chen Shao-Hsiang	–	76	–	3	79
Non-executive director					
Mr. Wu Shang-Ying (note)	–	–	–	–	–
	–	589	87	14	690

Note: Mr. Wu Shang-Ying resigned from the director of the Company on February 9, 2023.

During the years ended December 31, 2023 and 2024, 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 8 below as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors of the Company has waived any emoluments during the year (2023: Nil).

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

8 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Out of the five individuals with the highest emoluments, four individuals (2023: three individuals) are directors whose emoluments are disclosed in note 7. The aggregate of the emoluments in respect of the other one individual (2023: two individuals) are as follows:

	2024 US$'000	2023 US$'000
Salaries and other emoluments	**147**	214
Discretionary bonuses	**300**	42
Retirement scheme contributions	**3**	9
	450	265

The emolument of one individual (2023: two individuals) with the highest emoluments are within the following bands:

	2024 Number of individuals	2023 Number of individuals
HK$Nil – HK$1,000,000	**–**	1
HK$1,000,001 – HK$1,500,000	**–**	1
HK$3,500,000 – HK$4,000,000	**1**	–
	1	2

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

9 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of US$365,913,000 (2023: US$20,709,000) and the weighted average number of shares of 1,443,132,000 shares (2023: 1,400,000,000 shares) in issue, during the year.

The weighted average number of ordinary shares throughout the periods presented has been adjusted retrospectively for the impact of the shares allotment in October 2024 (see note 19(b)).

	2024 '000	2023 '000
Issued ordinary shares at January 1	140,000	140,000
Effect of shares allotment at nil cash consideration (note 19(b)(ii))	1,260,000	1,260,000
Effect of issuance of shares upon IPO and partial exercise of the over-allotment option (notes 19(b)(iii) and (iv))	43,132	–
Weighted average number of ordinary shares at December 31	1,443,132	1,400,000

There are no dilutive potential ordinary shares in issue during the years ended December 31, 2024 and 2023, and therefore, the amounts of diluted earnings per share are the same as basic earnings per share.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

10 PROPERTY, PLANT AND EQUIPMENT

(a) Reconciliation of carrying amount

	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:								
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)
At December 31, 2023	904,587	199,887	355	2,903	577	3,518	498,936	1,610,763
At January 1, 2024	**904,587**	**199,887**	**355**	**2,903**	**577**	**3,518**	**498,936**	**1,610,763**
Exchange adjustments	**–**	**–**	**(23)**	**(131)**	**(18)**	**(430)**	**(827)**	**(1,429)**
Additions	**540,070**	**17,005**	**141**	**186**	**381**	**–**	**40,053**	**597,836**
Early termination of a lease arrangement	**–**	**–**	**–**	**–**	**–**	**–**	**(123,120)**	**(123,120)**
Disposals	**–**	**(691)**	**–**	**(219)**	**–**	**–**	**(48,892)**	**(49,802)**
At December 31, 2024	**1,444,657**	**216,201**	**473**	**2,739**	**940**	**3,088**	**366,150**	**2,034,248**

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Reconciliation of carrying amount (Continued)

	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
Accumulated depreciation and accumulated impairment:								
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)
At December 31, 2023	86,802	66,436	262	2,348	273	424	272,969	429,514
At January 1, 2024	**86,802**	**66,436**	**262**	**2,348**	**273**	**424**	**272,969**	**429,514**
Exchange adjustments	**-**	**-**	**(15)**	**(94)**	**(11)**	**(54)**	**(427)**	**(601)**
Depreciation charge for the year	**54,051**	**31,250**	**21**	**172**	**95**	**31**	**91,188**	**176,808**
Early termination of a lease arrangement	**-**	**-**	**-**	**-**	**-**	**-**	**(119,468)**	**(119,468)**
Written-back on disposals	**-**	**(541)**	**-**	**(192)**	**-**	**-**	**(48,892)**	**(49,625)**
At December 31, 2024	**140,853**	**97,145**	**268**	**2,234**	**357**	**401**	**195,370**	**436,628**
Net book value:								
At December 31, 2024	**1,303,804**	**119,056**	**205**	**505**	**583**	**2,687**	**170,780**	**1,597,620**
At December 31, 2023	**817,785**	**133,451**	**93**	**555**	**304**	**3,094**	**225,967**	**1,181,249**

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(b) Right-of-use assets

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	Note	2024 US$'000	2023 US$'000
Ownership interests in leasehold land and buildings held for own use, with remaining lease term of between 10 and 50 years	(i)	**17,254**	13,688
Properties leased for own use	(ii)	**1,912**	1,986
Vessels	(iii)	**19,711**	59,079
Containers	(iii)	**131,896**	151,198
Motor vehicles		**7**	16
		170,780	225,967

During the year ended December 31, 2024, the Group's additions to right-of-use assets were US$40,053,000 (2023: nil). 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:

	2024 US$'000	2023 US$'000
Depreciation charge of right-of-use assets by class of underlying asset:		
Ownership interests in leasehold land and buildings held for own use, with remaining lease terms of between 10 and 50 years	**1,328**	1,468
Properties leased for own use	**1,539**	1,453
Vessels	**60,492**	122,549
Containers	**27,821**	27,480
Motor vehicles	**8**	16
	91,188	152,966
Interest on lease liabilities	**2,732**	4,025
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	**447**	1,281
Expenses relating to short-term leases	**125,137**	71,067
(Gain)/loss on termination of a lease arrangement	**(223)**	3,095

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(b) Right-of-use assets (Continued)

(i) Ownership interests in leasehold land and buildings held for own use

The Group has 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 leases 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 seeks to include such extension options exercisable by the Group. 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) Vessels leased out under operating leases

The Group leases out a number of vessels with carrying amounts of US$264,675,000 (2023: US$nil) under operating leases. The leases typically run for an initial period of 1 to 3 years, with an option to renew the lease after that date at which time all terms are renegotiated. None of the leases includes variable lease payments. Undiscounted lease payments of US$42,703,000, US$31,390,000 and US$24,725,000 under non-cancellable operating leases in place at the reporting date will be receivable by the Group in 2025, 2026 and 2027, respectively.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

11 INTANGIBLE ASSETS

	Software US$'000
Cost	
As at January 1, 2023	147
Exchange adjustments	(10)
Additions	767
As at December 31, 2023	904
As at January 1, 2024	**904**
Exchange adjustments	**(9)**
Additions	**86**
As at December 31, 2024	**981**
Accumulated amortization:	
As at January 1, 2023	35
Exchange adjustments	(10)
Amortization charge for the year	78
As at December 31, 2023	103
As at January 1, 2024	**103**
Exchange adjustments	**(5)**
Amortization charge for the year	**152**
As at December 31, 2024	**250**
Net book value	
As at December 31, 2024	**731**
As at December 31, 2023	801

The amortization charge for the year is included in "administrative and other operating expenses" in the consolidated statement of profit or loss and other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

12 INVESTMENTS IN SUBSIDIARIES

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	Particulars of issued and paid-up capital	Proportion of ownership interest	Principal activities
T.S. Hong Kong Shipping Corp.	The Republic of Panama	US$10,000	100%	Vessel Chartering
T.S. Empire Holding Limited	The Republic of Marshall Islands ("**Marshall Islands**")	US$50,000	100%	Vessel chartering
T.S. Kingdom Holding Limited	Marshall Islands	US$50,000	100%	Vessel chartering
Shanghai Desheng Shipping Co., Ltd. (上海德聖船務有限公司)	Mainland China, limited liability company	RMB68,333,798	100%	Provision of shipping agency services
T.S. Lines Korea Co., Ltd.	The Republic of Korea ("**Korea**")	KRW100,000,000	100%	Provision of shipping agency services
T.S. Container Lines Vietnam Company Limited	Vietnam	VND6,678,000,000	100%	Provision of shipping agency services
T.S. Container Lines Ha Noi Company Limited	Vietnam	VND6,675,000,000	70%	Provision of shipping agency services
T.S. Dynasty Limited	HKSAR	US$7,500,000	100%	Inactive
Glory Shipping Company Limited	Marshall Islands	US$50,000	100%	Investment holding
T.S. Lines (Japan) Limited	Japan	JPY50,000,000	100%	Provision of shipping agency services
T.S. Glory Limited	HKSAR	US$50,000	100%	Inactive
T.S. Majesty Limited	HKSAR	US$50,000	100%	Inactive
Nobility Shipping Company Ltd	Marshall Islands	US$50,000	100%	Investment holding
T.S. Domain Limited	HKSAR	US$50,000	100%	Inactive
Royalty Shipping Limited	Marshall Islands	US$50,000	100%	Vessel chartering
Dignity Shipping Company Limited	Marshall Islands	US$400,000	100%	Vessel chartering
Authority Shipping Company Limited	Marshall Islands	US$600,000	100%	Vessel chartering
Primacy Shipping Company Limited	Marshall Islands	US$400,000	100%	Vessel chartering

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

12 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of subsidiaries directly held	Place of incorporation/establishment and business	Particulars of issued and paid-up capital	Proportion of ownership interest	Principal activities
Duk Sang T.S. Lines Co., Ltd.	Korea	KRW500,000,000	80%	Provision of shipping agency services
Sovereignty Shipping Company Limited	Marshall Islands	US$600,000	100%	Vessel chartering
Splendor Shipping Maritime Limited	Marshall Islands	US$100,000	100%	Vessel chartering
Abundance Shipping Maritime Limited	Marshall Islands	US$100,000	100%	Vessel chartering
Bravery Shipping Maritime Limited	Marshall Islands	US$100,000	100%	Vessel chartering
Magnificence Shipping Maritime Limited	Marshall Islands	US$100,000	100%	Vessel chartering
T.S. Container Lines (M) Sdn Bhd	Malaysia	RM500,000	100%	Provision of shipping agency services
Count Shipping Company Limited	Marshall Islands	US$50,000	100%	Vessel chartering
Dux Shipping Company Limited	Marshall Islands	US$50,000	100%	Vessel chartering
Viscount Shipping Company Limited	Marshall Islands	US$50,000	100%	Vessel chartering
TSL Container Lines (Philippines) Inc	The Republic of the Philippines	PHP11,000,000	70%	Provision of shipping agency services
TS Container Lines Pte. Ltd.	Singapore	US$100	100%	Provision of shipping agency services
TS Marina Bay Pte. Ltd.	Singapore	US$100	100%	Provision of shipping agency services

13 INTERESTS IN ASSOCIATES AND A JOINT VENTURE

(a) Interests in associates

The particulars of associates, which are accounted for using the equity method in the consolidated financial statements, are as fellows:

Name of Company	Place of incorporation/ establishment and operation	Amount of issued and paid-up capital	Proportion of ownership interest 2024	2023	Principal activities
T.S. Lines (India) Private Limited	India	INR100,000	**40%**	40%	Provision of shipping agency services
T.S. Container Lines (Thailand) Co., Ltd.	Thailand	THB6,000,000	**49%**	49%	Provision of shipping agency services
T.S. Lines UAE L.L.C.	United Arab Emirates	US$40,274	**N/A (note)**	49%	Provision of shipping agency services

All of the above associates are unlisted corporate entities whose quoted market price is not available.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

13 INTERESTS IN ASSOCIATES AND A JOINT VENTURE (CONTINUED)

(a) Interests in associates (Continued)

Note: 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 in accordance with the shareholders' agreement.

Summary financial information on associates

All of the above associates are not individually material, aggregate information of these associates is disclosed below:

	2024 US$'000	2023 US$'000
Aggregate carrying amount of individually immaterial associates in the consolidated statement of financial position	2,856	6,420
Aggregate amounts of the Group's share of these associates'		
Profits less losses from operations	1,438	995
Other comprehensive income	(89)	(32)
Total comprehensive income	1,349	963

The Group discontinued to recognize further losses on certain associates when the Group's share of losses exceeded its interests in these associates. As at December 31, 2023, the Group had not recognized losses of US$246,000 and among these unrecognized losses, none of them were related to the year ended December 31, 2023.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

13 INTERESTS IN ASSOCIATES AND A JOINT VENTURE (CONTINUED)

(b) Interest in a joint venture

The particulars of joint venture, which is accounted for using the equity method in the consolidated financial statements, are as follows:

Name of Company	Place of incorporation/ establishment and operation	Amount of issued and paid-up capital	Proportion of ownership interest 2024	2023	Principal activities
T.S. Lines UAE L.L.C.	United Arab Emirates	US$40,274	51%	N/A (note 13(a))	Provision of shipping agency services

T.S. Lines UAE L.L.C., the only joint venture in which the Group participates, is an unlisted corporate entity whose quoted market price is not available.

Summary financial information on a joint venture

The above joint venture is not individually material, aggregate information of the joint venture is disclosed below:

	2024 US$'000	2023 US$'000
Carrying amount of individually immaterial joint venture in the consolidated statement of financial position	1,490	–
Amounts of the Group's share of the joint venture		
Profit from operations	580	–
Other comprehensive income	202	–
Total comprehensive income	782	–

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

14 TRADE AND OTHER RECEIVABLES AND CONTRACT ASSETS

	2024 US$'000	2023 US$'000
Trade debtors, net of loss allowance	106,391	64,143
Other receivables, prepayments and deposits	12,398	13,322
Current portion of trade and other receivables	118,789	77,465
Non-current prepayments for the acquisitions of vessels	134,632	154,194
	253,421	231,659
Contract assets	16,313	1,559
	269,734	233,218

As at December 31, 2023, the portion of the Group's listing expenses that was of a nature which qualified for charging against equity upon the listing and had been capitalized as prepayments amounted to US$380,000, all of which were recognized as reduction in equity during the year ended December 31, 2024.

As at December 31, 2024, except for 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$5,838,000 (2023: US$5,232,000).

Aging analysis

As at the end of the reporting period, the aging analysis of the Group's trade debtors based on the invoice date and net of loss allowance, is as follows:

	2024 US$'000	2023 US$'000
Within 1 month	104,934	62,733
Over 1 month to 2 months	879	611
Over 2 months to 3 months	–	226
Over 3 months	578	573
	106,391	64,143

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 20(a).

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

15 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprise:

	2024 US$'000	2023 US$'000
Cash at bank and on hand	**422,134**	716,337

As at December 31, 2024, cash at bank of US$10,298,000 (2023: US$7,090,000) is 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.

(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 Group's consolidated cash flow statement as cash flows from financing activities.

	Lease liabilities (Note 17) US$'000
At January 1, 2023	388,645
Changes from financing cash flows:	
Capital element of lease rentals paid	(154,991)
Interest element of lease rentals paid	(4,025)
Total changes from financing cash flows	(159,016)
Exchange adjustments	12
Other changes:	
Interest expense on lease liabilities (note 5(a))	4,025
Early termination of a lease arrangement	(16,457)
Total other changes	(12,432)
At December 31, 2023	217,209

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

15 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (CONTINUED)

(b) Reconciliation of liabilities arising from financing activities: (Continued)

	Lease liabilities (note 17) US$'000
At January 1, 2024	**217,209**
Changes from financing cash flows:	
Capital element of lease rentals paid	(91,414)
Interest element of lease rentals paid	(2,732)
Total changes from financing cash flows	(94,146)
Exchange adjustments	(191)
Other changes:	
Interest in lease liabilities from entering into new leases during the year	34,905
Interest expense on lease liabilities (note 5(a))	2,732
Early termination of a lease arrangement	(3,875)
Total other changes	33,762
At December 31, 2024	**156,634**

(c) Total cash outflows for leases

Amounts included in the consolidated cash flow statement for leases comprise the following:

	2024 US$'000	2023 US$'000
Within operating cash flows	125,584	72,348
Within financing cash flows	94,146	162,868
	219,730	235,216

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

15 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (CONTINUED)

(c) Total cash outflows for leases (Continued)

These amounts relate to the following:

	2024 US$'000	2023 US$'000
Lease rentals paid	**219,730**	231,364
Termination costs paid for a lease arrangement	**–**	3,852
	219,730	235,216

16 TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES

	2024 US$'000	2023 US$'000
Trade payables	**140,269**	133,238
Other payables and accrued charges	**28,908**	18,432
Deposits received	**12,317**	12,466
	181,494	164,136
Contract liabilities	**4,113**	3,099
	185,607	167,235

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 the year ended December 31, 2024 recognized as revenue was US$3,099,000 (2023: US$4,784,000).

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

16 TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES (CONTINUED)

Aging analysis

As at the end of each of the reporting period, 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:

	2024 US$'000	2023 US$'000
Within 1 month	97,827	94,993
Over 1 month to 3 months	40,799	36,201
Over 3 months	1,643	2,044
	140,269	133,238

17 LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities:

	2024 US$'000	2023 US$'000
Within one year	41,251	84,670
After 1 year but within 2 years	22,837	27,023
After 2 years but within 5 years	59,503	53,947
After 5 years	33,043	51,569
	115,383	132,539
	156,634	217,209

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

18 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the consolidated statement of financial position represents:

	2024 US$'000	2023 US$'000
Provision for Hong Kong Profits Tax for the year	–	665
Provisional Profits Tax paid	–	(1,861)
	–	(1,196)
Balances of Profits Tax provision relating to prior years	3,973	4,612
	3,973	3,416
Tax payable outside Hong Kong	271	324
	4,244	3,740

(b) Deferred tax assets and liabilities recognized:

The components of deferred tax assets/(liabilities) recognized in the consolidated statement of financial position and the movements during the year are as follows:

	Depreciation less than related depreciation allowance US$'000	Unused tax losses US$'000	Total US$'000
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	(756)	756	–
At January 1, 2024	(756)	756	–
Credited/(charged) to profit or loss	283	(131)	152
At December 31, 2024	(473)	625	152

	2024 US$'000	2023 US$'000
Represented by:		
Deferred tax assets	152	–

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

19 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

	Share capital US$'000	Retained profits US$'000	Total US$'000
At 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 (note 19(c))	–	(400,000)	(400,000)
At December 31, 2023 and January 1, 2024	140,000	861,270	1,001,270
Profit and total comprehensive income for the year	–	**259,382**	**259,382**
Interim dividend declared and paid (note 19(c))	–	**(300,000)**	**(300,000)**
Issuance of shares under IPO (notes 19(b)(iii) and (iv))	**137,213**	–	**137,213**
At December 31, 2024	**277,213**	**820,652**	**1,097,865**

(b) Share capital

(i) Issued share capital

	No. of share '000	US$'000
Ordinary shares, issued and fully paid		
At January 1, 2023, December 31, 2023 and January 1, 2024	140,000	140,000
Shares allotment (note 19(b)(ii))	1,260,000	–
Issuance of ordinary shares upon IPO (note 19(b)(iii))	250,940	129,690
Issuance of ordinary shares upon partial exercise of the over-allotment option (note 19(b)(iv))	14,091	7,523
At December 31, 2024	1,665,031	277,213

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.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

19 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(b) Share capital (Continued)

(ii) Shares allotment

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. The purpose of this allotment was to rationalize the shareholding structure in connection with the Company's IPO.

(iii) Issuance of shares upon IPO

On November 1, 2024, 250,940,000 ordinary shares of the Company were issued at a price of HK$4.18 upon IPO. On the same date, the Company's ordinary shares were listed on the Stock Exchange.

(iv) Issuance of shares upon partial exercise of the over-allotment option

On November 28, 2024, 14,091,000 ordinary shares of the Company were issued at a price of HK$4.18 upon partial exercise of the over-allotment option.

(c) Dividends

Dividends payable to equity shareholders of the Company attributable to the year

	Note	2024 US$'000	2023 US$'000
Interim dividend declared and paid of US$0.214 per ordinary share (2023: US$0.286 per ordinary share)	(i)	300,000	400,000
Final dividend proposed after the end of the reporting period of US$0.110 per ordinary share (2023: US$nil per ordinary share)	(ii)	183,153	–

The final dividend proposed after the end of the reporting period has not been recognized as a liability at the end of the reporting period.

Notes:

(i) The dividend per ordinary share was calculated on the basis of 1,400,000,000 ordinary shares taking into account the share allotment as disclosed in note 19(b)(ii).

(ii) The dividend per ordinary share was calculated on the basis of 1,665,031,000 ordinary shares outstanding at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

19 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(d) Nature and purpose of reserves

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 1(t).

(e) Capital management

The Group's primary objective when managing capital is to safeguard the Group's ability to continue as a going concern, so that the Group 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 actively and regularly reviews and manages 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.

There has been no change in the Group's capital management practices as compared to prior years. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

20 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.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

20 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Credit risk (Continued)

Trade receivables and contract assets (Continued)

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables and contract assets:

	At December 31, 2024		
	Expected loss rate	Gross carrying amount US$'000	Loss allowance US$'000
Current (not past due)	-*	121,247	–
1 to 30 days past due	-*	879	–
31 to 60 days past due	-*	–	–
More than 60 days past due	0.35%	580	2
		122,706	2

	At December 31, 2023		
	Expected loss rate	Gross carrying amount US$'000	Loss allowance US$'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
		65,704	2

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.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

20 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(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 the end of the reporting period, 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, 2024 Contractual undiscounted cash outflow					
	Within one year or on demand US$'000	**More than one year but less than two years US$'000**	**More than two years but less than five years US$'000**	**More than five years US$'000**	**Total US$'000**	**Carrying amount US$'000**
Trade and other payables	**181,494**	**–**	**–**	**–**	**181,494**	**181,494**
Lease liabilities	**43,029**	**24,199**	**62,015**	**33,433**	**162,676**	**156,634**
	224,523	**24,199**	**62,015**	**33,433**	**344,170**	**338,128**

	At December 31, 2023 Contractual undiscounted cash outflow					
	Within one year or on demand US$'000	More than one year but less than two years US$'000	More than two years but less than five years US$'000	More than five years US$'000	Total US$'000	Carrying amount US$'000
Trade and other payables	164,136	–	–	–	164,136	164,136
Lease liabilities	86,902	28,535	56,954	52,493	224,884	217,209
	251,038	28,535	56,954	52,493	389,020	381,345

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

20 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(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. Borrowings issued at fixed rates expose the Group to fair value interest 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 the end of the reporting period:

	At December 31,			
	2024		2023	
	Effective interest rate %	**US'000**	Effective interest rate %	US'000
Fixed rate borrowings:				
Lease liabilities	**1.13%-6.643%**	**156,634**	1.13%-6.525%	217,209

(ii) Sensitivity analysis

At December 31, 2024 and 2023, no sensitivity analysis was presented as all the borrowings are fixed rate borrowings and the Group does not hold any financial instruments measured at fair value.

(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 ("**US$**"), Hong Kong dollars ("**HKD**") and New Taiwan dollars ("**NTD**").

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

20 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(d) Currency risk (Continued)

(i) Exposure to currency risk

The following table details the Group's exposure at the end of the reporting period 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 the reporting period.

	Exposure to foreign currencies as at December 31, 2024 (expressed in United States dollars)				
	RMB US$'000	JPY US$'000	US$ US$'000	HKD US$'000	NTD US$'000
Trade and other receivables	**44,301**	**5,579**	**36,294**	**–**	**–**
Cash and cash equivalents	**228**	**61,344**	**3,556**	**90,333**	**–**
Trade and other payables	**(465)**	**(4,578)**	**(39,790)**	**–**	**–**
Net exposure arising from recognized assets and liabilities	**44,064**	**62,345**	**60**	**90,333**	**–**

	Exposure to foreign currencies as at December 31, 2023 (expressed in United States dollars)				
	RMB US$'000	JPY US$'000	US$ US$'000	HKD US$'000	NTD US$'000
Trade and other receivables	9,967	1,785	13,902	–	3,992
Cash and cash equivalents	7,274	12,956	5,138	3,267	–
Trade and other payables	(3)	–	(20,332)	–	–
Net exposure arising from recognized assets and liabilities	17,238	14,741	(1,292)	3,267	3,992

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

20 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(d) Currency risk (Continued)

(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 the reporting period had changed at that date, assuming all other risk variables remained constant.

	At December 31,			
	2024		2023	
	Increase/ (decrease) in foreign exchange rates %	**Effect on profit after taxation and retained profits US'000**	Increase/ (decrease) in foreign exchange rates %	Effect on profit after taxation and retained profits US'000
RMB	**5%**	**2,203**	5%	862
	(5%)	**(2,203)**	(5%)	(862)
JPY	**5%**	**3,117**	5%	737
	(5%)	**(3,117)**	(5%)	(737)
US$	**5%**	**3**	5%	(65)
	(5%)	**(3)**	(5%)	65
HKD	**5%**	**4,517**	5%	163
	(5%)	**(4,517)**	(5%)	(163)
NTD	**5%**	**–**	5%	200
	(5%)	**–**	(5%)	(200)

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 the end of the reporting period 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 the reporting period. The analysis excludes differences that would result from the translation of the financial statement of foreign operations into the Group's presentation currency. The analysis is performed on the same basis for 2023.

(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, 2024 and 2023.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

21 MATERIAL RELATED PARTY TRANSACTIONS

(a) Key management personnel emoluments

All members of key management personnel are the directors of the Group and their emoluments are disclosed in note 7.

(b) Transactions with other related parties

	Note	2024 US'000	2023 US'000
Companies controlled by the controlling shareholders or partially owned by the controlling shareholders with significant influence:			
Commissions paid/payable	(i)	7,914	6,055
Commissions received/receivable	(ii)	641	773
Freight and handling services income collected on the Group's behalf		168,690	117,543
Freight service charge paid/payable and handling services fee paid on the Group's behalf	(iii)	71,782	56,830
Freight and handling services income collected on behalf of the companies controlled by the controlling shareholders	(iv)	15,765	16,410
Freight services charges and handling services paid on behalf of the companies controlled by the controlling shareholders		7,459	7,669
Revenue from provision of container shipping services	(ii)	3,157	4,120
Charter hire expenses – vessels	(ii)	14,640	15,555
Charter hire expenses – slots	(ii)	2,806	–
Rental income from containers	(ii)	2,945	2,625

		2024 US'000	2023 US'000
Associates:			
Commissions paid/payable	(v)	4,792	4,176
Freight and handling services income collected on the Group's behalf		98,063	81,601
Freight service charge paid/payable and handling services fee paid on the Group's behalf		42,779	36,343

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

21 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Transactions with other related parties (Continued)

	Note	2024 US'000	2023 US'000
Joint venture:			
Commissions paid/payable	(ii)	682	–
Freight and handling services income collected on the Group's behalf		3,514	–
Freight service charge paid/payable and handling services fee paid on the Group's behalf		2,083	–

Notes:

(i) Included in this related party transaction, there is an amount of US$5,017,000 constitutes continuing connected transactions as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided in section Continuing Connected Transactions of the Report of the Directors.

(ii) These related party transactions represent continuing connected transactions as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided in section Continuing Connected Transactions of the Report of the Directors.

(iii) Included in this related party transaction, there is an amount of US$436,000 constitutes continuing connected transactions as defined in Chapter 14A of the Listing Rules. However this transaction is exempt from the disclosure requirements under Chapter 14A of the Listing Rules as it is below the de minimis threshold under Rule 14A.76(1).

(iv) Included in this related party transaction, there is an amount of US$108,000 constitutes continuing connected transactions as defined in Chapter 14A of the Listing Rules. However this transaction is exempt from the disclosure requirements under Chapter 14A of the Listing Rules as it is below the de minimis threshold under Rule 14A.76(1).

(v) Included in this related party transaction, there is an amount of US$3,488,000 constitutes continuing connected transactions as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided in section Continuing Connected Transactions of the Report of the Directors.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

21 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Related party balances

	Note	2024 US'000	2023 US'000
Trade-related			
Amounts due from associates	(i)	**9,136**	2,575
Amounts due from related companies	(ii)	**30,464**	15,049
		39,600	17,624
Trade-related			
Amount due to a joint venture	(iii)	**2,622**	–
Amount due to a related company	(iv)	**70**	–
Non-trade related			
Dividend payable to a shareholder	(v)	**15,024**	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 amount due to a joint venture is unsecured, interest-free and due within 30 days from the date of billing.

(iv) The amount is due to a company controlled by the controlling shareholder, which is unsecured, interest-free and due within 30 days from the date of billing,

(v) The dividend payable to a shareholder has no fixed terms of repayment. The settlement of dividend payable of US$15,024,000 (2023: US$8,585,000) as at December 31, 2024 was still conditional upon adjudication of by the court that Mr. Wu Shang-Ying to be the beneficial owner of the Company.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

22 COMMITMENTS

Capital commitments outstanding at the end of the reporting period not provided for in the consolidated financial statement were as follows:

	2024 US$'000	2023 US$'000
Vessels contracted but not provided for	**599,128**	361,520

23 COMPANY-LEVEL FINANCIAL INFORMATION

	Note	2024 US$'000	2023 US$'000
Non-current assets			
Property, plant and equipment		**411,044**	349,398
Intangible assets		**692**	786
Interests in subsidiaries		**21,652**	21,594
Interests in associates		**41**	41
Interest in a joint venture		**2**	–
Deferred tax assets		**152**	–
		433,583	371,819
Current assets			
Bunkers		**21,209**	16,991
Contract assets		**16,313**	1,559
Trade and other receivables		**633,170**	516,500
Cash and cash equivalents		**298,069**	442,537
		968,761	977,587

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

23 COMPANY-LEVEL FINANCIAL INFORMATION (CONTINUED)

	Note	2024 US$'000	2023 US$'000
Current liabilities			
Contract liabilities		**24**	58
Trade and other payables		**145,362**	130,192
Lease liabilities		**40,584**	83,521
Tax payable		**3,973**	2,751
		189,943	216,522
Net current assets		**778,818**	761,065
Total assets less current liabilities		**1,212,401**	1,132,884
Non-current liability			
Lease liabilities		**114,536**	131,614
NET ASSETS		**1,097,865**	1,001,270
CAPITAL AND RESERVES			
Share capital	19(b)	**277,213**	140,000
Reserves		**820,652**	861,270
TOTAL EQUITY		**1,097,865**	1,001,270

Approved and authorized for issue by the Board of Directors on

Mr. Chen Teh-Sheng
Chairman

Mr. Chen Shao-Hsiang
Vice Chairman

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

24 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

After the end of the reporting period, the directors proposed a final dividend and details of which are disclosed in note 19(c).

25 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED DECEMBER 31, 2024

Up to the date of issue of these financial statements, the HKICPA has issued a number of new or amended standards, which are not yet effective for the year ended December 31, 2024 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKAS 21, *The effects of changes in foreign exchange rates: Lack of exchangeability*	January 1, 2025
Amendments to HKFRS 9, *Financial instruments* and HKFRS 7, *Financial instruments: disclosures – Amendments to the classification and measurement of financial instruments*	January 1, 2026
Annual improvements to HKFRS Accounting Standards – Volume 11	January 1, 2026
HKFRS 18, *Presentation and Disclosure in Financial Statements*	January 1, 2027
HKFRS 19, *Subsidiaries without public accountability: disclosures*	January 1, 2027

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, except for HKFRS 18, where the presentation and disclosures of the Group's consolidated financial statements are expected to change.

FIVE YEARS FINANCIAL SUMMARY

A summary of the results and assets, liabilities and equity of the Group for the last five financial years, as extracted from the published audited financial statements, is set out below:

RESULTS

	For the year ended December 31,				
	2024 US$'000	2023 US$'000	2022 US$'000	2021 US$'000	2020 US$'000
Revenue	**1,340,398**	874,602	2,443,470	1,837,436	810,425
Gross profit/(loss)	**315,026**	(33,789)	1,091,340	931,466	192,100
Profit before taxation	**365,916**	13,838	1,085,785	1,086,286	184,026
Profit attributable to equity shareholders of the Company	**365,913**	20,709	1,074,541	1,077,730	183,931

ASSETS, LIABILITIES AND EQUITY

	As at December 31,				
	2024 US$'000	2023 US$'000	2022 US$'000	2021 US$'000	2020 US$'000
Total assets	**2,321,667**	2,159,742	2,773,362	2,246,815	686,636
Total liabilities	**(346,485)**	(388,184)	(622,395)	(799,141)	(306,367)
Non-controlling interests	**(474)**	(164)	(462)	(590)	(455)
Total equity attributable to equity shareholders of the Company	**1,974,708**	1,771,394	2,150,505	1,447,084	379,814

GLOSSARY

"AGM"	the forthcoming annual general meeting of the Company to be held on 29 May 2025
"Articles of Association"	the memorandum and articles of association of the Company (as amended, supplemented or otherwise modified from time to time)
"Audit Committee"	the audit committee of the Company
"Board"	the board of Directors
"Chairman"	the chairman of the Board
"Chen Family Group"	Mr. Chen, Mrs. Chen, Mr. James Chen and Ms. Christy Chen
"CG Code"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
"Company"	T.S. Lines Limited., a company incorporated in Hong Kong with limited liability, the shares of which is listed on Stock Exchange (stock code: 02510)
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"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
"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 the Company
"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 CrossTaiwan 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

"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 the Company, details of which are set out in the section headed "Relationship with our Controlling Shareholders — Deed of Non-Competition" in the Prospectus
"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 the Company
"Director(s)"	the director(s) of the Company
"Global Offering"	as defined in the Prospectus
"Group"	Company and its subsidiaries
"Listing"	listing of the Shares on the Main Board of the Stock Exchange
"Listing Date"	November 1, 2024, being the date from which the Shares are listed and dealings in the Shares are first permitted to take place on the Main Board of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise modified from time to time)
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules
"Mr. Chen"	Mr. Chen Teh-Sheng (陳德勝), Chairman and one of the executive Director and Controlling Shareholders
"Mr. Sharafuddin"	General Sharafuddin Alsayed Mohd H S M Yousif Sharaf, one of the Controlling Shareholders
"Mr. James Chen"	Mr. Chen Shao-Hsiang (陳劭翔), Vice Chairman and one of the executive Directors and Controlling Shareholders
"Mrs. Chen"	Mrs. Chen Chuang Chuang-Li (莊壯麗), one of the executive Directors and Controlling Shareholders
"Ms. Christy Chen"	Ms. Chen I-Chi (陳依琦), one of the Controlling Shareholders

GLOSSARY

"Nomination Committee"	the nomination committee of the Company
"Prospectus"	the prospectus issued by the Company dated October 24, 2024
"Reporting Period"	the year ended December 31, 2024
"Remuneration Committee"	the remuneration committee of the Company
"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 the 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 the 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 the Company
"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 the 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 the Company
"Shares"	the ordinary shares of the Company

GLOSSARY

"Shareholders"	the holder of Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"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 the Company
"Transpacific"	Asia – North America
"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 the Company. It is a connected person of the Company
"TS Pakistan"	T.S. Lines Pak (Private) Limited, a company established in Pakistan on March 27, 2025 and controlled as to 51% by the Company and 49% by Privilege Investment L.L.C., a company ultimately controlled by Mr. Sharafuddin. It is a connected person of the Company
"TS UAE"	T.S. Lines UAE L.L.C., a company established in the United Arab Emirates with limited liability on May 3, 2012 and a joint venture owned as to 51% by the Company and indirectly owned as to 49% by Mr. Sharafuddin. It is a connected person of the 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 the Company
"Vice Chairman"	the vice chairman of the Board
"%"	per cent