OVERVIEW

We are an Asia Pacific Region focused container shipping company, operating our service network in a strategic manner that aims to capitalize on favorable market conditions, thereby ensuring sustained development and competitive advantage. We primarily operate in the Asia Pacific Region, which is the largest and one of the fastest growing regions over past three decades both in terms of shipping volume, according to the Drewry Report. We ranked the sixth in terms of fleet size among the Asia Pacific Region focused container shipping companies and the 21st in terms of fleet size among the container shipping companies globally as of January 1, 2024. We generated the highest average return on equity ("**ROE**") from 2019 to 2023, when compared with the three publicly listed Asia Pacific Region focused container shipping companies, despite experiencing a significant decrease in net profit in 2023 mainly due to the market downturn. We have remained resilient and versatile and consistently generated positive operating cash flows over the past 10 years across several shipping industry cycles, even during 2023, being one of the most challenging years during that period.

As of December 31, 2023, our container shipping network covered a total of 19 countries and regions, 49 major ports and 43 services globally. In the Asia Pacific Region, we operated 40 services covering 16 countries and regions, as of December 31, 2023. Within the Asia Pacific Region, we have a strong focus on and provide frequent services originating from the Greater Bay Area in China, where we have had a presence for two decades. For example, we were a top three player providing frequent services in terms of the number of services in December 2023 in each of the trade lanes from the Greater Bay Area to Japan, India and Oceania, respectively, according to the Drewry Report. In addition, we were also a top three player providing extensive port coverage in terms of the number of port calls per week in December 2023 in each of the trade lanes from the Greater Bay Area to Japan, the Philippines, India and Oceania, respectively. We believe that our frequent services provide our customers with greater flexibility to manage their logistics needs and stronger capability to achieve faster inventory turnover.

We operate our shipping network independently by ourselves and also through arrangements with other carriers including joint services, slot exchange and slot chartering. Through joint services, we and other carriers each designate a specific number of vessels to jointly provide shipping services for specific trade lanes; while through slot chartering and slot exchange, we may use and pay for a certain amount of space or exchange slots on a vessel of another carrier.

Moreover, we also boast a highly versatile operating model which allows us to adapt to the dynamic market demand in different markets through several ways such as launching new services to seize rising market opportunities or reduce the frequency of services or suspend services to address a drop in market demand. For example, as a complementary to our core services, we strategically expanded and proactively adjusted certain trade lanes in accordance with prevailing market conditions. We commenced services in the Transpacific and Asia – Europe markets in September 2021 and December 2022, respectively, due to the surge in customer demand during COVID-19. To address the market condition that has affected long-haul services in the Transpacific and the Asia – Europe markets where deployment of smaller vessels became less profitable or even loss-making in light of the continued decline of freight rates, we suspended all services in the Transpacific and Asia – Europe markets in February and in March 2023, respectively. We then deployed the affected vessels to the markets in the Asia Pacific Region.

We currently perceive significant growth opportunities within the Middle East and East Africa regions. In November 2023, we launched a new service from Greater China to East Africa (Mombasa and Dar Es Salaam) by joint service. In April 2024, we launched a new service from Greater China to the Middle East (Jebel Ali and Sohar) by joint service and a new service from East Asia to the Middle East (Jebel Ali and Dammam) by slot chartering arrangement.

The following table sets forth the shipping volume and the corresponding percentages (relative to our total shipping volume) of our container shipping network by market for the periods indicated:

	For the year ended December 31,					
	2021		2022		2023	
	Shipping volume	*%*	*Shipping volume*	*%*	*Shipping volume*	*%*
	(TEU, except percentage)					
Asia Pacific Region	1,571,974	99.3	1,470,045	94.3	1,433,097	97.7
Greater China – North Asia	447,856	28.3	421,127	27.0	398,900	27.2
Greater China – Southeast Asia	710,582	44.9	489,069	31.4	528,193	36.0
Greater China	148,224	9.4	137,010	8.8	134,696	9.2
North Asia and Southeast Asia	110,238	7.0	74,563	4.8	113,992	7.8
Asia – Oceania	142,971	9.0	210,851	13.5	103,512	7.1
Asia – Indian Subcontinent	12,103	0.8	137,425	8.8	153,804	10.5
Transpacific(1)	11,600	0.7	72,392	4.7	–	–
Asia – Europe(1)	–	–	11,364	0.7	11	0.0
Others(2)	–	–	5,341	0.3	33,323	2.3
Total	1,583,574	100.0	1,559,142	100.0	1,466,431	100.0

Notes:

(1) To address the market condition that has affected long-haul services in the Transpacific and the Asia – Europe markets where deployment of smaller vessels became less profitable or even loss-making in light of the continued decline of freight rates, we decided to suspend our services in the Transpacific and Asia – Europe markets in December 2022, and all services in the Transpacific and Asia – Europe markets had been suspended in February and in March 2023, respectively. See "– Our container shipping business – Our markets – Transpacific" and "– Our container shipping business – Our markets – Asia – Europe" in this section for more details.

(2) Others mainly included the trade lane connecting Greater China and the Middle East (Jebel Ali), the trade lane connecting Greater China and East Africa (Mombasa and Dar es Salaam), and the trade lane connecting India (Nhava Sheva and Mundra), Middle East (Jebel Ali and Khalifa) and East Africa (Mombasa and Dar es Salaam).

We were founded in 2001 by our chairman, Mr. Chen. Prior to founding our Group, from November 1981 to January 2000, he served in various positions at Wan Hai Lines, where he served for more than 10 years as its president and his last position was as a senior advisor, and was primarily responsible for overseeing the overall management of Wan Hai Lines. Mr. Chen is among the most experienced container shipping industry veterans, having over 36 years of management experience in container shipping across many industry cycles. We are led by a highly experienced senior management team, who have on average 26 years of shipping industry experience, most of whom have been with us since our inception.

Over the past two decades, Mr. Chen and the senior management team grew our Group from a shipping company with only four services into an industry leader in the Asia Pacific Region with 43 services globally as of December 31, 2023. We started with one chartered-in vessel of 404 TEU in 2001 and successfully grew our fleet to 43 vessels (with the exclusion of any vessels which were chartered out by us) with a total capacity of 89,818 TEU as of December 31, 2023. During this same period, we have also created substantial shareholder value. We started with US$10,000 share capital in 2001, and, through 20 years of expansion, we reached US$1.8 billion of shareholders equity as of December 31, 2023.

From 2019 to 2023, we generated the highest average ROE of 57.1%, when compared with the average ROE ranging from 38.1% to 54.3% recorded by the three listed Asia Pacific Region focused shipping companies, despite experiencing a significant decrease in net profit in 2023 mainly due to the market downturn. We have remained resilient and versatile and consistently generated positive operating cash flows over the past 10 years across several shipping industry cycles, even during 2023, being one of the most challenging years during that period.

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

Our operating model

We operate scheduled shipping services through designated ports in rotation, which we refer to as a liner service model. We have developed a flexible shipping capacity allocation mechanism that allows us to quickly adjust our regular liner services in response to changes in market demand, freight rates and operating conditions. We achieve this by adjusting the ports we call at in our services or by reallocating shipping capacity among our service networks. For example, we usually formulate a capacity allocation schedule for various ports based on the shipping volume estimate, market analysis and freight rates development. We review the shipping volume estimate and freight rates level weekly based on the feedback from local markets and adjust the capacity allocation of each port to achieve better utilization. This mechanism has enabled us to enhance utilization and maximize profitability, by quickly reallocating shipping capacity. In addition, in order to increase our container shipping network coverage and frequency of services, we have entered into a number of cooperation agreements with other carriers which provide for the joint operation of container shipping services, the exchange of slot capacity and the charter of slots on vessels operated by other carriers. As of December 31, 2023, we operated 10 independent services, 20 joint services and 13 services through slot exchange arrangements.

Our fleet

We own the youngest vessels among the world's top 25 container shipping companies in terms of the owned vessels as of January 1, 2024 according to the Drewry Report. Our owned vessels had an average age per vessel of approximately 3.7 years as of December 31, 2023. The deployment of newer vessels plays a vital role in reducing our unit operating costs, thereby enhancing our competitive edge in the market.

We proactively manage our shipping capacity in accordance with prevailing market conditions. We can manage our additional shipping capacity through several ways such as selling owned vessels, returning chartered-in vessels when the charters expire or chartering out owned vessels or chartered-in vessels. As of December 31, 2023, we had a total of 43 vessels (with the exclusion of any vessels which were chartered out by us), consisting of 32 owned vessels and 11 chartered-in vessels, with a total capacity of 89,818 TEU. The majority of our fleet consists of small sized vessels each with capacity of less than 2,000 TEU, which are able to access most ports in the Asia Pacific Region and are therefore more versatile in deployment than larger vessels.

As of the Latest Practicable Date, we have ordered five 7,000 TEU vessels, three of which are expected to be delivered between June 2024 and November 2024 and the remaining two of which are expected to be delivered in 2026 and 2027, respectively. We expect we will have a younger fleet in the next few years based on our newbuildings delivery timetable. The vessels we have ordered are expected to be flexible in deployment across multiple trade lanes. We adhere to a disciplined and carefully-timed approach to ordering new vessels and purchasing used vessels because we generally order or purchase vessels when we believe vessel prices are relatively low, where we perceive vessel prices are either at or close to the bottom of market price or at the early stage of an up-trending market, or when we need to upgrade our vessels pursuant to our deliberate and long-term vessel portfolio management plan. For newbuildings, we regularly communicate with major vessel suppliers and monitor relevant market indexes to understand the market trend. For used vessels, we gather market information of used vessel transactions weekly and exchange views with vessel brokers and dealers to learn the latest market development. The purchase prices of our newbuildings and used vessels were generally in line with or lower than the average market prices for comparable vessels at the time of our purchase, as confirmed by Drewry. We believe this approach confers a significant cost advantage to us in the long run.

As a way to proactively optimize our vessels portfolio to address the adverse market condition, since the beginning of 2023, we have disposed of 10 of our owned vessels and returned 12 of the chartered-in vessels whose charters have expired. In the same period, we deployed 12 new buildings to replace and upgrade some of the owned vessels we disposed of and chartered-in vessels we returned, achieving the benefit of long-term cost effectiveness, and becoming more environmentally friendly and complying with environmental regulations, such as IMO requirements.

Our customer base

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

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

OUR STRENGTHS

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

Strong shareholder value creating capability

We are committed to delivering shareholder value. Specifically, we generated the highest average ROE of 57.1% from 2019 to 2023, when compared with the average ROE ranging from 38.1% to 54.3% recorded by the three listed Asia Pacific Region focused shipping companies, despite experiencing a significant decrease in net profit in 2023 mainly due to the market downturn. We have remained resilient and versatile and consistently generated net operating cashflow over the past 10 years across several shipping industry cycles, even during 2023, being one of the most challenging years during that period.

We consistently generated positive operating cash flows for 10 consecutive years up to and including 2023, despite the cyclical nature of the container shipping industry. The above periods include the downcycle of 2016 to 2018 experienced by the container shipping industry according to the Drewry Report and the challenging period we experienced since 2023. This demonstrates our ability to consistently maintain positive operating cash flows.

Extensive Asia Pacific Region focused network with deep roots across various markets

We are an Asia Pacific Region focused container shipping company, operating our service network in a strategic manner that aims to capitalize on favorable market conditions, thereby ensuring sustained development and competitive advantage. According to the Drewry Report, the Asia Pacific Region is the largest and one of the fastest growing markets both in terms of shipping volume due to strong growth in consumption, increasing trade links within Asia and fast growing cross-border trade and e-commerce. Regional free-trade agreements, such as the Regional Comprehensive Economic Partnership ("**RCEP**") and the China – ASEAN Free Trade Agreement ("**AFTA**"), also boost trade volume among relevant countries and regions within Asia. The ongoing supply chain reconfiguration also benefit us, thanks to our established networks in Southeast Asia and the Indian Subcontinent markets. The Asia Pacific Region is our core market and accounted for more than 90% of our total shipping volume in 2023. In the Asia Pacific Region, we operated 40 services covering 16 countries and regions, as of December 31, 2023. We have a long history of presence across various markets, including over 22 years in mainland China, Taiwan, Hong Kong, Japan, South Korea and ASEAN countries and over 13 years in Australia.

Within the Asia Pacific Region, we have a strong focus on and provide frequent services originating from the Greater Bay Area in China, where we have had a presence for two decades. For example, we were a top three player providing frequent services in terms of the number of services in December 2023 in each of the trade lanes from the Greater Bay Area to Japan, India and Oceania, respectively, according to the Drewry Report. In addition, we were also a top three player providing extensive port coverage in terms of the number of port calls per week in December 2023 in each of the trade lanes from the Greater Bay Area to Japan, the Philippines, India and Oceania, respectively. Specifically, in December 2023, we operated five, five and three services from the Greater Bay Area to Japan, India and Oceania, ranking the second, the third and the second, respectively, in terms of number of services through either independent operation or joint services; we made 47 port calls per week calling in the Greater Bay Area and Japan, 10 port calls per week calling in the Greater Bay Area and the Philippines, 21 port calls per week calling in the Greater Bay Area and India and 19 port calls per week calling in the Greater Bay Area and Oceania, ranking the second, the third, the third, the third, respectively, in terms of number of port calls in related regions through either independent operation or joint services. Our frequent services, long-term presence and strong customer relationships form a strong competitive barrier in these core trade lanes.

Our flexible operating model supporting sustainable development

We dedicate a stable core of shipping capacity to our key services originating from the Greater Bay Area, while allocating the rest of shipping capacity to other regions. We have developed a flexible shipping capacity allocation mechanism that allows us to quickly adjust our regular liner services when market conditions require. We achieve this by adjusting ports called in a service or by reallocating shipping capacity among our service networks. This mechanism has enabled us to enhance utilization and maximize profitability, by quickly reallocating shipping capacity.

Moreover, we also boast a highly versatile operating model which allows us to adapt to the dynamic market demand in different markets through several ways such as launching new services to seize rising market opportunities or reduce the frequency of services or suspend services to address a drop in market demand. For example, as a complementary to our core services, we strategically expanded and proactively adjusted certain trade lanes in accordance with prevailing market conditions. We commenced services in the Transpacific and Asia – Europe markets in September 2021 and December 2022, respectively, due to the surge in customer demand during COVID-19. To address the market condition that has affected long-haul services in the Transpacific and the Asia – Europe markets where deployment of smaller vessels became less profitable or even loss-making in light of the continued decline of freight rates, we suspended all services in the Transpacific and Asia – Europe markets in February and in March 2023, respectively. We deployed the affected vessels to the markets in the Asia Pacific Region.

We currently perceive significant growth opportunities within the Middle East and East Africa regions. In November 2023, we launched a new service from Greater China to East Africa (Mombasa and Dar Es Salaam) by joint service. In April 2024, we launched a new service from Greater China to the Middle East (Jebel Ali and Sohar) by joint service and a new service from East Asia to the Middle East (Jebel Ali and Dammam) by slot chartering arrangement.

We own the youngest vessels among the world's top 25 container shipping companies in terms of the owned vessels as of January 1, 2024 according to the Drewry Report. Our owned vessels had an average age per vessel of approximately 3.7 years as of December 31, 2023. The deployment of newer vessels plays a vital role in reducing our unit operating costs, thereby enhancing our competitive edge in the market.

Our fleet also contributes to our operating model. As of December 31, 2023, we had a total of 43 vessels (with the exclusion of any vessels which were chartered out by us) consisting of 32 owned vessels and 11 chartered-in vessels, with a total capacity of 89,818 TEU. As of the Latest Practicable Date, we operated a fleet of 44 vessels (with the exclusion of any vessels which were chartered out by us) with a total capacity of 106,379 TEU, among which, 35 were our owned vessels and nine were chartered-in vessels. The majority of our fleet consists of small sized vessels each with capacity of less than 2,000 TEU, which are able to access most ports in the Asia Pacific Region and are therefore more versatile in deployment than larger vessels. We seek to maintain flexibility between owned vessels and chartered-in vessels to adjust our vessel mix according to the ever-changing market conditions. During the Track Record Period, we increased the number of owned vessels which we believe provide a more stable support to our business in the long run compared to chartered-in vessels because they are not subject to any prescribed lease term or fluctuations of charter rates and they help to achieve a lower cost level in the long term compared to chartered-in vessels. To minimize any adverse environmental impact resulting from our air emissions and control our bunker cost level, we have generally installed scrubbers on our owned vessels of relatively larger sizes or younger ages because of the apparent bunker cost saving. Installing scrubbers enables us to reduce the emissions of sulphur oxides and other pollutants from our vessels and to use more economical HSFO, which enhances our cost efficiency. For example, as of the Latest Practicable Date, we installed scrubbers on 28 of our 38 owned vessels with a capacity of 80,552 TEU accounting for 83.0% of our total shipping capacity of owned vessels, being our larger sized or younger vessels, and two of the five new vessels of 7,000 TEU we ordered as of the same date are expected to be delivered with scrubbers installed. In March 2024, the industry average for the installation of scrubbers stands at 43.3% in terms of the capacity of vessels.

Our operating model is also enabled by a flat management structure with few and short reporting lines, through which our senior management could stay very close to market developments and make decisions swiftly in response to changes in market and operating conditions.

Our disciplined and carefully-timed vessel purchases driving cost advantage

We adhere to a disciplined and carefully-timed approach to new vessels order and used vessels purchase because we generally order or purchase vessels when we believe vessel prices are relatively low, either at or close to the bottom of the market price cycle or at the early stage of an up-trending market, or when we need to upgrade our vessels pursuant to our deliberate and long-term vessel portfolio management plan. For newbuildings, we regularly communicate with major vessel suppliers and monitor relevant market indexes to understand the latest market trend. For used vessels, we gather market information of used vessel transactions weekly and exchange views with vessel brokers and dealers to learn the latest market development. The purchase prices of our newbuildings and used vessels were generally in line with or lower than the average market prices for comparable vessels at the time of our purchase, as confirmed by Drewry. When vessel prices and long-term charter rates are high, we choose instead to expand shipping capacity using short term charters. We believe this approach confers a significant cost advantage to us in the long run.

For example, we purchased 12 newbuildings between 2015 and 2019, where the purchase prices were in line with or on the lower end of the market prices at the time of purchasing according to Drewry. In 2020, we purchased four 1,900 TEU newbuildings at an average purchase price of US$21.9 million, which was lower than the market price range of US$23 million to US$26 million for a 1,500 TEU vessel (which was smaller than our four newbuildings) in 2020. In April 2024, we ordered two 7,000 TEU newbuildings, which we plan to deploy in the Asia – Indian Subcontinent, Asia – Oceania and/or Middle East markets from 2026. Furthermore, thanks to our strong operating cash generating capabilities, we have been able to finance the expansion of our vessel fleet with readily available funds, and we also retain greater flexibility on the timing of making investments in new vessels including awaiting and seizing the right windows to acquire vessels at relatively lower cost.

Distinct customer focus and strong sales coverage

Focus on small and medium-sized customers. We primarily focus on small and medium-sized customers, including freight forwarders and BCO customers, who usually have only moderate shipping demand and therefore command less volume discounts compared with larger customers, and who are more receptive to market freight rates or higher freight rates in case of shortage of supply or urgent shipping requests.

Direct sales force. We have established an extensive in-house sales network covering our strategically important markets in the Asia Pacific Region, primarily consisting of our own local sales teams. As of December 31, 2023, we had a total of 22 offices worldwide, including 10 offices in mainland China and Hong Kong, two in Japan, two in South Korea, three in Vietnam, three in Malaysia, one in United Arab Emirates and one in the Philippines. We believe a strong local presence can bring us closer to market developments, directly covering a wider base of small and medium-size customers and build better customer relationships.

Focus on high value-added cargos. We focus on shipping high value-added and time-sensitive cargos including consumer electronics, high-end machinery, auto products and cargos requiring reefer containers such as perishable goods. These cargos often require a combination of on-time delivery, specific container conditions and careful handling, and thus generally command higher freight rates than other cargos, according to the Drewry Report.

Ability to serve large shippers. We from time to time also service large blue-chip customers with their tailored needs. We have undertaken large projects with specifically tailored needs for these customers with whom we have long-term business relationships.

A management team with extensive industry experience and proven track record

We are led by our chairman and founder, Mr. Chen and a senior management team that displays a combination of vision, experience, stability and entrepreneurial dynamism. Our senior management members have on average 26 years of container shipping industry experience. Most of them joined us at our inception and have remained with us ever since. The average tenure of our senior management members with our Group is 19 years. Our flat organizational structure enables us to remain dynamic and nimble even as we have grown significantly in scale.

Mr. Chen is among the most experienced container shipping industry veterans, having over 36 years management experience in container shipping. Prior to founding our Group, from November 1981 to January 2000, he served in various positions at Wan Hai Lines, where he served for more than 10 years as its president and his last position was as a senior advisor and was primarily responsible for overseeing the overall management of Wan Hai Lines. Our president, Mr. To Hung-Lin, has 27 years of experience in the operation and management of shipping companies, and joined us since our establishment in 2001 and has helped steer our Group through many industry cycles.

Over the past two decades, Mr. Chen and the senior management team grew our Group from a shipping company with only four services into an industry leader in the Asia Pacific Region with 43 services globally as of December 31, 2023.

OUR STRATEGIES

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

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

The Asia Pacific Region is the largest and one of the fastest growing markets over past three decades in the global container shipping industry both in terms of shipping volume due to strong growth in consumption, increasing trade links within Asia and fast growing cross-border trade and e-commerce according to the Drewry Report. Regional free-trade agreements, such as the RCEP and the AFTA, also boost trade volume among relevant countries and regions within Asia. The Asia Pacific Region will remain our core market, where we aim to strengthen our advantageous positions in our key services through vessel allocation optimization and upgrade to larger and younger vessels, while allocating remaining shipping capacity to other services with a view to maximizing profitability.

The majority of our services in the Asia Pacific Region was short-haul services during the Track Record Period. We plan to enhance the frequency of our core services and upgrade the relevant vessels deployed in the Asia Pacific Region by deploying our new-build vessels to be delivered in 2024. We are also exploring the opportunity to launch new liner services covering more ports in the Asia Pacific Region through independent-operation or cooperation with other carriers through joint services or slot exchange arrangements. To achieve better utilization and profitability, we will closely monitor and optimize the schedule and ports in rotation of our liner services as well as the proportion of owned vessels and chartered-in vessels.

Furthermore, we plan to explore opportunities in other markets which can demonstrate robust, enduring demand and offer long-term profitability. Currently, we see the potential growth in certain markets such as the Middle East and East Africa and we are considering operating additional services in collaboration with other carriers. For example, in November 2023, we launched a new service from Greater China to East Africa (Mombasa and Dar Es Salaam) by joint service. In April 2024, we launched a new service from Greater China to the Middle East (Jebel Ali and Sohar) by joint service and a new service from East Asia to the Middle East (Jebel Ali and Dammam) by slot chartering arrangement.

In addition, to broaden our customer base, improve customer service capability and enhance customer loyalty, we intend to establish more offices in selected cities in the Asia Pacific Region. Our branch sales teams across different locations plan to acquire more BCO customers, thereby enhancing our market presence and increasing the proportion of our BCO cargos as well as mitigating the impact from freight rate fluctuations because in general we believe we may build up customer loyalty when dealing directly with BCO customers rather than through freight forwarders, and BCO customers are also more inclined to engage in long-term contracts with us after appreciating our service quality.

Continue to optimize and upgrade our vessels and containers portfolio

We plan to continue to optimize and upgrade our vessels and containers portfolio to further improve our cost structure. For example, our newbuilds to be delivered over time can further increase the proportion of owned vessels out of our entire vessels portfolio which will help to lower our cost level in the long term. Newbuilds can also increase our shipping capacity when the market demand supports, or upgrade our fleet by replacing older vessels.

Furthermore, vessel chartering is a flexible means for us to fine tune our vessel fleet size because we can select the type of vessel and charter term we prefer when the market demand supports, or return vessels when the charters expire if we have excess shipping capacity. Moreover, we can also dispose of owned vessels when we have excess shipping capacity. Through the aforementioned means we can respond to changing market conditions dynamically while improving our cost structure. We also plan to further optimize our fleet allocation by deploying new vessels with larger capacity in services with growing demand, reallocate certain existing vessels with smaller capacity to explore new services, and use joint services or slot exchange arrangements with other carriers to enhance our service capability.

For example, as a way to proactively optimize our vessels portfolio to address the adverse market condition, since the beginning of 2023, we have disposed of 10 of our owned vessels and returned 12 of the chartered-in vessels whose charters have expired. In the same period, we deployed 12 newbuildings to replace and upgrade some of the owned vessels we disposed of and chartered-in vessels we returned, achieving the benefit of long-term cost effectiveness, and becoming more environmentally friendly and complying with environmental regulations such as IMO requirements. As of the Latest Practicable Date, we have ordered five 7,000 TEU vessels, three of which are expected to be delivered between June 2024 and November 2024 and the remaining two of which are expected to be delivered in 2026 and 2027, respectively.

In addition, we plan to increase the number of our containers through leasing and purchases to support our future business development. As of the Latest Practicable Date, we had leased containers with capacity of 181,817 TEUs under a contract term over one year. By purchasing containers to increase the proportion of our owned containers to support our growth, we believe it will help to lower our cost level in the long term compared to leased containers. We also plan to purchase additional special containers to meet the diverse needs of our growing base of BCO customers. We intend to apply part of the [**REDACTED**] from the [**REDACTED**] for purchasing new vessels and containers, the vessel chartering contracts we entered into and container leasing. See "Future Plans and [**REDACTED**] — [**REDACTED**]" for more details.

Continue to promote digitalization of our business

We believe operational excellence, cost-effectiveness and high-quality services are key to our success in the highly competitive container shipping industry. Digitalization is a critical measure to strengthen the resilience of the supply chain including the shipping industry, according to the Drewry Report, because digital technologies can improve service quality, operational efficiency and competitiveness of container shipping companies. Therefore, we plan to continuously invest in our digital transformation by deploying advanced IT solutions to enhance the coordination and communication across all of our branches and offices.

As our business expands globally, we intend to implement a next-generation internal operation system to ensure seamless coordination across our network. We believe the scalable and interactive new system can deliver a better user experience to our customers by monitoring all key processes through a single integrated platform. It will support our multi-dimensional analysis and decision making in services design, pricing, cost management and resource allocation. It will also provide strong tracking visibility of equipment and vessel performance.

To further this goal, we plan to continually upgrade our existing IT systems, including our existing internal operation systems, cloud servers, human resource systems, and E-service platform. In addition, in recognition of the substantial benefits Artificial Intelligence (AI), the Internet of Things (IoT), and other advanced technologies offer, we are committed to augmenting our investment in these areas. As a testament to this commitment, we are currently in the process of forging a partnership with a reputable third-party technology provider. This strategic alliance is aimed at integrating AI-powered customer service bots into our service framework, a move that is anticipated to significantly refine our customer interaction and response times. Furthermore, to support our digitalization, we will recruit and train in-house IT professionals and continually upgrade the IT infrastructure in our headquarters as well as our branches and offices.

Strengthen our strategic collaboration with other carriers and selectively pursue strategic investments in port operation

We have established cooperation and partnerships with a number of leading container shipping companies on joint services, slot exchange and slot charter arrangements. These partnerships have contributed to our advantageous position in the core Asia Pacific Region by increasing our service frequency, and have also significantly expanded our service network by successfully establishing our presence in new targeted markets while optimizing our fleet utilization and minimizing risk. Thus, we intend to further expand our strategic collaboration with our existing and potential partners, to further enhance our service coverage and capabilities, and achieve greater economies of scale in our services to further optimize our cost level.

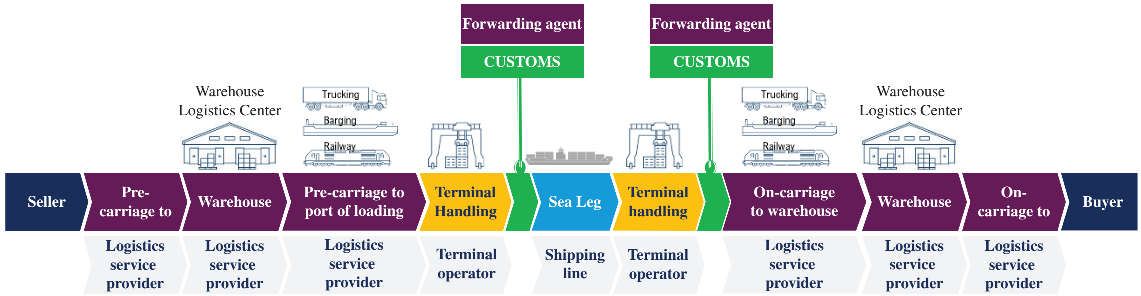
Having built one of the most extensive container shipping networks within the Asia Pacific Region with a well-established customer base, we will also explore attractive investment opportunities in certain complementary businesses, such as exclusive terminals, container depots and warehousing at selected ports. By participating in terminal operations, we can reduce the cost level of our existing operations, generate new revenue streams and also enhance profitability by providing more reliable services.

OUR CONTAINER SHIPPING BUSINESS

Our business model

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

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



We are engaged in the provision of container shipping services with our fleet of vessels consisting of both owned vessels and chartered-in vessels. We mainly serve the Asia Pacific Region, including the Greater China – North Asia, the Greater China – Southeast Asia, the Greater China, the North Asia and Southeast Asia, the Asia – Oceania and the Asia – Indian Subcontinent markets. We operate our shipping network independently by ourselves and also through arrangements with other carriers including joint services, slot exchange and slot chartering.

We mainly contract with freight forwarders acting on behalf of BCO customers, namely, consignors, and to a lesser extent, we directly contract with BCO customers, to transport containerized cargos pursuant to their instructions. Our container shipping services primarily include transporting containers from origin ports to destination ports within our shipping network. In some cases, upon customers' requests, we also assist to arrange, among others, (i) transportation of containers to ports by rail, truck or barge from their inland points of origin, (ii) loading of containers onto container vessels at port, and (iii) discharging containers at destination ports, and onward transportation by rail, truck or barge to their final inland destination. Along the supply chain, our suppliers include port operators, container providers, bunker providers, vessel chartering companies and vessel manufacturers.

Our customer acquisition strategy is based on delivering reliable and high-quality shipping services that meet the diverse and changing needs of our customers. We actively promote our services to potential and existing customers through frequent visits by our dedicated and professional sales team, who are trained to understand our customers' businesses and offer tailored solutions. We also participate in competitive tenders from large blue-chip customers who require large-scale and long-term shipping contracts. We secure their cargos by offering superior service quality and customized terms and conditions. To expand our business, we may cross-sell new shipping services to existing customers in addition to tapping new customers.

Our container shipping services generally involves the following steps:

- Our customer makes a booking either online or via our branch office and agents worldwide at a price we quote mainly determined based on market freight rate;

- After our confirmation of the order, we issue the bill of lading detailing the terms of the shipment, and the customer arranges for an inland transport operator to pick up the empty container from the yard designated by us;

- Once the container is filled, the inland transport operator picks up and moves the container to the terminal in time, where it is loaded onto our scheduled ship;

- We are responsible for the transport of such containers from the port of departure to the port of destination according to a pre-set schedule; and

- Once the container arrives at the destination port, it will be offloaded and delivered to the recipient by an inland transport operator. The empty container is moved directly to an exporter's warehouse for reloading or to a depot to await future use.

We set forth the following procedures for launching and operating new services:

Launching new services

- Usually our planning department first collects information of the proposed new services such as shipping volume demand, freight rate, vessel daily cost, bunker consumption, bunker price and port charge from our marine department and operation department to assess the feasibility of the proposed new services through analyses on, among others, fixed cost, slot cost and variable cost, and the establishment of a profit and loss module to compare the variable cost with cargo revenue. We also hold meetings with the management involving the chairman, president, vice president and heads of relevant departments to discuss the proposed new routes, voyage per week, ports of call, execution plan, the choice of potential joint service partners if needed and other information internally. If the new services involve the development of a new market, we usually will select a local agent and our headquarter will provide trainings on our systems and policy to local agents;

- After we confirm the feasibility of the proposed new services, we will decide whether to operate through independent services, joint services or through other arrangements based on the following factors:

    - Independent service/joint service: We will operate through independent services if we have sufficient shipping capacity to satisfy the shipping demand for the proposed new services. Otherwise, we would consider joint services. We generally prefer to work with existing joint service partners in proposed new services.

  - Slot exchange: To enhance the utilization of our existing service, we may explore slot exchange opportunities with other carriers operating other similar routes in the market, through which we may also increase the frequency of our services.

  - Slot chartering: If the market demand cannot support independent service or joint service, or we have not gathered sufficient information of a certain market, we would evaluate the estimated shipping volume and freight rate to assess our potential profit in the market and operate through slot chartering.

- We will communicate with port operators on topics including terminal arrangement, customs declaration and charge rates, as well as whether there is demand for external storage yards, repair shops of containers, trailer/railway demand, etc. We will also conduct local surcharge survey and arrange seal/bill of lading delivery; and

- We will then allocate the shipping capacity according to the freight rate and shipping volume.

Operating new services

- Customer base: In addition to developing new customers through our local agents or branch offices, we may cross-sell new services to existing customers through follow-up meetings and calls, the provision of advertising materials and our updated website introducing our services;

- Bunker supply: We will discuss bunker arrangements with bunker suppliers;

- Reporting: We need to report the launch of new services to the relevant transportation authorities including the Ministry of Transport of the PRC (mainland China), the Maritime Port Bureau of the Ministry of Transportation and Communications (Taiwan), the Ministry of Land, Infrastructure, Transport and Tourism (Japan) and the Department of Infrastructure, Transport, Regional Development and Communications (Australia);

- Port customs clearance: Our local agents/branches may handle port customs clearance, or we may designate a local professional shipping agency to handle port customs clearance; and

- Container loading and unloading: We will conduct research on terminal services and compare the berth, charge rates, service quality to decide which terminal operators we plan to engage.

During the Track Record Period and up to the Latest Practicable Date, our branch offices had obtained all material certificates, licenses, approvals and permits from relevant authorities for our operations in all material respects; and nothing has come to our attention that have caused us to believe that our local agents did not obtain any material certificates, licenses, approvals or permits from relevant authorities for their operations in all material respects.

During the Track Record Period, we derived revenue mainly from the provision of container shipping services and other container shipping related services, mainly including demurrage charges, detention charges, slottage revenue and other shipping surcharges. For the years ended December 31, 2021, 2022 and 2023, we generated revenue of US$1,837.4 million, US$2,443.5 million and US$874.6 million, respectively. See "Financial Information — Description of major components in our consolidated statements of profit or loss — Revenue" for further details. The following table sets forth our revenue by business line for the periods indicated:

	For the year ended December 31,					
	2021		2022		2023	
	US$'000	*%*	*US$'000*	*%*	*US$'000*	*%*
Provision of container shipping services	1,716,389	93.4	2,301,578	94.2	801,727	91.7
Other container shipping related services	121,047	6.6	141,892	5.8	72,875	8.3
Total	1,837,436	100.0	2,443,470	100.0	874,602	100.0

As of December 31, 2021, 2022 and 2023, we operated 34, 42 and 43 services, respectively. Our services increased from 34 as of December 31, 2021 to 42 as of December 31, 2022 primarily because we launched additional services in the North Asia and Southeast Asia and the Asia – Indian Subcontinent markets. We operated 42 and 43 services, respectively, as of December 31, 2022 and 2023 which remained relatively stable. As of December 31, 2023, we had 10 independent services, 20 joint services and 13 services through slot exchange arrangements. These services cover key ports in mainland China, Taiwan, Hong Kong, Japan, South Korea, Indonesia, Vietnam, Cambodia, Thailand, the Philippines, Malaysia, Singapore, India, Pakistan, Sri Lanka, United Arab Emirates, Australia, Tanzania and Kenya. We particularly focus on the development of the Asia Pacific Region. In 2021, 2022 and 2023, our aggregate shipping volume in the Asia Pacific Region was 1,571,974 TEU, 1,470,045 TEU and 1,433,097 TEU, respectively, representing 99.3%, 94.3% and 97.7% of our total shipping volume in the same periods.

Our liner services

In general, we adopt a liner service model whereby we operate scheduled shipping services along designated ports in rotation. When designing liner services, we determine the schedule and the ports in rotation for each service taking into account, among others, the demand for shipping services from port to port, freight rate levels and voyage lead time, with a view to maximizing shipping volume and profitability in each service.

Specifically, we focus on offering frequent and highly versatile container shipping services primarily in the Asia Pacific Region. Our liner services particularly suit the needs of customers that require regular shipping services for time-sensitive cargos because our services offer them the punctuality of our shipping schedule to ensure on-time delivery. Our comprehensive port coverage enables us to serve various popular destinations for our diversified customer base. As of December 31, 2023, we had 354 port calls per week and covered 45 ports in the Asia Pacific Region. Moreover, we have also developed a flexible shipping capacity allocation mechanism that allows us to quickly adjust our regular liner services in response to changes in market demand, freight rates and operating conditions. We achieve this by adjusting the ports we call at in our services or by reallocating shipping capacity among our service networks. This mechanism has enabled us to enhance our overall vessel utilization and maximize profitability.

We also boast a highly versatile shipping network which we can adapt to the dynamic market demand in different markets. To achieve this and maintain the greatest flexibility, we operate our own independent services, as well as cooperating with other carriers through joint services, slot exchange and slot chartering arrangements. We believe joint services with other carriers are a beneficial way to manage our services and serve customer demand at the current stage because such services offer greater flexibility for our initial shipping resources commitment and risk sharing. We may consider to launch new independent services where we consider the market risk of operating independent services becomes manageable.

Our markets

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

	For the year ended December 31,					
	2021		2022		2023	
	Shipping volume	*%*	*Shipping volume*	*%*	*Shipping volume*	*%*
	(TEU, except percentage)					
Asia Pacific Region	1,571,974	99.3	1,470,045	94.3	1,433,097	97.7
Greater China – North Asia	447,856	28.3	421,127	27.0	398,900	27.2
Greater China – Southeast Asia	710,582	44.9	489,069	31.4	528,193	36.0
Greater China	148,224	9.4	137,010	8.8	134,696	9.2
North Asia and Southeast Asia	110,238	7.0	74,563	4.8	113,992	7.8
Asia – Oceania	142,971	9.0	210,851	13.5	103,512	7.1
Asia – Indian Subcontinent	12,103	0.8	137,425	8.8	153,804	10.5
Transpacific(1)	11,600	0.7	72,392	4.6	–	–
Asia – Europe(1)	–	–	11,364	0.7	11	0.0
Others(2)	–	–	5,341	0.3	33,323	2.3
Total	1,583,574	100.0	1,559,142	100.0	1,466,431	100.0

Notes:

(1) To address the market condition that has affected long-haul services in the Transpacific and the Asia – Europe markets where deployment of smaller vessels became less profitable or even loss-making in light of the continued decline of freight rates, we decided to suspend our services in the Transpacific and Asia – Europe markets in December 2022, and all services in the Transpacific and Asia – Europe markets had been suspended in February and in March 2023, respectively. See "— Our container shipping business — Our markets — Transpacific" and "— Our container shipping business — Our markets — Asia – Europe" in this section for more details.

(2) Others mainly included the trade lane connecting Greater China and the Middle East (Jebel Ali), the trade lane connecting Greater China and East Africa (Mombasa and Dar es Salaam), and the trade lane connecting India (Nhava Sheva and Mundra), Middle East (Jebel Ali and Khalifa) and East Africa (Mombasa and Dar es Salaam).

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

	For the year ended December 31,					
	2021		2022		2023	
	US$'000	*%*	*US$'000*	*%*	*US$'000*	*%*
Asia Pacific Region	1,667,925	97.2	1,893,256	82.3	772,716	96.4
Greater China – North Asia	362,716	21.1	363,562	15.8	194,139	24.2
Greater China – Southeast Asia	592,486	34.5	476,007	20.7	247,909	30.9
Greater China	98,065	5.7	91,466	4.0	61,368	7.7
North Asia and Southeast Asia	93,164	5.4	73,022	3.2	54,422	6.8
Asia – Oceania	478,141	27.9	628,639	27.3	99,364	12.4
Asia – Indian Subcontinent	43,353	2.6	260,560	11.3	115,514	14.4
Transpacific(1)	48,464	2.8	354,411	15.4	–	–
Asia – Europe(1)	–	–	43,336	1.9	16	0.0
Others(2)	–	–	10,575	0.5	28,995	3.6
Total	1,716,389	100.0	2,301,578	100.0	801,727	100.0

Notes:

(1) To address the market condition that has affected long-haul services in the Transpacific and the Asia – Europe markets where deployment of smaller vessels became less profitable or even loss-making in light of the continued decline of freight rates, we decided to suspend our services in the Transpacific and Asia – Europe markets in December 2022, and all services in the Transpacific and Asia – Europe markets had been suspended in February and in March 2023, respectively. See "— Our container shipping business — Our markets — Transpacific" and "— Our container shipping business — Our markets — Asia – Europe" in this section for more details.

(2) Others mainly included the trade lane connecting Greater China and the Middle East (Jebel Ali), the trade lane connecting Greater China and East Africa (Mombasa and Dar es Salaam), and the trade lane connecting India (Nhava Sheva and Mundra), Middle East (Jebel Ali and Khalifa) and East Africa (Mombasa and Dar es Salaam).

The following table sets forth the number of our container shipping services as of December 31, 2023, including independent services, joint services and services through slot exchange and slot chartering arrangements.

Number of services	**Asia Pacific Region**	**Others**	**Total**
Independent services	10	–	10
Joint services	18	2	20
Slot exchange arrangements	12	1	13
Total	40	3	43

As of December 31, 2023, our container shipping network covered a total of 19 countries and regions, 49 major ports and 43 services globally.

As of December 31, 2023, our container shipping services covered:

- 10 ports in mainland China, with 115 port calls per week;
- three ports in Taiwan, with 33 port calls per week;
- one port in Hong Kong, with 29 port calls per week;
- seven ports in Japan, with 42 port calls per week;
- three ports in South Korea, with 23 port calls per week;
- 12 ports in ASEAN countries, with 81 port calls per week;
- six ports in the Indian-Subcontinent, with 22 port calls per week;
- two ports in United Arab Emirates, with three port calls per week;
- three ports in Australia, with nine port calls per week; and
- two ports in East Africa, with four port calls per week.

Asia Pacific Region

We define the Asia Pacific Region to include the Greater China – North Asia, the Greater China – Southeast Asia, the Greater China, the North Asia and Southeast Asia, the Asia – Oceania and the Asia – Indian Subcontinent markets in which we operate.

We began our container shipping services in the Asia Pacific Region in 2001. We ranked sixth in the Asia Pacific Region in terms of deployed capacity among the Asia Pacific Region focused players in December 2023, according to the Drewry Report. In the Asia Pacific Region, we called at ports such as those in mainland China, Taiwan, Hong Kong, Japan, South Korea, Indonesia, Vietnam, Cambodia, Thailand, the Philippines, Malaysia, Singapore, India, Pakistan, Sri Lanka and Australia as of December 31, 2023. As of December 31, 2021, 2022 and 2023, we operated 33, 37 and 40 services in the Asia Pacific Region, respectively. For the years ended December 31, 2021, 2022 and 2023, our aggregate shipping volume in the Asia Pacific Region was 1,571,974 TEU, 1,470,045 TEU and 1,433,097 TEU, respectively. For the years ended December 31, 2021, 2022 and 2023, our revenue generated from the Asia Pacific Region was approximately US$1,667.9 million, US$1,893.3 million and US$772.7 million, representing approximately 97.2%, 82.3% and 96.4% of our total revenue for the same periods, respectively. Our average freight rate in the Asia Pacific Region was US$1,061 per TEU, US$1,288 per TEU and US$539 per TEU for the years ended December 31, 2021, 2022 and 2023, respectively.

According to the Drewry Report, the Asia Pacific Region is the largest and one of the fastest growing markets over past three decades both in terms of shipping volume due to strong growth in consumption, increasing trade links within Asia and fast growing cross-border trade and e-commerce. Regional free-trade agreements, such as the RCEP and the AFTA, also boost trade volume among relevant countries and regions. The Asia Pacific Region container ports throughput increased at a CAGR of 2.6% from 2018 to 2023, and reached 535.3 million TEU in 2023, accounting for 61.6% of the global container port throughput in 2023.

Greater China – North Asia

Our Greater China – North Asia market refers to the trade lane connecting Greater China and North Asia. We commenced container shipping services in the Greater China – North Asia market in 2001 when we operated our first service from Hong Kong to Japan and Taiwan.

As of December 31, 2023, we operated a total of nine services in the Greater China – North Asia market, including two independent services, two joint services and five services through slot exchange arrangements, with 42 port calls per week. The length of travel time on these services ranged from six days to 14 days per voyage. Our shipping volume in the Greater China – North Asia market was 447,856 TEU, 421,127 TEU and 398,900 TEU for the years ended December 31, 2021, 2022 and 2023, accounting for 28.3%, 27.0% and 27.2% of our total container shipping volume, respectively. The decrease in shipping volume in 2022 was mainly because we allocated certain shipping capacity from this market to markets with stronger revenue and profitability performance such as the Asia — Oceania, Asia – Indian Subcontinent and Transpacific markets. The decrease in shipping volume in 2023 was mainly because, to address the adverse market condition, we managed our shipping capacity in light of the scheduled delivery of newbuilds in 2023 by chartering out vessels, returning chartered-in vessels when their charters expired and disposing of owned vessels and this led to a reduction of our shipping capacity and hence a lower shipping volume. For the years ended December 31, 2021, 2022 and 2023, our average freight rate in the Greater China – North Asia market amounted to US$810 per TEU, US$863 per TEU and US$487 per TEU, respectively. For further details, see "Financial Information — Description of major components in our consolidated statements of profit or loss — Revenue — Freight rates". As of December 31, 2021, 2022 and 2023, we had 11, nine and nine services in the Greater China – North Asia market, respectively.

As of December 31, 2023, our container shipping network in the Greater China – North Asia market covered 10 major ports in North Asia, including Tokyo, Yokohama, Osaka, Kobe, Moji, Hakata, Nagoya, Incheon, Pusan and Kwangyang in addition to the ports in Greater China. For the Hong Kong – Japan trade lane, we have five services between Hong Kong and the Kanto region, six services between Hong Kong and the Kansai region and two service between Hong Kong and the Kyushu region. Similarly, for the Shanghai – Japan trade lane, we have three services between Shanghai and the Kanto region, three services between Shanghai and the Kansai region and one service between Shanghai and the Kyushu region. We provided seven voyages and seven voyages per week in 2023 in the Shanghai – Japan and Hong Kong – Japan trade lanes, respectively. For the Japan – Taiwan trade lane and the South Korea – Taiwan trade lane, we provide six services in the Japan – Taiwan trade lane and three services in the South Korea – Taiwan trade lane.

We enjoy a leading market position in this market. For example, according to the Drewry Report, in December 2023, we operated five services from the Greater Bay Area to Japan, ranking the second in terms of number of services through either independent operation or joint services and we had 47 port calls per week calling in the Greater Bay Area and Japan in the above five services, ranking the second in terms of number of port calls in related regions through either independent operation or joint services.

According to the Drewry Report, the container throughput in North Asia increased from 53.4 million TEU in 2018 to 53.6 million TEU in 2023, in which Japan and South Korea were two major countries with mature container markets. To continue to develop our Greater China – North Asia market, we plan to: (i) increase the frequency of the main trade lanes, such as between the Greater Bay Area and Japan, and at the same time further develop the joint services and slot exchange arrangements; (ii) expand business and increase container utilization through slot exchange and slot chartering arrangements, such as developing the round-trip routes between Greater China and Japan; (iii) further expand the trade lane between Japan and the Greater Bay Area and between Taiwan and Japan, and (iv) replace the smaller vessels with the larger vessels being cascaded down from other services and expand our joint services.

Greater China – Southeast Asia

Our Greater China – Southeast Asia market refers to the trade lane connecting Greater China and Southeast Asia. We commenced container shipping services in the Greater China – Southeast Asia market since 2002 when we operated our first service from Greater China to Singapore, Malaysia and Indonesia.

As of December 31, 2023, we operated a total of seven services in the Greater China – Southeast Asia market, including two independent services, four joint services and one service through slot exchange arrangements, with 52 port calls per week. The length of travel time on these services ranged from two days to 21 days per voyage. Our total shipping volume in the Greater China – Southeast Asia market was 710,582 TEU, 489,069 TEU and 528,193 TEU for the years ended December 31, 2021, 2022 and 2023, accounting for 44.9%, 31.4% and 36.0% of our total container shipping volume, respectively. The decrease in shipping volume in 2022 was mainly because we allocated certain shipping capacity from the Greater China – Southeast Asia market to markets with stronger revenue and profitability performance such as the Asia – Oceania, Asia – Indian Subcontinent and Transpacific markets. The increase in shipping volume in 2023 was mainly because we deployed new vessels delivered in 2023 and launched new services in the second half of 2023 such as the service from Greater China to Sihanoukville, Bangkok, Laem Chabang, Ho Chi Minh, Batangas and Manila and the service from Greater China to Jakarta and Surabaya, thereby increasing the shipping volume. Nonetheless, the increase in shipping volume in 2023 was partially offset by the reduction of our shipping capacity in 2023 and hence a lower shipping volume mainly as a result of our management of our shipping capacity including chartering out vessels, returning chartered-in vessels when their charters expired and disposing of owned vessels. For the years ended December 31, 2021, 2022 and 2023, our average freight rate in the Greater China – Southeast Asia market amounted to US$834 per TEU, US$973 per TEU and US$469 per TEU, respectively. For further details, see "Financial Information — Description of major components in our consolidated statements of profit or loss — Revenue — Freight rates". As of December 31, 2021, 2022 and 2023, we operated 13, 10 and seven services in the Greater China – Southeast Asia market, respectively.

As of December 31, 2023, our container shipping network in the Greater China – Southeast Asia market covered eight major ports in Southeast Asia, including Manila, Ho Chi Minh, Haiphong, Sihanoukville, Bangkok, Laem Chabang, Batangas and Subic Bay in addition to the ports in Greater China. As of December 31, 2023, we provided three services along the Hong Kong, the Greater Bay Area and Manila trade lane. In addition, compared with some other carriers relying solely on Laem Chabang in Thailand, which needs barge and railway services to deliver cargos to Bangkok, we have chosen Bangkok as one of the ports we serve in Thailand to increase our network coverage, shorten cargos' delivery time to Bangkok and save inland logistics costs. Furthermore, we provide six services along Hong Kong, the Greater Bay Area and Thailand trade lane and four services along Qingdao, Shanghai, Xiamen, Ningbo and Thailand, to meet customers' demand. In Vietnam, we provide four services for Ho Chi Minh to service fruit traders who need frequent and fast service between Greater China and Vietnam. Additionally, we have our own branch offices in Thailand, Vietnam and Malaysia, providing attentive and quality customer services. We set up a branch in the Philippines which started its operation in the first quarter of 2023 to provide more direct and better services to customers in Metro Manila.

We enjoy a leading market position in this market. For example, according to the Drewry Report, in December 2023, we made 10 port calls per week calling in the Greater Bay Area and the Philippines, ranking the third in terms of number of port calls in related regions through either independent operation or joint services.

According to the Drewry Report, ASEAN countries are emerging markets in the Asia Pacific Region, benefitting from the shifting trend of reallocating production lines to Southeast Asia countries. Vietnam, Malaysia, Thailand and the Philippines had recorded strong throughput recovery in 2021 from the lower levels experienced in 2020 due to COVID-19. The container throughput in Southeast Asia increased from 111.6 million TEU in 2018 to 122.1 million TEU in 2023. To continue to develop the Greater China – Southeast Asia market, we plan to (i) increase the frequency of our existing shipping services in selected trade lanes, such as from Greater China to the ports in Vietnam, Thailand and Malaysia; and (ii) develop trade lanes in underserved markets such as from Greater China to South Philippines.

Greater China

Our Greater China market refers to the trade lane within the Greater China region, mainly consisting of the trade lane between Taiwan and Hong Kong, which also covers, through barge and trailer services, Guangdong province and the Greater Bay Area (including Hong Kong, Macau, Guangzhou, Shenzhen, Zhuhai, Foshan, Huizhou, Dongguan, Zhongshan, Jiangman and Zhaoqing). We commenced container shipping services in the Greater China market since 2001 when we operated our first service from Hong Kong to Keelung and Kaohsiung.

As of December 31, 2023, we operated one independent service in the Greater China market, with four port calls per week. The length of travel time on the service was seven days per voyage. Our shipping volume in the Greater China market was 148,224 TEU, 137,010 TEU and 134,696 TEU for the years ended December 31, 2021, 2022 and 2023, accounting for 9.4%, 8.8% and 9.2% of our total container shipping volume, respectively. The decrease in shipping volume in the Greater China market in 2022 was mainly due to the port congestion at the port in Hong Kong. As Hong Kong implemented stringent coronavirus restrictions to contain local outbreaks, any suspected or confirmed active COVID-19 cases at ports on vessels may affect port operation and container and vessel traffic at ports, causing port congestion. Our shipping volume in the Greater China market in 2023 remained relatively stable. For the years ended December 31, 2021, 2022 and 2023, our average freight rate in the Greater China market amounted to US$662 per TEU, US$668 per TEU and US$456 per TEU, respectively. For further details, see "Financial Information — Description of major components in our consolidated statements of profit or loss — Revenue — Freight rates". As of December 31, 2021, 2022 and 2023, we had one service in the Greater China market.

As of December 31, 2023, our container shipping network in the Greater China market covered primarily four major ports in the region, including Hong Kong, Keelung, Taichung and Kaohsiung. We seek to offer comprehensive port coverage to provide our customers with greater scheduling flexibility. Also, we provide trailer services for the services from Hong Kong to Guangdong province and arrange barge and trailer services to the ports in the Greater Bay Area.

According to the Drewry Report, among the top 10 container ports in the world in terms of container throughout, nine were in Asia including seven in Greater China in 2023. The container throughput in Greater China increased from 262.5 million TEU in 2018 to 310.6 million TEU in 2023, representing a CAGR of 3.4%. Greater China had the largest container throughput in the Asia Pacific Region, with a market share of 58.0% of the Asia Pacific Region container throughput in 2023. We plan to continue to provide frequent services in the Greater China market to maintain our competitiveness.

North Asia and Southeast Asia

Our North Asia and Southeast Asia market refers to the trade lane connecting North Asia and Southeast Asia, through Greater China and the trade lane within each of North Asia and Southeast Asia. We commenced container shipping services in the North Asia and Southeast Asia market since 2006 when we operated our first service from Osaka, Kobe, Yokohama, Tokyo, Keelung and Hong Kong to Laem Chabang and Bangkok.

As of December 31, 2023, we operated a total of 13 services in the North Asia and Southeast Asia market, including four independent services, four joint services and five services operated via slot exchange arrangements, with 147 port calls per week. The length of travel time on these services ranged from 14 days to 35 days per voyage. Our total shipping volume in the North Asia and Southeast Asia market was 110,238 TEU, 74,563 TEU and 113,992 TEU for the years ended December 31, 2021, 2022 and 2023, accounting for 7.0%, 4.8% and 7.8% of our total container shipping volume, respectively. The decrease in shipping volume in 2022 was mainly because we allocated certain shipping capacity from this market to markets with stronger revenue and profitability performance such as the Asia – Oceania, Asia – Indian Subcontinent and Transpacific markets. The increase in shipping volume in 2023 was mainly because we deployed new vessels delivered in 2023 and launched new services such as the services from Pusan to Penang and Ho Chi Minh and from Pusan to Jakarta and Surabaya, thereby increasing the shipping volume. Nonetheless, the increase in shipping volume in 2023 was partially offset by the reduction of our shipping capacity in 2023 and hence a lower shipping volume mainly as a result of our management of our shipping capacity including chartering out vessels, returning chartered-in vessels when their charters expired and disposing of owned vessels. For the years ended December 31, 2021, 2022 and 2023, our average freight rate in the North Asia and Southeast Asia market amounted to US$845 per TEU, US$$979 per TEU and US$477 TEU, respectively. For further details, see "Financial Information — Description of major components in our consolidated statements of profit or loss — Revenue — Freight rates". As of December 31, 2021, 2022 and 2023, we operated five, eight and 13 services in the North Asia and Southeast Asia market, respectively.

As of December 31, 2023, our container shipping network in the North Asia and Southeast Asia market covered 33 major ports in the region, including Osaka, Kobe, Nagoya, Yokohama, Tokyo, Moji, Keelung, Taichung, Kaohsiung, Incheon, Pusan, Kwangyang, Hong Kong, Xiamen, Nansha, Shekou, Ningbo, Shanghai, Dalian, Qingdao, Tianjin, Qinzhou, Bangkok, Laem Chabang, Manila, Jakarta, Surabaya, Ho Chi Minh, Haiphong, Port Kelang, Pasir Gudang, Penang and Singapore. We provide non-stop services between Japan, Korea and Vietnam without any transshipment once per week, non-stop services between Japan, Malaysia and Singapore without any transshipment once per week as well as non-stop services between Korea, Malaysia and Singapore without any transshipment five times per week, which ensures on-time delivery of cargos and seeks to meet the surging demand in the Southeast Asia market.

According to the Drewry Report, the container throughput market share in North Asia and Southeast Asia reached 32.8% of the Asia Pacific Region in 2023. The container throughput in North Asia and Southeast Asia increased from 164.9 million TEU in 2018 to 175.7 million TEU in 2023. To continue to develop the North Asia and Southeast Asia market, we plan to: (i) start to operate the non-stop service between Japan and Thailand; (ii) replace the smaller vessels of 1,800 TEU with larger vessels ranging from 2,500 TEU to 2,700 TEU to be deployed in the services along the Japan, Malaysia and Vietnam trade lane; and (iii) further develop our network in the North Asia and Southeast Asia market by opening a non-stop service along North Asia, Singapore and Malaysia.

Asia – Oceania

Our Asia – Oceania market refers to the trade lane connecting Asia and Australia as well as New Zealand. We commenced container shipping services in the Asia – Oceania market since 2010 when we operated our first service from Ningbo, Shanghai, Hong Kong and Shekou to Australia. We suspended our service to New Zealand in August 2023 mainly due to the continued decline in the freight rate which made our independent service not economically justifiable.

As of December 31, 2023, we operated a total of three services in the Asia – Oceania market, including one independent service and two joint services, with 25 port calls per week. The length of travel time on these services was 42 days per voyage. Our total shipping volume in the Asia – Oceania market was 142,971 TEU, 210,851 TEU and 103,512 TEU for the years ended December 31, 2021, 2022 and 2023, accounting for 9.0%, 13.5% and 7.1% of our total container shipping volume, respectively. The significant increase from 2021 to 2022 was mainly due to the launch of one new service from Asia to Australia and one new service from Asia to New Zealand. The decrease in shipping volume in 2023 was mainly because we suspended one independent service to Australia in April 2023 and the only one service to New Zealand in August 2023 due to the continued decline in the freight rate which made our independent services not economically justifiable. Attributable to our flexible shipping capacity allocation mechanism, we later resumed one independent service to Australia in the fourth quarter of 2023, quickly responding to the increased freight rates and stronger market demand, largely driven by the port congestion and delays in shipments in Australia as a result of terminal union strikes. For the years ended December 31, 2021, 2022 and 2023, our average freight rate in the Asia – Oceania market amounted to US$3,344 per TEU, US$2,981 per TEU and US$960 per TEU, respectively. For further details, see "Financial Information — Description of major components in our consolidated statements of profit or loss — Revenue — Freight rates". As of December 31, 2021, 2022 and 2023, we operated three, four and three services in the Asia – Oceania market, respectively.

As of December 31, 2023, our container shipping network in the Asia – Oceania market covered 10 major ports in the region, including Brisbane, Sydney, Melbourne, Shekou, Ningbo, Shanghai, Qingdao, Nansha, Hong Kong and Kaohsiung. We connect our Asia – Oceania market with major ports in the Greater China market through frequent services.

We enjoy a leading market position in this market. For example, according to the Drewry Report, in December 2023, we operated three services from the Greater Bay Area to Oceania, ranking the second in terms of number of services through either independent operation or joint services to service strong market demand, and we had 19 port calls per week calling in the Greater Bay Area and Oceania in the above three services, ranking the third in terms of number of port calls in related regions through either independent operation or joint services.

According to the Drewry Report, Oceania countries' overall port throughput is expected to increase at a CAGR of 3.5% from 2023 to 2028. To develop the Oceania market, we plan to: (i) operate new services to connect Asia to east Australia and west Australia; and (ii) replace the smaller vessels with larger vessels.

Asia – Indian Subcontinent

Our Asia – Indian Subcontinent market refers to the trade lane connecting North Asia and Southeast Asia as well as the Indian Subcontinent. We commenced container shipping services in the Asia – Indian Subcontinent market in 2003 through connecting carrier arrangements, the trade lanes of which were from between North Asia and/or Southeast Asia to Colombo in Sri Lanka and Nhava Sheva in India.

As of December 31, 2023, we had a total of seven services in the Asia – Indian Subcontinent market, including six joint services and one service operated via a slot exchange arrangement, with 70 port calls per week. The length of travel time on these services ranged from 35 days to 49 days per voyage. Our total shipping volume in the Asia – Indian Subcontinent market was 12,103 TEU, 137,425 TEU and 153,804 TEU for the years ended December 31, 2021, 2022 and 2023, accounting for 0.8%, 8.8% and 10.5% of our total container shipping volume, respectively. The significant increase from 2021 to 2022 was mainly due to our focused development in this market as a result of the strong market demand and relatively higher freight rate. The further increase in shipping volume in 2023 was mainly because we launched a new service from East Asia to East India. For the years ended December 31, 2021, 2022 and 2023, our average freight rate in the Asia – Indian Subcontinent market amounted to US$3,582 per TEU, US$1,896 per TEU and US$751 per TEU, respectively. For further details, see "Financial Information — Description of major components in our consolidated statements of profit or loss — Revenue — Freight rates".

As of December 31, 2023, our container shipping network in the Asia – Indian Subcontinent market covered 19 major ports, including Ho Chi Minh, Port Klang West, Nhava Sheva, Mundra, Colombo, Chennai, Visakhapatnam, Karachi, Singapore, Manila, Tianjin, Qingdao, Shanghai, Ningbo, Shekou, Hong Kong, Kaohsiung, Pusan and Kwangyang.

According to the Drewry Report, in December 2023, we operated five services from the Greater Bay Area to India, ranking the third in terms of number of services through either independent operation or joint services to service strong market demand, and we had 21 port calls per week calling in the Greater Bay Area and India in the above five services, ranking the third in terms of number of port calls in related regions through either independent operation or joint services.

According to the Drewry Report, the container throughput for the Indian Subcontinent countries increased from 30.1 million TEU in 2018 to 35.1 million TEU in 2023, representing a CAGR of 3.2%, and is expected to increase at a CAGR of 5.4% from 2023 to 2028. To continue our growth in the Asia – Indian Subcontinent market, we plan to: (i) replace the smaller vessels ranging from 2,500 TEU to 5,000 TEU with 7,000 TEU when our new 7,000 TEU vessels are expected to be delivered in 2024; and (ii) explore joint services and slot exchange opportunities with other carriers to increase the frequency of our shipping services.

Transpacific

Our Transpacific market refers to the trade lane connecting Asia and North America market. For the Transpacific market, we commenced container shipping services from Greater China and Pusan to Vancouver from September 2021 due to the surge in customer demand in this market. We commenced shipping services via joint services from Asia to the U.S. East Coast in June 2022. According to the Drewry Report, the average vessel size was around 9,000 TEU for the Transpacific market in December 2022. When the Transpacific freight rate remains at a high level, smaller vessels enter into the market as they can also achieve profitability. However, when freight rates decline to certain points, smaller vessels become less profitable or even loss-making, as their unit cost is generally higher than that of larger vessels. To address the freight rate decline that has affected the services in the Transpacific market, we decided to suspend our services in the Transpacific market (generally operated through our vessels of 1,800 to 6,000 TEU) in December 2022, and all services in the Transpacific market had been suspended in February 2023.

Before the suspension in February 2023, we operated a total of two services in the Transpacific market, including one independent service and one joint service, with 18 port calls per week as of December 31, 2022. The length of travel time on these services ranged from 42 days to 77 days per voyage. Our total shipping volume in the Transpacific market was 11,600 TEU, 72,392 TEU and nil for the year ended December 31, 2021, 2022 and 2023, accounting for 0.7%, 4.6% and nil, of our total container shipping volume, respectively. For the years ended December 31, 2021, 2022 and 2023, our average freight rate in the Transpacific market was US$4,178 per TEU, US$4,896 per TEU and nil, respectively. The increase in our average freight rate in the Transpacific market in 2022 was mainly because we commenced services from Asia to the U.S. East Coast in June 2022, the freight rate of which was higher than that of the services from Greater China and Pusan to Vancouver we commenced from September 2021. According to the Drewry Report, the freight rate of the Transpacific eastbound started to surge from the second half of 2020 and peaked in August 2021. Even though container shipping companies have placed more capacity in the Transpacific market, the severe congestion in U.S. ports drove many carriers to skip voyages to reduce vessel delays and improve schedule reliability. As a result, the freight rate was supported by the strong demand and insufficient supply. Due to the easing of port congestions which led to increases in effective capacities, the freight rate has declined gradually since the March 2022. For further details, see "Financial Information — Description of major components in our consolidated statements of profit or loss — Revenue — Freight rates". When we encounter port congestion, we usually change the order of ports to reduce the impact of port congestion.

Before the suspension in February 2023, our container shipping network in the Transpacific market, as of December 31, 2022, covered 14 major ports, including Jacksonville, Charleston, Newark, Norfolk, Vancouver, Pusan, Port Klang, Kaohsiung, Hong Kong, Shekou, Nansha, Shanghai, Ningbo and Qingdao. In addition, we might also, upon customer request, liaise with the local railway service providers in Canada to arrange the cargos to be further delivered to Toronto and Montreal.

Asia – Europe

We commenced container shipping services in the Asia – Europe market since March 2022. According to the Drewry Report, the average vessel size was around 16,000 TEU for the Asia – Europe market in December 2022. When the Asia – Europe freight rate remains at a high level, smaller vessels enter into the market as they can also achieve profitability. However, when freight rates decline to certain points, vessels smaller than 12,000 TEU become less profitable or even loss-making, as their unit cost is generally higher than that of larger vessels. To address the freight rate decline that has affected the services in the Asia – Europe market, we decided to suspend our services in the Asia – Europe market (operated through TS Singapore and the capacity of which was 4,331 TEU) in December 2022, and the service in the Asia – Europe market had been suspended in March 2023.

Before the suspension in March 2023, we operated one service in the Asia – Europe market via joint services, with eight port calls per week as of December 31, 2022. The length of travel time on the service was approximately 70 days per voyage. Our shipping volume in the Asia – Europe market was 11,364 TEU and 11 TEU for the year ended December 31, 2022 and 2023, accounting for less than 1.0% of our total container shipping volume, respectively. For the years ended December 31, 2022 and 2023, our average freight rate in the Asia – Europe market was US$3,813 per TEU and US$1,455 per TEU, respectively. According to the Drewry Report, the freight rate in Asia – Europe market started to surge from January 2021 and peaked in September 2021. The production disruption in Asia, empty container box shortage, supply chain bottlenecks and port congestion in Europe, accompanied with strong demand in Europe all supported the freight rate increase. Due to the weakening demand as well as the easing of supply chain bottlenecks and port congestions, the freight rate has declined gradually since the March 2022. For further details, see "Financial Information — Description of major components in our consolidated statements of profit or loss — Revenue — Freight rates".

Before the suspension in March 2023, our container shipping network in the Asia – Europe market, as of December 31, 2022, covered eight major ports, including Ningbo, Shanghai, Xiamen, Shekou, and four ports in north Europe, consisting of Southampton, Rotterdam, Hamburg and Antwerp. In addition, our first port of call for Europe is Southampton, through which cargos can be delivered to London, which is one of the key destinations in Europe for e-commerce trades.

Others

Our others market mainly refers to the trade lane connecting Greater China and the Middle East (Jebel Ali), the trade lane connecting Greater China and East Africa (Mombasa and Dar es Salaam), and the trade lane connecting India (Nhava Sheva and Mundra), Middle East (Jebel Ali and Khalifa) and East Africa (Mombasa and Dar es Salaam). As of December 31, 2023, we operated two joint services and one service through slot exchange arrangements in the others market, with 21 port calls per week. Our total shipping volume in the others market was 5,341 TEU and 33,323 TEU for the year ended December 31, 2022 and 2023, accounting for less than 1.0% and 2.3% of our total container shipping volume, respectively.

Our fleet

We proactively manage our shipping capacity in accordance with prevailing market conditions. We can manage our additional shipping capacity through several ways such as selling our owned vessels, returning chartered-in vessels when the charters expire or chartering out our owned vessels or chartered-in vessels.

As of December 31, 2021, 2022 and 2023, the total capacity of our fleet (with the exclusion of any vessels which were chartered out by us) was 97,945 TEU, 109,947 TEU and 89,818 TEU, respectively. The majority of our fleet consists of small sized vessels each with capacity of less than 2,000 TEU, which are able to access most ports in the Asia Pacific Region and are therefore more flexible in deployment. The utilization rate of our owned vessels and chartered-in vessels (with the exclusion of any vessels which were chartered out by us) was close to 100% during the Track Record Period. The calculation methodology for utilization rate of our owned vessels (calculated as the number of days in which the vessels are in operation, as a percentage of the total number of days for which we had ownership of the vessels in the relevant period) and that of our chartered-in vessels (calculated as the number of days in which the vessels are in operation, as a percentage of the on hire days in the relevant period) is in line with the industry norm according to the Drewry Report.

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

	As of December 31,								
	2021			2022			2023		
	Number of vessels	*Capacity*	*% of total capacity*	*Number of vessels*	*Capacity*	*% of total capacity*	*Number of vessels*	*Capacity*	*% of total capacity*
		TEU	*%*		*TEU*	*%*		*TEU*	*%*
Owned vessels	25	63,503	64.8	31	75,720	68.9	32	68,897	76.7
Chartered-in vessels	25	34,442	35.2	19	34,227	31.1	11	20,921	23.3
– long-term	11	17,622	18.0	14	29,016	26.4	3	8,879	9.9
– short-term	14	16,820	17.2	5	5,211	4.7	8	12,042	13.4
Total	50	97,945	100.0	50	109,947	100.0	43	89,818	100.0

Our vessel portfolio is versatile and consists of owned vessels and chartered-in vessels, which affords us greater flexibility to adjust our vessel mix and quickly adjust shipping capacity based on market conditions, together with our operating model. During the Track Record Period, we increased the number of owned vessels because we believe owned vessels provide a more stable support to our business in the long run compared to chartered-in vessels because they are not subject to any prescribed lease term and the fluctuations of charter rates and help to achieve a lower cost level in the long term.

The increase in the number and capacity of our owned vessels from 2021 to 2023 was due to the delivery of newbuildings, partially offset by the disposal of our owned vessels during the Track Record Period. The decrease in the number and capacity of our chartered-in vessels from 2021 to 2023 was due to our return of a number of chartered-in vessels when the charters expired.

As of the Latest Practicable Date, we operated a fleet of 44 vessels (with the exclusion of any vessels which were chartered out by us) with a total capacity of 106,379 TEU, among which, 35 were our owned vessels and nine were chartered-in vessels.

The following table sets forth the breakdown of our vessels (including both owned vessels and chartered-in vessels) by shipping capacity, with the exclusion of any vessels which were chartered out by us, as of December 31, 2023:

	As of December 31, 2023			
	Number of vessels	*% of total number of vessels*	*Capacity TEU*	*% of total capacity %*
1,000 - 2,000 TEU	30	69.8	46,209	51.4
2,000 - 4,000 TEU	9	20.9	25,432	28.3
>4,000 TEU	4	9.3	18,177	20.2
Total	43	100.0	89,818	100.0

Vessel addition and related procedures

We can add vessels through purchase or chartering. While we consider, compared to vessel chartering, new vessel purchases are generally more cost effective, whenever we plan to increase shipping capacity, we will weigh between vessel purchase and vessel chartering, and decide which option to pursue. Specifically, we will estimate the average daily operating cost after delivery (including depreciation, crew compensation, vessel management fee, maintenance cost, consumables, insurance, etc.) based on the estimated useful life, and then compare it with the vessel daily charter rate trend of the similar type of vessel in the market for five to 10 years. The estimated useful life of a vessel is 21 years or 25 years considering our business model and asset management policy, the industry practice, and factors like expected usage of each vessel, expected repair and maintenance, and technical or commercial obsolescence arising from changes or improvements in the shipping vessel market. See note 3(a) to the Accountants' Report in Appendix I to this document for further details. If the estimated average daily operating cost of a new vessel after delivery in the long term is lower than the comparable market daily charter rates to some extent, our management team will submit the new vessel order proposal to our Board of Directors for determination. If the comparison shows vessel chartering is more favorable, our general manager will then consider among available options of vessel chartering. Similar research and decision-making process apply to the purchase of used vessels by comparing the estimated average daily operating cost of a used vessel after delivery with the comparable long-term market charter rates.

In terms of short-term vessel chartering, we will consider the business needs and the future market charter rate trend. For example, exports in China generally experience slow seasons during and after the Chinese New Year holidays and therefore we usually return chartered-in vessels when charters expire before the beginning of slow seasons to avoid operating losses or vessel idling. Generally, our general manager decides over short-term vessel chartering after discussing with various business units.

The following table sets for further details of the procedures we follow for vessel order, used vessel purchase and vessel chartering including the control mechanism and management expertise:

Vessel order:	Our planning department notified the repair and maintenance department and the vessel department (consisting of qualified and experienced personnel with marine engineering and shipbuilding expertise, as well as marine technology and ship operation management skills) of the demand of ordering new vessels. Then the two departments seek the approvals from the general manager and the chairman and obtain quotations from at least three shipyards. The repair and maintenance department and the vessel department conducted the inquiries directly, or through brokers. The two departments, tighter with our planning department and the legal department assess whether the shipyards satisfy our requirements. The repair and maintenance department and the vessel department present the quotations to the general manager and the chairman for selection of the shipyard. The selected shipyard then enter into a contract with us, subject to the approval of the head of our legal department, the general manager and the chairman.

Used vessel purchase:	Our used vessel procurement process is overseen by a senior management committee comprising the chairman, the general manager, the senior vice president and the vice president. The senior vice president leads a team of qualified and experienced personnel with marine engineering and shipbuilding expertise as well as marine technology and ship operation management skills, to identify suitable used vessels through brokers. We appoint international professional ship surveyor to inspect the vessels and they will prepare and submit ship visit reports with detailed assessments of the vessel conditions to the senior management committee for approval. Based on the senior management committee's decisions, the team negotiates with the vessel seller on price and other key contract terms. The senior management committee then seeks the approval from our Board of Directors for determination.
Vessel chartering:	The planning department will assess if vessel chartering is needed and, if so, instructs the charter department to arrange vessel chartering as necessary. The charter department obtains a list of suitable vessels from brokers and selects those that match our specifications. It then initiates inquiries and negotiates the terms with the vessel providers. The negotiated terms are submitted to the vice president for review and then to the general manager for confirmation before obtaining the final approval from the chairman.

Our fleet profile

There are several key stages in the life cycle of our owned vessels, including order placing, vessel delivery, deployment to services and demolition when vessels are to be retired. Throughout the life of owned vessels, we perform regular vessel maintenance. During the life of owned vessels, we may sell or charter out them as part of our shipping capacity management.

The following tables set forth a summary of certain information for each owned vessel as of the dates indicated:

As of December 31, 2021:

Owned vessel name	Capacity (TEU)	Flag state	Delivery time
1. TS BANGKOK	1,787	Marshall Islands	July 21, 2017
2. TS HONGKONG	1,578	Panama	December 19, 2006
3. TS KAOHSIUNG	1,787	Marshall Islands	November 21, 2017
4. TS OSAKA	1,808	Marshall Islands	January 22, 2018
5. TS PUSAN	1,787	Hong Kong	December 27, 2019
6. TS QINGDAO	1,808	Hong Kong	October 28, 2019
7. TS SHANGHAI	1,096	Hong Kong	August 29, 2019
8. TS TOKYO	1,787	Marshall Islands	September 8, 2017
9. TS YOKOHAMA	1,096	Hong Kong	November 13, 2019
10. TS KOBE	1,081	Hong Kong	July 9, 2020
11. TS MANILA	2,553	Marshall Islands	September 1, 2020
12. TS NINGBO	4,253	Marshall Islands	December 4, 2020
13. TS SHENZHEN	1,081	Hong Kong	May 29, 2020
14. TS SINGAPORE	4,331	Marshall Islands	January 31, 2020
15. TS DALIAN	2,741	Marshall Islands	December 3, 2021
16. TS DUBAI	6,310	Marshall Islands	September 27, 2021
17. TS HAIPHONG	1,756	Marshall Islands	March 9, 2021
18. TS HOCHIMINH	2,693	Hong Kong	September 15, 2021
19. TS KELANG	4,363	Marshall Islands	February 8, 2021
20. TS KWANGYANG	1,756	Marshall Islands	July 19, 2021
21. TS LAEMCHABANG	1,756	Marshall Islands	January 7, 2021
22. TS MOJI	962	Marshall Islands	July 15, 2021
23. TS NANSHA	2,693	Hong Kong	July 20, 2021
24. TS MUMBAI	5,683	Marshall Islands	April 8, 2021
25. TS SYDNEY	4,957	Marshall Islands	March 24, 2021

As of December 31, 2022:

Owned vessel name	Capacity (TEU)	Flag state	Delivery time
1. TS BANGKOK	1,787	Marshall Islands	July 21, 2017
2. TS HONGKONG	1,578	Panama	December 19, 2006
3. TS KAOHSIUNG	1,787	Marshall Islands	November 21, 2017
4. TS OSAKA(1)	1,787	Marshall Islands	January 22, 2018
5. TS PUSAN	1,787	Hong Kong	December 27, 2019
6. TS QINGDAO	1,808	Hong Kong	October 28, 2019
7. TS SHANGHAI	1,096	Hong Kong	August 29, 2019
8. TS TOKYO	1,787	Marshall Islands	September 8, 2017
9. TS YOKOHAMA	1,096	Hong Kong	November 13, 2019
10. TS KOBE	1,081	Hong Kong	July 9, 2020
11. TS MANILA	2,553	Marshall Islands	September 1, 2020
12. TS NINGBO	4,253	Marshall Islands	December 4, 2020
13. TS SHENZHEN	1,081	Hong Kong	May 29, 2020
14. TS SINGAPORE	4,331	Marshall Islands	January 31, 2020
15. TS DALIAN	2,741	Marshall Islands	December 3, 2021
16. TS DUBAI	6,310	Marshall Islands	September 27, 2021
17. TS HAIPHONG	1,756	Marshall Islands	March 9, 2021
18. TS HOCHIMINH	2,693	Hong Kong	September 15, 2021
19. TS KELANG	4,363	Marshall Islands	February 8, 2021
20. TS KWANGYANG	1,756	Marshall Islands	July 19, 2021
21. TS LAEMCHABANG	1,756	Marshall Islands	January 7, 2021
22. TS MOJI	962	Marshall Islands	July 15, 2021
23. TS NANSHA(2)	2,693	Marshall Islands	July 20, 2021
24. TS MUMBAI	5,683	Marshall Islands	April 8, 2021
25. TS SYDNEY	4,957	Marshall Islands	March 24, 2021
26. TS NAGOYA	1,909	Marshall Islands	April 8, 2022
27. TS XIAMEN	1,909	Marshall Islands	July 8, 2022
28. TS TIANJIN	1,909	Marshall Islands	August 22, 2022
29. TS JAKARTA	1,909	Marshall Islands	September 23, 2022
30. TS GUANGZHOU	1,909	Marshall Islands	November 17, 2022
31. TS SHEKOU	2,693	Marshall Islands	December 19, 2022

Note:

(1) The capacity of TS OSAKA decreased from 1,808 TEU to 1,787 TEU due to scrubber installation in 2022.

(2) The flag state of TS NANSHA changed from Hong Kong to Marshall Islands in September 2022.

As of December 31, 2023:

Owned vessel name	Capacity (TEU)	Flag state	Delivery time
1. TS BANGKOK	1,787	Marshall Islands	July 21, 2017
2. TS KAOHSIUNG	1,787	Marshall Islands	November 21, 2017
3. TS OSAKA(1)	1,787	Marshall Islands	January 22, 2018
4. TS PUSAN	1,787	Hong Kong	December 27, 2019
5. TS QINGDAO(1)	1,787	Marshall Islands	October 28, 2019
6. TS TOKYO	1,787	Marshall Islands	September 8, 2017
7. TS KOBE	1,081	Hong Kong	July 9, 2020
8. TS NINGBO	4,253	Marshall Islands	December 4, 2020
9. TS SHENZHEN	1,081	Hong Kong	May 29, 2020
10. TS SINGAPORE	4,331	Marshall Islands	January 31, 2020
11. TS DALIAN	2,741	Marshall Islands	December 3, 2021
12. TS HOCHIMINH	2,693	Hong Kong	September 15, 2021
13. TS KWANGYANG	1,756	Marshall Islands	July 19, 2021
14. TS NANSHA(2)	2,693	Marshall Islands	July 20, 2021
15. TS SYDNEY	4,957	Marshall Islands	March 24, 2021
16. TS NAGOYA	1,909	Marshall Islands	April 8, 2022
17. TS XIAMEN	1,909	Marshall Islands	July 8, 2022
18. TS TIANJIN	1,909	Marshall Islands	August 22, 2022
19. TS JAKARTA	1,909	Marshall Islands	September 23, 2022
20. TS GUANGZHOU	1,909	Marshall Islands	November 17, 2022
21. TS SHEKOU	2,693	Marshall Islands	December 19, 2022
22. TS MAWEI	1,182	Marshall Islands	March 6, 2023
23. TS CHIBA	1,182	Marshall Islands	August 3, 2023
24. TS INCHEON	1,182	Marshall Islands	July 7, 2023
25. TS VANCOUVER	2,954	Marshall Islands	July 25, 2023
26. TS HAKATA	1,182	Marshall Islands	August 15, 2023
27. TS TACOMA	2,954	Marshall Islands	August 17, 2023
28. TS MELBOURNE	2,954	Marshall Islands	September 8, 2023
29. TS LIANYUNGNAG	1,182	Marshall Islands	August 22, 2023
30. TS JOHOR	1,182	Marshall Islands	November 3, 2023
31. TS CHENNAI	2,954	Marshall Islands	November 9, 2023
32. TS MUNDRA	2,954	Marshall Islands	October 8, 2023
33. TS PENANG	1,182	Marshall Islands	November 21, 2023

Notes:

(1) The capacity of TS OSAKA and TS QINGDAO decreased from 1,808 TEU to 1,787 TEU in 2022 and 2023, respectively, due to scrubber installation.

(2) TS NANSHA was chartered out as of December 31, 2023. For more details, please see the table below setting forth a summary of certain information for our chartered-out vessels during the Track Record Period.

The following table sets forth certain information for each owned vessel as of the Latest Practicable Date:

Owned vessel name	Capacity (TEU)	Age	Remaining useful life & retirement plan	Short-haul/ semi long-haul/long-haul	Designated market
1. TS BANGKOK	1,787	6.8 years	14.2 years/ retired by 2038	Short-haul	Greater China – North Asia market
2. TS KAOHSIUNG	1,787	6.5 years	14.5 years/ retired by 2038	Short-haul	Greater China – Southeast Asia market
3. TS OSAKA(2)	1,787	6.3 years	14.7 years/ retired by 2039	Short-haul	Greater China – Southeast Asia market
4. TS PUSAN	1,787	4.4 years	16.6 years/ retired by 2040	Short-haul	North Asia and Southeast Asia market
5. TS QINGDAO(2)	1,787	4.6 years	16.4 years/ retired by 2040	Short-haul	North Asia and Southeast Asia market
6. TS TOKYO	1,787	6.7 years	14.3 years/ retired by 2038	Short-haul	Greater China – Southeast Asia market
7. TS KOBE	1,081	3.9 years	17.1 years/ retired by 2041	Short-haul	North Asia and Southeast Asia market
8. TS NINGBO	4,253	18.4 years	2.6 years/ retired by 2027	Semi long-haul	Asia-Indian Subcontinent market
9. TS SHENZHEN	1,081	4.0 years	17.0 years/ retired by 2041	Short-haul	North Asia and Southeast Asia market
10. TS SINGAPORE	4,331	14.4 years	6.6 years/ retired by 2031	Semi long-haul	Others
11. TS DALIAN(6)	2,741	17.4 years	3.6 years/ retired by 2028	Semi long-haul	Sublet
12. TS HOCHIMINH	2,693	2.7 years	18.3 years/ retired by 2042	Semi long-haul	Others
13. TS KWANGYANG	1,756	6.4 years	14.6 years/ retired by 2039	Semi long-haul	Others

Owned vessel name	Capacity (TEU)	Age	Remaining useful life & retirement plan	Short-haul/ semi long-haul/long-haul	Designated market
14. TS NANSHA(6)	2,693	2.8 years	18.2 years/ retired by 2042	Short-haul	Sublet
15. TS SYDNEY	4,957	11.4 years	9.6 years/ retired by 2034	Semi long-haul	Asia – Oceania market
16. TS NAGOYA	1,909	2.1 years	22.9 years/ retired by 2047	Short-haul	North Asia and Southeast Asia market
17. TS JAKARTA	1,909	1.7 years	23.3 years/ retired by 2047	Short-haul	North Asia and Southeast Asia market
18. TS XIAMEN	1,909	1.9 years	23.1 years/ retired by 2047	Short-haul	Greater China – Southeast Asia market
19. TS TIANJIN	1,909	1.7 years	23.3 years/ retired by 2047	Short-haul	Greater China – Southeast Asia market
20. TS GUANGZHOU	1,909	1.5 years	23.5 years/ retired by 2047	Short-haul	North Asia and Southeast Asia market
21. TS SHEKOU	2,693	1.4 years	23.6 years/ retired by 2047	Semi long-haul	Others
22. TS MAWEI	1,182	1.2 years	23.8 years/ retired by 2048	Short-haul	Greater China – Southeast Asia market
23. TS CHIBA	1,182	0.8 years	24.2 years/ retired by 2048	Short-haul	North Asia and Southeast Asia market
24. TS INCHEON	1,182	0.9 years	24.1 years/ retired by 2048	Short-haul	North Asia and Southeast Asia market
25. TS VANCOUVER	2,954	0.8 years	24.2 years/ retired by 2048	Semi long-haul	Asia-Indian Subcontinent market
26. TS HAKATA	1,182	0.8 years	24.2 years/ retired by 2048	Short-haul	North Asia and Southeast Asia market
27. TS TACOMA	2,954	0.8 years	24.2 years/ retired by 2048	Short-haul	North Asia and Southeast Asia market

Owned vessel name	Capacity (TEU)	Age	Remaining useful life & retirement plan	Short-haul/ semi long-haul/long-haul	Designated market
28. TS LIANYUNGANG	1,182	0.7 years	24.3 years/ retired by 2048	Short-haul	North Asia and Southeast Asia market
29. TS MELBOURNE	2,954	0.7 years	24.3 years/ retired by 2048	Semi long-haul	Others
30. TS MUNDRA	2,954	0.6 years	24.4 years/ retired by 2048	Short-haul	North Asia and Southeast Asia market
31. TS JOHOR	1,182	0.5 years	24.5 years/ retired by 2048	Short-haul	Greater China – Southeast Asia market
32. TS CHENNAI	2,954	0.5 years	24.5 years/ retired by 2048	Semi long-haul	Asia – Oceania market
33. TS PENANG	1,182	0.5 years	24.5 years/ retired by 2048	Short-haul	North Asia and Southeast Asia market
34. TS COLOMBO	2,954	0.3 years	24.7 years/ retired by 2049	Semi long-haul	Others
35. TS SURABAYA	1,182	0.3 years	24.7 years/ retired by 2049	Short-haul	Greater China – Southeast Asia market
36. TS SHANGHAI(3)(6)	7,092	0.2 years	24.8 years/ retired by 2049	Semi long-haul	Sublet
37. TS KEELUNG(4)	7,092	0.1 years	24.9 years/ retired by 2049	Semi long-haul	Asia-Indian Subcontinent market
38. TS HONGKONG(5)	7,092	0.1 years	24.9 years/ retired by 2049	Semi long-haul	Asia-Indian Subcontinent market

Notes:

(1) The designated use for each vessel will mainly be for self-use. We may also charter out some of the vessels depending on our demand of shipping capacity and the market charter rates.

(2) The capacity of TS OSAKA and TS QINGDAO decreased from 1,808 TEU to 1,787 TEU in 2022 and 2023, respectively, due to scrubber installation.

(3) The vessel name, originally designated as TS ROTTERDAM, will be subsequently changed to as TS Shanghai upon its delivery. We owned a vessel sharing the same name of TS Shanghai which was disposed of in 2023.

(4) The vessel name, originally designated as TS KARACHI, will be subsequently changed to as TS KEELUNG upon its delivery.

(5) The vessel name, originally designated as TS HAMBURG, will be subsequently changed to as TS HONGKONG upon its delivery. We owned a vessel sharing the same name of TS HONGKONG which was disposed of in 2023.

(6) TS DALIAN, TS NANSHA and TS SHANGHAI were chartered out as of the Latest Practicable Date.

We set forth below the details of the new vessels we ordered and to be delivered as of the Latest Practicable Date:

New vessel name	Capacity (TEU)	Estimated delivery time	Designated usage	Purchase price/status
1. TS DUBAI[1]	7,000	June 2024	Plan to charter out, and in the process of negotiating a short-term lease with another carrier, upon the expiration of which we plan to deploy in the joint service connecting the Middle East in late 2024	US$74.6 million/ US$29.8 million paid
2. KOTA CALLAO[2]	7,000	August 2024	Plan to charter out, and in the process of negotiating a long-term lease with another carrier	US$77.9 million/ US$31.2 million paid
3. KOTA VALPARAISO[3]	7,000	November 2024	Plan to charter out, and in the process of negotiating a long-term lease with another carrier	US$74.6 million/ US$14.9 million paid

New vessel name	Capacity (TEU)	Estimated delivery time	Designated usage	Purchase price/status
4. To be determined	7,000	June 2026	Asia — Indian Subcontinent market, Asia — Oceania and/or Middle East markets	US$88.8 million/ nil paid
5. To be determined	7,000	April 2027	Asia — Indian Subcontinent market, Asia — Oceania and/or Middle East markets	US$88.8 million/ nil paid

Notes:

(1) The vessel name, originally designated as TS NEW YORK, will be subsequently changed to as TS DUBAI upon its delivery. We owned a vessel sharing the same name of TS DUBAI which was disposed of in 2023.

(2) The vessel name, originally designated as TS LONDON, will be subsequently changed to as KOTA CALLAO upon its delivery.

(3) The vessel name, originally designated as TS LONG BEACH, will be subsequently changed to as KOTA VALPARAISO upon its delivery.

The following tables set forth a summary of certain information for each chartered-in vessel as of the dates indicated:

As of December 31, 2021:

Chartered-in vessel name	Capacity (TEU)	Flag state
1. JAN	1,577	Antigua and Barbuda
2. A FUKU	1,049	Panama
3. A KIBO	1,708	Panama
4. ACACIA WA	704	Panama
5. CAPE FLINT	1,440	Marshall Islands
6. CAPITAINE DAMPIER	1,730	Singapore
7. CONTSHIP UNO	1,118	Liberia
8. EPONYMA	1,096	Bahamas
9. HANSA AUGSBURG	1,740	Liberia
10. HANSA DUBURG	1,740	Malta
11. HANSA FRESENBURG	1,740	Liberia
12. LALIT BHUM	1,668	Thailand
13. LANTAU BAY	1,049	Antigua and Barbuda
14. MARCLIFF	1,049	Antigua and Barbuda
15. MARCONNECTICUT	1,049	Antigua and Barbuda
16. MILLENNIUM BRIGHT	1,708	Panama
17. MITRA BHUM	1,108	Singapore
18. NITHI BHUM	928	Singapore
19. OPTIMA	1,024	Bahamas
20. OTANA BHUM	1,022	Singapore
21. PUTNAM	1,708	Liberia
22. SIRI BHUM	958	Thailand
23. SKY CHALLENGE	1,891	South Korea
24. ULTIMA	1,103	Bahamas
25. TS TAICHUNG	2,535	Taiwan

As of December 31, 2022:

Chartered-in vessel name	Capacity (TEU)	Flag state
1. SHIMIN	5,047	Singapore
2. SIRI BHUM	958	Thailand
3. LALIT BHUM	1,668	Thailand
4. SUEZ CANAL	5,610	Liberia
5. INTRA BHUM	958	Thailand
6. HYPERION	1,102	Bahamas
7. CONSIGNIA	1,091	Marshall Islands
8. OKEE PIPER EX: MARCLIFF	1,049	Antigua and Barbuda
9. PACANDA EX: MARCONNECTICUT	1,049	Antigua and Barbuda
10. OPTIMA	1,024	Bahamas
11. HALCYON	1,102	Bahamas
12. CONTSHIP UNO	1,118	Liberia
13. SKY CHALLENGE	1,891	South Korea
14. ULTIMA	1,103	Bahamas
15. HANSA FRESENBURG[(1)]	1,738	Liberia
16. HANSA DUBURG[(1)]	1,738	Malta
17. HANSA AUGSBURG[(1)]	1,738	Liberia
18. MILLENNIUM BRIGHT	1,708	Panama
19. TS TAICHUNG	2,535	Taiwan

As of December 31, 2023:

Chartered-in vessel name	Capacity (TEU)	Flag state
1. OPTIMA	1,024	Bahamas
2. HALCYON	1,102	Bahamas
3. SKY CHALLENGE	1,891	South Korea
4. ULTIMA	1,103	Bahamas
5. HANSA FRESENBURG[(1)]	1,738	Liberia
6. HANSA DUBURG[(1)]	1,738	Malta
7. HANSA AUGSBURG[(1)]	1,738	Liberia
8. MILLENNIUM BRIGHT	1,708	Panama
9. WHITE DRAGON	1,708	Singapore
10. ZHONG GU JI NAN	4,636	China
11. TEH TAICHUNG EX: TS TAICHUNG	2,535	Marshall Islands

Note:

(1) The capacity of HANSA FRESENBURG, HANSA DUBURG and HANSAAUGSBURG decreased from 1,740 TEU to 1,738 TEU in 2022 due to ballast water tank installation.

We set forth the details of our chartered-in vessels as of the Latest Practicable Date:

Vessel name	Capacity (TEU)	Contract charter term	Daily contract charter rate	Markets
1. ULTIMA	1,103	Minimum period: October 15, 2021 – September 15, 2024 Maximum period: October 15, 2021 – October 15, 2024	US$20,000	Greater China-North Asia market
2. HALCYON	1,102	Minimum period: May 29, 2022 – May 29, 2024 Maximum period: May 29, 2022 – July 29, 2024	US$33,000	Greater China-North Asia market
3. HANSA FRESENBURG(2)	1,738	Minimum period: September 10, 2021 – September 10, 2024 Maximum period: September 10, 2021 – November 10, 2024	US$28,500	Greater China market
4. HANSA DUBURG(2)	1,738	Minimum period: September 17, 2021 – September 17, 2024 Maximum period: September 17, 2021 – November 17, 2024	US$28,000	Greater China-Southeast Asia market
5. HANSA AUGSBURG(2)	1,738	Minimum period: October 8, 2021 – October 8, 2024 Maximum period: October 8, 2021 – December 8, 2024	US$28,000	Greater China-Southeast Asia market
6. MILLENNIUM BRIGHT	1,708	Minimum period: April 10, 2022 – April 10, 2025 Maximum period: April 10, 2022 – June 10, 2025	US$34,000	North Asia and Southeast Asia market
7. TEH TAICHUNG	2,535	May 16, 2023 – September 1, 2025	US$40,000	Greater China-North Asia market
8. ZHONG GU JI NAN	4,636	Minimum period: October 10, 2023 – June 10, 2024 Maximum period: October 10, 2023 – August 10, 2024	US$30,800	Asia-Indian Subcontinent market

Vessel name	Capacity (TEU)	Contract charter term	Daily contract charter rate	Markets
9. CSL MANHATTAN(3)	5,043	Minimum period: January 16, 2024 – April 9, 2024 Maximum period: January 16, 2024 – July 30, 2024	US$17,500	Sublet
10. ESL DACHAN BAY	5,605	Minimum period: March 29, 2024 – March 29, 2025 Maximum period: March 29, 2024 – March 29, 2026	US$34,500	Asia-Indian Subcontinent market

Notes:

(1) Such services only represent the deployment of our chartered-in vessels as of the Latest Practicable Date, as our vessels are interchangeable between services and do not necessarily commit to single specific service or market.

(2) The capacity of HANSA FRESENBURG, HANSA DUBURG and HANSAAUGSBURG decreased from 1,740 TEU to 1,738 TEU in 2022 due to ballast water tank installation.

(3) CSL MANHATTAN was chartered out as of the Latest Practicable Date.

During the Track Record Period, we chartered out some of our owned and chartered-in vessels depending on our capacity demand and market charter rate. The following table sets forth a summary of certain information for our chartered-out vessels during the Track Record Period:

Vessel's name (owned/ chartered-in)	Capacity (TEU)	Flag state	Contract charter term	Daily contract charter rate
1. OKEE Piper (chartered-in)	1,049	Antigua and Barbuda	Minimum period: May 30, 2023 – October 31, 2023 Maximum period: May 30, 2023 – November 5, 2023	US$13,500
2. CONSIGNIA (chartered-in)	1,091	Marshall Islands	Minimum period: May 27, 2023 – August 25, 2023 Maximum period: May 27, 2023 – September 2, 2023	US$12,800
3. OPTIMA (chartered-in)	1,024	Bahamas	Minimum period: June 22, 2023 – October 25, 2023 Maximum period: June 22, 2023 – November 25, 2023	US$13,500
4. TS NANSHA (owned)	2,693	Marshall Islands	Minimum period: October 17, 2023 – April 17, 2024 Maximum period: October 17, 2023 – June 17, 2024	US$17,600

Vessel's name (owned/ chartered-in)	Capacity (TEU)	Flag state	Contract charter term	Daily contract charter rate
5. PACANDA EX: MARCONNECTICUT (chartered-in)	1,049	Antigua and Barbuda	Minimum period: December 11, 2022 – March 11, 2023 Maximum period: December 11, 2022 – May 11, 2023	US$12,000
6. CONSIGNIA (chartered-in)	1,091	Marshall Islands	Minimum period: November 23, 2022 – March 23, 2023 Maximum period: November 23, 2022 – May 23, 2023	US$11,850
7. TS OSAKA (owned)	1,808	Marshall Islands	Minimum period: October 9, 2021 – October 29, 2021 Maximum period: October 9, 2021 – November 18, 2021	US$110,000
8. TS QINGDAO (owned)	1,808	Hong Kong	Minimum period: August 31, 2021 – September 20, 2021 Maximum period: August 31, 2021 – October 10, 2021	US$110,000
9. TS SYDNEY (owned)	4,957	Marshall Islands	Minimum period: January 1, 2022 – January 31, 2022 Maximum period: January 1, 2022 – February 20, 2022	US$150,000
10. TS MUMBAI (owned)	5,683	Marshall Islands	Minimum period: January 1, 2022 – January 31, 2022 Maximum period: January 1, 2022 – April 11, 2022	US$145,000
11. TS SYDNEY (owned)	4,957	Marshall Islands	Minimum period: October 1, 2021 – October 31, 2021 Maximum period: October 1, 2021 – January 9, 2022	US$250,000
12. TS SINGAPORE (owned)	4,331	Marshall Islands	Minimum period: October 1, 2021 – October 31, 2021 Maximum period: October 1, 2021 – January 9, 2022	US$160,000
13. TS MUMBAI (owned)	5,683	Marshall Islands	Minimum period: October 1, 2021 – October 31, 2021 Maximum period: October 1, 2021 – January 9, 2022	US$270,000
14. SHIMIN (chartered-in)	5,047	Singapore	Minimum period: January 1, 2022 – January 31, 2022 Maximum period: January 1, 2022 – February 20, 2022	US$150,000

Vessel's name (owned/ chartered-in)	Capacity (TEU)	Flag state	Contract charter term	Daily contract charter rate
15. SHIMIN (chartered-in)	5,047	Singapore	Minimum period: August 28, 2021 – October 9, 2021 Maximum period: August 28, 2021 – January 5, 2022	US$180,000
16. TS MANILA (owned)	2,553	Marshall Islands	Minimum period: August 22, 2021 – October 1, 2021 Maximum period: August 22, 2021 – October 16, 2021	US$150,000
17. TS SYDNEY (owned)	4,957	Marshall Islands	Minimum period: July 1, 2021 – July 31, 2021 Maximum period: July 1, 2021 – October 9, 2021	US$130,000
18. TS SINGAPORE (Owned)	4,331	Marshall Islands	Minimum period: July 1, 2021 – July 31, 2021 Maximum period: July 1, 2021 – October 9, 2021	US$120,000
19. TS MUMBAI (owned)	5,683	Marshall Islands	Minimum period: July 1, 2021 – July 31, 2021 Maximum period: July 1, 2021 – October 9, 2021	US$135,000
20. TS SYDNEY (owned)	4,957	Marshall Islands	Minimum period: June 1, 2021 – July 1, 2021 Maximum period: June 1, 2021 – September 1, 2021	US$39,000
21. TS MUMBAI (owned)	5,683	Marshall Islands	Minimum period: April 8, 2021 – July 1, 2021 Maximum period: April 8, 2021 – September 1, 2021	US$35,000
22. TS SINGAPORE (Owned)	4,331	Marshall Islands	Minimum period: March 1, 2021 – July 1, 2021 Maximum period: March 1, 2021 – September 1, 2021	US$27,000
23. SEGARA MAS (chartered-in)	2,702	Indonesia	Minimum period: January 24, 2021 – February 21, 2021 Maximum period: January 24, 2021 – March 5, 2021	US$30,000

The following table sets forth a summary of certain information for our chartered-out vessels as of the Latest Practicable Date:

Vessel's name (owned/ chartered-in)	Capacity (TEU)	Flag state	Contract charter term	Daily contract charter rate
1. TS DALIAN (owned)	2,741	Marshall Islands	Minimum period: May 13, 2024 – May 13, 2025 Maximum period: May 13, 2024 – September 13, 2025	US$17,250
2. TS NANSHA (owned)	2,693	Marshall Islands	Minimum period: October 17, 2023 – April 17, 2024 Maximum period: October 17, 2023 – June 17, 2024	US$17,600
3. CSL MANHATTAN (chartered-in)	5,043	Liberia	Minimum period: February 26, 2024 – May 16, 2024 Maximum period: February 26, 2024 – June 15, 2024	US$22,950
4. TS SHANGHAI (owned)	7.092	Marshall Islands	Minimum period: March 27, 2024 – March 26, 2025 Maximum period: March 27, 2024 – March 26, 2026	US$49,500

Our owned vessels had an average age of approximately 3.7 years as of December 31, 2023. For the years ended December 31, 2021, 2022 and 2023, we had incurred US$369.5 million, US$237.1 million and US$335.6 million, respectively, in vessel purchases from vessel suppliers, all of which were Independent Third Parties. As of the Latest Practicable Date, we have ordered five 7,000 TEU vessels, three of which are expected to be delivered between June 2024 and November 2024 and the remaining two of which are expected to be delivered in 2026 and 2027, respectively. We expect we will have a younger fleet in the next few years based on our newbuildings delivery timetable. According to our internal vessel purchasing guidelines, we will consider the purchase of both new and second-hand vessels that are in a favorable condition. We generally purchase vessels with a speed of at least 18 knots and for second-hand vessels, an average age of around 10 years, with good maintenance and repair records, fuel efficiency and a good condition of the hull, main engine and navigation equipment. We take a disciplined approach to the order of new vessels and purchase used vessels because we generally order or purchase vessels when we believe vessel prices are relatively low, either at or close to the bottom of the market price cycle or at the early stage of an up-trending market. For newbuildings, we regularly communicate with major vessel suppliers and monitor relevant market indexes to understand the market trend. For used vessels, we gather market information of used vessel transactions weekly and exchange views with vessel brokers and dealers to learn the latest market development. The purchase prices of our newbuildings and used vessels were generally in line with or lower than the average market prices at the time of our purchase,according to the Drewry Report. When vessel prices and long-term charter rates are high, we choose instead to expand shipping capacity using short term charters. We believe this approach confers a significant cost advantage to us to maintain a lower-cost fleet in the long run.

We intend to apply part of the [**REDACTED**] from the [**REDACTED**] for new vessels we ordered and the vessel chartering contracts we entered into. See "Future Plans and [**REDACTED**] — [**REDACTED**]" for further details.

Vessel capacity management

We manage our vessel capacity including the new vessels we ordered through a number of concrete plans:

(a) We may deploy new vessels to upgrade smaller or older vessels or deploy in new services we launch. Through the upgrade, the replaced vessels may be cascaded to other services to replace even smaller or older vessels and this can help lower our unit operating cost. We set forth below some examples illustrating our new vessel deployment since 2023.

- We deployed two new vessels delivered in April 2024, TS KEELUNG and TS HONGKONG, each with a shipping capacity of 7,092 TEU, in the Asia — Indian Subcontinent market, replacing TS SINGAPORE and TS NINGBO, with a shipping capacity of 4,331 TEU and 4,253 TEU, respectively. TS SINGAPORE was then cascaded down to a newly launched joint service between East Asia and Middle East, and we plan to charter out TS NINGBO.

- We deployed five new 2,900 TEU vessels delivered in 2023 in our new joint services, including one joint service in the North Asia and Southeast Asia market in July 2023, two joint services in the Asia — Indian Subcontinent market in August 2023 and September 2023, respectively, one joint service in the Greater China — Southeast Asia market in October 2023 and one joint service between East Asia and East Africa in November 2023. Besides, in March 2024 we deployed one new 2,900 TEU vessel delivered in January 2024 to replace a 1,800 TEU vessel in the Greater China — North Asia market. The replaced 1,800 TEU vessel was cascaded to replace a 1,100 TEU vessel in the North Asia and Southeast Asia market, which was further cascaded to other services.

- We deployed seven new 1,182 TEU vessels delivered in 2023 to the services in the Greater China — North Asia, Greater China — Southeast Asia and North Asia and Southeast Asia markets in the Asia Pacific Region to replace the chartered-in vessels that we returned upon the expiration of their charters.

See "— Our container shipping business — Our fleet — Our fleet profile" for further details on the deployment of the new vessels we ordered and to be delivered as of the Latest Practicable Date.

(b) To address any market downturn in the container shipping industry, we adopted several measures to mitigate the resulting impact:

(i) We can reallocate vessels in our services by adjusting the frequency of or temporarily cease certain adversely affected services, and we can (A) adjust the vessel deployment taking into account the volatile demand across different markets. For example, we redeployed vessels in affected long-haul services to support the Asia Pacific Region (including the Greater China — Southeast Asia and North Asia — Southeast Asia markets) in 2023, (B) charter out our larger vessels, or (C) impose blank sailings in some of our services, by skipping certain ports or an entire voyage. For example:

- we reduced the frequency of three services in our Asia – Australia market from 11 voyages per month in November 2022 to eight voyages per month in February 2023;

- we suspended our services in the Transpacific and Asia – Europe markets in February and in March 2023, respectively; and

- we suspended our independent service to New Zealand in August 2023; and

- In March 2024, we chartered out one of our 7,000 TEU newbuilding which was delivered in March 2024 to, and concurrently chartered in a 5,605 TEU vessel from, the same carrier. We deployed the chartered-in 5,605 TEU vessel in the Aisa — Indian Subcontinent market, aligning with our joint service partners who operate vessels of similar size in this market.

(ii) We manage our shipping capacity by selling our owned vessels or returning chartered-in vessels when the charters expire. For example, since the beginning of 2023, we have disposed of certain owned vessels and returned a number of chartered-in vessels when the charters expired, further details of which are set forth in the following table:

Owned vessel's name	**Capacity (TEU)**	**Delivery date**
TS YOKOHAMA	1,096	March 24, 2023
TS SHANGHAI	1,096	March 31, 2023
TS MOJI	962	April 18, 2023
TS MANILA	2,553	March 23, 2023
TS DUBAI	6,310	March 22, 2023
TS MUMBAI	5,683	April 17, 2023
TS HONGKONG	1,578	May 10, 2023
TS HAIPHONG	1,756	July 6, 2023

Owned vessel's name	Capacity (TEU)	Delivery date
TS LAEMCHABANG	1,756	August 29, 2023
TS KELANG	4,363	September 8, 2023

Note:

(1) The total gains arising from disposals of those owned vessels are US$34.4 million, which represents the sum of the excess of the sale price over the net book value of each vessel as of the date of the agreement, net of the commissions payable to the relevant brokers.

Chartered-in vessel's name	Capacity (TEU)	Return date
SIRI BHUM	958	January 31, 2023
SHIMIN	5,047	February 13, 2023
LALIT BHUM	1,668	February 28, 2023
SUEZ CANAL	5,610	March 10, 2023
INTRA BHUM	958	April 30, 2023
HYPERION	1,102	May 6, 2023
ORTOLAN EPSILON	987	July 6, 2023
DEVON	1,118	July 18, 2023
CONSIGNIA	1,091	September 6, 2023
CONTSHIP UNO	1,118	September 30, 2023
OKEE PIPER	1,049	October 29, 2023
PACANDA	1,049	October 31, 2023

The new vessels we ordered can be used to upgrade our fleet. We expect our average operating cost will be lower as a result of the replacement of old vessels with new vessels because (i) the unit cost is generally lower for larger vessels compared to that of smaller vessels, and (ii) newer vessels generally consume less fuel than older vessels of similar size. Our older owned vessels reaching the age of 15 may be considered to be replaced based on the freight market, asset market as well as the vessels' conditions such as strength, performance, wear and tear and future repair and maintenance costs, which is also in line with the industry normal practice according to the Drewry Report. As of the Latest Practicable Date, we had seven vessels aged 15 or above. Furthermore, the IMO's new regulation, Carbon Intensity Indicator (CII), requires ships to reduce carbon intensity from operational perspective. As a result, container ship operators will have to invest in new technologies and adopt other operational practices to reduce their carbon emissions, such as adopting alternative fuels, optimizing routes and speeds, and retrofitting existing vessels with energy-efficient technologies. The regulation may also increase the demand for more fuel-efficient ships and accelerate the vessel upgrade even when vessel age is under 15. Moreover, as of the Latest Practicable Date, we had 10 chartered-in vessels with charters to expire potentially by the end of 2025. Thus, we consider new vessels orders can effectively achieve the purpose of vessel upgrade and replacement of chartered-in vessels with new vessels.

Fleet management

During the Track Record Period, we engaged a fleet management company, Fleet Ship Management Inc. ("**Fleet Management Company A**"), an Independent Third Party, to manage our own vessels and crew members onboard, including crew management, technical management, insurance arrangements (if upon our request), accounting services, etc. The Fleet Management Company A, established in 1994 and headquartered in Hong Kong, was the second largest professional vessel manager in the world in 2023 in terms of the number of vessels it managed according to Lloyd's List Intelligence, a specialist business incorporated with information service dedicated to the global maritime community. Fleet Management Company A is an affiliate of Fleet Management Limited, the beneficial owner of which is the Caravel Group. As confirmed by Fleet Management Company A, it managed over 660 vessels, and operated on a global scale with 27 offices in 12 countries in the same year. Its client base spans over 100 international vessel owners, including Fortune 500 companies from China, Greece, India, Japan, Korea, Netherlands, Norway, Turkey and the United States, etc. As of December 31, 2021, 2022 and 2023, the number of our vessels managed by it accounted for approximately 4.2%, 4.8% and 3.3% of the total number of vessels it managed, respectively. The following table sets forth the key terms of the ship management agreement:

Term:	One year.
Crew management:	Fleet Management Company A shall: (i) select and engage the crew, including handling payroll arrangements, pension administration, and insurances for the crew; (ii) ensure the applicable requirements of the law of the vessel flag and of the places/ports/berths where the vessel trades are complied with in respect of manning levels, rank, qualification and certification of the crew and employment regulations including crew's tax, social insurance, discipline and other requirements; and (iii) provide training to the crew and supervise their efficiency, etc.
Technical management:	Fleet Management Company A shall: (i) provide competent personnel to supervise the maintenance and general efficiency of the vessel; (ii) arrange and supervise dry dockings, repairs, alterations and the upkeep of the vessel to the standards required by us to ensure that the vessel complies with the relevant laws and requirements; (iii) regularly and timely arrange sufficient supply of necessary stores, spares and lubricating oil at our expense; (iv) appoint surveyors and technical consultants from time to time when necessary; and (v) develop, implement and maintain the International Ship and Port Facility Security Code (the "**ISPS Code**") and a safety management system in accordance with the International Safety Management Code (the "**ISM Code**").

Accounting services:	Fleet Management Company A shall establish an accounting system which meets our requirements and provide regular accounting services, monthly supply reports and records to us, and maintain the records of all costs and expenditures incurred as well as data necessary or proper for the settlement of accounts between the parties.
Annual management fee:	Annual management fee in general shall be payable by equal monthly instalments in advance while the first installment and pre-delivery management fees being payable on the commencement of the ship management agreement. The management fee shall be subject to an annual review on the anniversary date of the ship management agreement.
Termination:	Each party may terminate the ship management agreement in the event of, among others, (i) any material breach by the other party; or (ii) any other breach by the other party that is not remedied within a prescribed time-period.
Renewal:	We should inform Fleet Management Company A of our intention to renew the agreement within 60 days before the expiry date of the agreement.

As confirmed by Drewry, for the benefits of cost control and risk management, it is not uncommon for container shipping companies to outsource the management of its owned vessels to fleet management companies, and we engaged Fleet Management Company A for the same reason. Before engaging Fleet Management Company A since 2017, we managed our owned vessels and crew members by ourselves. Before we decided to outsource fleet management, we invited a number of service providers to pitch during which we became acquainted with Fleet Management Company A.

We regularly benchmark and review management fee and operating costs by inviting quotes from different fleet management companies. The management fee and operating costs of Fleet Management Company A was competitive compared to other service providers. We negotiate the management fee with Fleet Management Company A before we decide to renew the agreement annually. The amount of management fee is generally charged equally per vessel and Fleet Management Company A offers a discount if we provide a larger pool of vessels under management. We did not encounter, or anticipate, any difficulty for us in procuring another service provider on similar terms. As confirmed by Fleet Management Company A, the pricing and other terms of the transactions with us are generally in line with those of similar services that it provided to other container shipping companies. According to Drewry, the pricing offered by Fleet Management Company A to us is generally in line with the market price, considering the services provided by Fleet Management Company A.

To diversify our vessel management service providers, in March 2023 we engaged another fleet management company, V.Ships Asia Group Pte. Ltd., ("**Fleet Management Company B**"), an Independent Third Party, to manage our own vessel and crew members onboard, including crew management, technical management, etc. Fleet Management Company B, established in 2011 and headquartered in Singapore, was a subsidiary of V. Group which was the fourth largest professional manager in the world in 2023 in terms of the number of vessels it managed according to Lloyd's List Intelligence. The majority of shares of Fleet Management Company B are indirectly owned by the GPE VIII, a private equity fund managed by Advent International Corporation. As confirmed by Fleet Management Company B, it managed over 550 vessels, and operated on a global scale with 60 offices in 30 countries in the same year. We approached Fleet Management Company B knowing its parent company, V. Group, was one of the top five global fleet management companies in terms of the number of vessels under its management in 2022. The following table sets forth the key terms of the ship management agreement between us and Fleet Management Company B:

Term:	One year.
Crew management:	Fleet Management Company B shall: (i) select and engage the crew, including handling payroll arrangements, pension administration, and other mandatory dues as applicable; (ii) ensure the applicable requirements of the law of the vessel flag in respect of rank, qualification and certification of the crew and employment regulations including crew's tax, social insurance, discipline and other requirements; and (iii) provide training to the crew and supervise their efficiency, etc.
Technical management:	Fleet Management Company B shall: (i) ensure that the vessel complies with the requirements of the law of flag state; (ii) ensure compliance with the ISPS Code the ISM Code; (iii) provide competent personnel to supervise the maintenance and general efficiency of the vessel; (iv) arrange and supervise dry dockings, repairs, alterations and the upkeep of the vessel to the standards agreed with us to ensure that the vessel complies with the relevant laws and requirements; (v) arrange supply of necessary stores, spares, victualling, provision and services; and (vi) appoint surveyors and technical consultants from time to time when necessary.

Annual management fee:	Annual management fee shall be payable by equal monthly instalments in middle of every calendar month while the first installment being payable on the commencement of the ship management agreement. The management fee shall be subject to an annual review.
Termination:	Each party may terminate the ship management agreement in the event of, among others, (i) any material breach by the other party; or (ii) any other breach by the other party that is not remedied within a prescribed time-period.
Renewal:	The agreement does not provide for any automatic or contractual renewal term. We will negotiate with Fleet Management Company B to seek a renewal of the agreement at least two months prior to the end of the term. We do not anticipate any material obstacles in renewing the agreement with Fleet Management Company B.

Because of the good reputation and the large pool of vessels under management of the two fleet management companies, we believe they have the capacity to provide services for our new vessels. We plan to engage among the two fleet management companies and/or other suitable fleet management companies to manage these new vessels mainly based on their pricing, service quality, capacity and accountability, among others. Based on the fee quotes received by our Company, the annual vessel management fee per vessel charged by vessel management companies ranges from US$90,000 to US$130,000.

Vessel charters

For chartered-in vessels, we generally enter into agreements with vessel chartering companies, all of which were Independent Third Parties, except for TEH Shipping, during the Track Record Period. In addition, as of the Latest Practicable Date, eight of our chartered-in vessels were under a contract term of more than one year. We generally begin negotiations on the renewals of charter agreements with the relevant vessel chartering companies a few months prior to their expiry, and may from time to time seek to charter alternative vessels from other vessel chartering companies in the market. For the years ended December 31, 2021, 2022 and 2023, our vessel costs for our chartered-in vessels (which mainly comprised charter hire costs including both charter hire costs that were expensed for the short-term (one year or less) chartered-in vessels and charter hire costs that were capitalized for the long-term chartered-in vessels) were approximately US$155.9 million, US$253.2 million and US$168.1 million, respectively.

The following table sets forth the key terms of the vessel chartering agreements in general we entered into with vessel owners:

Term:	From less than one year to three years.
Rent:	Usually a daily rent is charged and payable by us and should be paid to the owner in two installments per month in accordance with the terms of the relevant chartering agreements.
Delivery and re-delivery:	The owner shall deliver the vessels to us and we shall return the vessels to the owner by the prescribed times pursuant to the terms of the chartering agreements.
Other fees:	The owners shall provide and pay for all provisions, wages and immigration consular fees, shipping and discharging fees, shore pass fees of the crew and shall pay for the insurance of the vessels, also for all the cabin, deck, engine-room and other necessary stores, and maintain vessels' class and keep vessels in thoroughly efficient state in terms of their hull, machinery and equipment. When the vessels are on hire, we shall provide and pay for all the fuel (except as otherwise agreed), port charges, pilotages, tugboats charges, compulsory garbage fees, tonnages, agencies, commissions, consular charges, and all other usual expenses, but when the vessels are put into a port for causes due to the vessel condition, then all such charges incurred shall be paid by the owners.
Termination:	If the vessel during the performance of the chartering agreements is off-hire for a period of from more than 14 to more than 30 consecutive days, we have the option to terminate the chartering agreement and the vessel shall proceed to a safe port at our option for discharging if required.
Renewal:	The agreements generally do not contain any renewal clause and may be renewed upon mutual agreement of the parties.

There are several key stages in the life cycle of chartered-in vessels, including chartering, delivery, deployment to services and re-deliver vessels or renew the charter when the charters expire. During the charter term, we may sublease chartered-in vessels as part of our shipping capacity management. We may off-hire the chartered-in vessels in case of non-performance of certain obligations by vessel owners including stevedores or other workers not being permitted to work as a result of the vessel owners' failure to provide valid and up-to-date certificates or approvals for vessels and crew or failure to comply with relevant regulations.

Joint services, slot exchange arrangements and slot chartering arrangements

To increase our container shipping network coverage and frequency of services, we have entered into a number of cooperation agreements with other carriers which generally provide for the joint operation of container shipping services, the exchange of slot capacity and the charter of slots on vessels operated by other carriers. As of December 31, 2023, we had joint service arrangements with 22 carriers and slot exchange arrangements with nine carriers, all of which were Independent Third Parties. The carriers we cooperate with are container shipping companies based in mainland China, Taiwan, Hong Kong, Singapore, South Korea and other regions. As of the Latest Practicable Date, we did not have any other material cooperation arrangement with the carriers we cooperated in joint services, slot exchange and slot chartering arrangements.

The following table sets forth the shipping volume and corresponding percentages (relative to our total shipping volume) of our container shipping network by types of services for the periods indicated:

	For the year ended December 31,					
	2021		2022		2023	
	Shipping volume	*%*	*Shipping volume*	*%*	*Shipping volume*	*%*
	(TEU, except percentage)					
Independent services	804,562	50.7	811,902	52.1	710,293	48.5
Joint services	636,213	40.2	655,897	42.1	647,126	44.1
Slot exchange arrangements	135,626	8.6	83,793	5.4	108,811	7.4
Slot chartering arrangements	7,173	0.5	7,550	0.5	201	0.0
Total	1,583,574	100.0	1,559,142	100.0	1,466,431	100.0

Our shipping volume contributed by independent services increased in 2022 primarily because we allocated vessels to long-haul independent services in the Asia – Oceania and Transpacific markets partly by terminating certain joint services we operated. The termination of joint services in 2022 also resulted in a decrease in slot exchange arrangements with other carriers (with which we used slots in the joint services to exchange). Our shipping volume contributed by independent services decreased in 2023 primarily because we suspended one independent service to Australia in April 2023 (though subsequently resumed in the fourth quarter of 2023) and the only one service to New Zealand in August 2023 due to the continued declines in the freight rate which made our independent services not economically justifiable. Our shipping volume contributed by joint services decreased in 2023 primarily because of the reduction of our shipping capacity to address the adverse market condition, thereby suspending our joint services in the Transpacific and Asia – Europe markets and some joint services in the Asia Pacific Region, partially offset by new services launched via joint services such as the service from East Asia to East India by joint service in which we deployed some of the newbuildings delivered in 2023. Our shipping volume contributed by slot exchange arrangements increased in 2023 primarily because we launched new joint services in 2023 in which we used slots to exchange with other carriers. Our shipping volume contributed by slot chartering arrangements decreased in 2023 primarily because we changed our service by slot chartering arrangements from East Asia to the Middle East to one joint service.

Under the joint service agreements, we and our partners designate a specific number of vessels to jointly provide shipping services for specific trade lanes for a period of time, typically six to 12 months. Each partner under a joint service arrangement bears the operational cost and expenses of its own vessels and is entitled to container slots on each designated vessel in proportion to the shipping capacity it contributes. Each partner should endeavor to stay within its own basic slot and weight allocation according to the relevant joint service agreements. In the event that the partners utilize slots and/or weight in excess of their entitlement, then the partners should be charged for excess slots or weight according to the slot exchange agreements. The joint service agreements may be terminated in the event of, among others, (i) mutual consent of all parties; (ii) any material breach by any party; or (iii) a change in control of any party which is likely to materially prejudice the performance of the agreements. The joint service agreements may be renewed upon mutual agreement of the parties.

Under the slot exchange arrangements, we have with other carriers, we exchange certain container slots in our services for a particular period, typically 12 months or less. Under this arrangement, we and other carriers each bear and settle directly with the terminal operators at each port of call all the cargo expenses arising from the loading and discharging of their containers onto or from the relevant vessels and all other expenses incurred at the terminals. The slot charterers should ensure that their cargos loaded on board will always be kept within their basic slot and weight allocation according to the relevant slot exchange agreements. In the event that the slot charterers utilize slots and/or weight in excess of their entitlement, then the slot charterers should pay the slot providers for excess slots or weight according to the slot exchange agreements. The slot providers have free use of any slots unused by the slot charterers. The slot exchange arrangements may be terminated in the event of, among others, (i) mutual consent of all parties; (ii) any material breach by any party; or (iii) any other breach by any party that is not remedied within a prescribed time-period. The slot exchange arrangements may be renewed upon mutual agreement of the parties.

Under the slot chartering arrangements, we contract to use and pay for a certain amount of space on a vessel of another carrier for a particular period. Usually, we make monthly payment for the chartered slots after we utilized the slots. The slot chartering arrangements may be terminated in the event of, among others, (i) mutual consent of all parties; (ii) any material breach by any party; or (iii) any other breach by any party that is not remedied within a prescribed time-period.

The key risks from our arrangements with other carriers mainly include contractual disputes, breaches, and defaults, which may result in legal liabilities, financial losses, or operational disruptions. We can seek remedies under the contracts in the event of a breach by the carriers. In addition, we can also look for alternative business partners in the market. During the Track Record Period, we generally maintained good relationships with our business partners. See "Risk Factors — Risks relating to our business and industry — We rely on various products and services provided by third-party contractors and suppliers, as well as our partners and agents, and unsatisfactory or faulty performance of our contractors, suppliers, partners or agents could have a material adverse effect on our business."

Joint services, slot exchange arrangements and slot chartering arrangements are common practice for container shipping companies to optimize operation and enhance utilization, according to the Drewry Report. Such arrangements allow us to increase our container shipping network coverage, shipping volume and frequency of services with less investment. As of December 31, 2021, 2022 and 2023, we had 11, 19 and 20 joint services, respectively, mostly around the Asia Pacific Region, with an aggregated shipping volume of 636,213 TEU, 655,897 TEU and 647,126 TEU, respectively, for the years ended December 31, 2021, 2022 and 2023. As of December 31, 2021, 2022 and 2023, we had eight, 10 and 13 services through slot exchange arrangements, respectively, with an aggregated shipping volume of 135,626 TEU, 83,793 TEU and 108,811 TEU, respectively, for the years ended December 31, 2021, 2022 and 2023. As of December 31, 2021, 2022 and 2023, we had nil, one and nil services through slot chartering arrangements, respectively, with an aggregated shipping volume of 7,173 TEU, 7,550 TEU and 201 TEU, respectively, for the years ended December 31, 2021, 2022 and 2023. Although we did not have any slot chartering arrangements for any trade lane as of December 31, 2021, we did have such arrangements for two trade lanes during the year 2021.

Our crew

As of December 31, 2023, there were 630 onboard crew members working on our owned vessels. We do not enter into employment agreements with these onboard crew members. According to our arrangement with fleet management companies, they are responsible to engage and provide training to crews who will be onboard our owned vessels. See "—Our container shipping business—Our fleet" for more details. We will be responsible for the P&I Insurance of such crew members when they are onboard our vessels during each voyage. We will reimburse crew costs including their wages, allowance and social security incurred by fleet management companies.

Specifically in terms of the PRC crew members, our PRC Legal Advisors have advised us that under the relevant PRC laws and regulations: (i) as there is no employment relationship between us and crew members under the foregoing arrangement, hence we are not deemed the employer of the crew members; and (ii) we are not required by the relevant PRC government authorities to make social insurance fund and housing provident fund contributions for the PRC crew members.

Containers

The following table sets forth the breakdown of the container capacity by owned containers and leased containers (including long-term (more than one year) and short-term (equal to or less than one year) leases) as of the dates indicated:

	As of December 31,					
	2021		2022		2023	
	Capacity (TEU)	*%*	*Capacity (TEU)*	*%*	*Capacity (TEU)*	*%*
Owned containers	55,798	24.7	48,699	19.2	71,677	30.9
Leased containers	170,303	75.3	205,241	80.8	160,600	69.1
– long-term	161,703	71.5	202,582	79.8	159,670	68.7
– short-term	8,600	3.8	2,659	1.0	930	0.4
Total	226,101	100.0	253,940	100.0	232,277	100.0

We source our owned containers mainly from China-based container manufacturers. In 2021, 2022 and 2023, we had incurred approximately US$109.5 million, US$0.7 million and US$59.3 million in purchasing containers mostly from China-based shipping container manufacturers, respectively. We monitor the containers prices from time to time. We disposed of certain used containers in the first half of 2022 in light of certain excess container capacity we had and the relatively higher market price of used containers we could benefit by selling used containers. Containers generally have a useful life of 10 to 12 years. As of the Latest Practicable Date, our owned containers had an average remaining useful life of approximately 7.6 years. When our owned containers are around the end of useful lives, we usually dispose of them to dealers of used containers. The decrease in the capacity of leased containers was due to the return of our leased containers in 2023 because we added more owned containers to replace leased containers for long-term cost saving and partially due to the weakened market condition. We returned leased containers of approximate 46,698 TEU in 2023 when their leases expired.

We also entered into leasing agreements with a number of container suppliers. We selected the container suppliers with good reputation and strong financial condition. In addition, we will also consider whether the location of the suppliers meets our needs, and whether the delivery time is appropriate. In 2021, 2022 and 2023, our container leasing expenses were US$29.8 million, US$59.9 million and US$53.0 million, respectively. In general, new containers are more reliable compared to older ones, and as a result, we generally only lease newly manufactured containers, typically for a term of five years. As of December 31, 2023, the average age of our owned and leased containers was 4.1 years. A substantial majority of these containers were standard containers. In addition, we also use special containers, including temperature-controlled containers to transport fresh food.

The following table sets forth the key terms of the container leasing agreements in general we entered into with container lessors:

Term:	Usually five years.
Rent:	Usually a daily rent is charged and payable by us until each container is returned to lessors in accordance with the terms of the relevant leasing agreements.
Build-up period and build-down period:	Each container leasing agreement has a build-up period of about four months and a build-down period of about 12 months. We are required to pick up the agreed number of containers during the build-up period and to off hire the containers during the build-down period.
Container re-delivery:	The containers shall be redelivered to lessors pursuant to the leasing agreement. We are responsible for the costs, charges and expenses relating to container re-delivery.
Termination:	Each party may terminate the container leasing agreements in the event of, among others, any material breach by the other party.
Renewal:	The agreements generally do not contain any renewal clause and may be renewed upon mutual agreement of the parties.

The following table sets forth details of the types of cargo we shipped as of December 31, 2023 as well as the related quantities and volume of our owned and leased containers.

Type of container	Type of cargo	Quantity	TEUs
Dry van containers	Most general cargo, including commodities in bundles, cartons, boxes, loose cargo, bulk cargo and furniture	141,380	213,678
Reefer containers	Temperature controlled cargo, including pharmaceuticals, electronics and perishable cargo	8,461	15,604
Other special containers	Heavy cargo and goods of excess height and/or width, such as machinery, vehicles and building materials	1,758	2,995
Total		151,599	232,277

We plan to apply part of the [**REDACTED**] from the [**REDACTED**] to lease additional containers. See "Future Plans and [**REDACTED**] — [**REDACTED**]" for more details.

For the years ended December 31, 2021, 2022 and 2023, our container turnover rate (calculated as each container's full cycle usage days (average days from first laden export gate-in terminal "full container" date to next "full container" date) divided by 365 days) was 8.4, 6.2, and 6.6 trips, respectively. We believe that, ideally, containers should remain at a high utilization level. However, due to trade imbalances between destination ports and countries or regions, or various reasons related to orders made and received, there have been instances where shipping containers are returned empty or at a low utilization level. We have a dedicated team of managers responsible for managing empty containers in a cost-efficient way to minimize our overall empty container moves while meeting demand. For example, we have an equipment control team managing the containers utilization, which can identify where and which types of containers are in excess or shortage, and recommend the best routes for moving such containers to the ideal place at the right time. In addition, we continuously optimize the flow of empty containers based on demands and operational constraints, such as slot exchange arrangements and slot chartering arrangements. For more details, see "— Our container shipping business — Joint services, slot exchange arrangements and slot chartering arrangements" in this section. We also sell slots on board our vessels to transport empty, shipper-owned containers. Through this, we are able to reduce the costs associated with such trade imbalances, increase the utilization of our vessels, and reliably supply our customers with containers where and when they are needed.

Our container management system also involves several strategies and technologies to reduce the cost, effort and other resources involved in transporting empty containers. For instance, we utilize the real-time data that may be collected from an IT technology provider which is an Independent Third Party to give us insights in global container turnover by analyzing our customer and cargo patterns. See "— Information technology" in this section for further details. We also utilize our sales and marketing efforts to better analyze market demands and trends to ensure that container turnover can be managed more efficiently.

Port operators

We have terminal services arrangements with major port operators, under which port operators help us load and discharge containers from vessels to trucks or lorries and vice versa and provide storage and auxiliary services. Our port access includes both gateway and transshipment hubs, the majority of which consist of well-developed infrastructure and state-of-the-art equipment to support high-quality shipping services. In addition, port operators provide us with container freight stations and port facilities for reefer cargos, breakbulk cargos and dangerous and hazardous cargos to meet customers' requirements. As confirmed by Drewry, our cooperation model with port operators is in line with the common industry practice.

The following table sets forth the number of ports within our container shipping network as of the dates indicated:

	As of December 31,		
	2021	**2022**	**2023**
	Number of ports		
Asia Pacific Region	40	50	45
Greater China	15	14	14
North Asia	11	11	10
Southeast Asia	9	9	12
Oceania	5	10	3
Indian Subcontinent	–	6	6
Transpacific(1)	1	5	–
Asia – Europe(1)	–	4	–
Others(2)	–	4	4
Total	41	63	49

Notes:

(1) To address the market condition that has affected long-haul services in the Transpacific and the Asia — Europe markets where deployment of smaller vessels became less profitable or even loss-making in light of the continued decline of freight rates, we decided to suspend our services in the Transpacific and Asia — Europe markets in December 2022, and all services in the Transpacific and Asia — Europe markets had been suspended in February and in March 2023, respectively. See "— Our container shipping business — Our markets — Transpacific" and "— Our container shipping business — Our markets — Asia — Europe" in this section for more details.

(2) Others mainly included the trade lane connecting Greater China and the Middle East (Jebel Ali), the trade lane connecting Greater China and East Africa (Mombasa and Dar es Salaam), and the trade lane connecting India (Nhava Sheva and Mundra), Middle East (Jebel Ali and Khalifa) and East Africa (Mombasa and Dar es Salaam).

The following table sets forth the top 10 ports in terms of the number of calls by our vessels per week ports within our container shipping network, including our independent services, joint services, slot exchange arrangements and slot chartering arrangements, for the year ended December 31, 2023:

	Average number of port calls per week
Hong Kong	29
Shekou	29
Shanghai	27
Port Klang	23
Qingdao	15
Ningbo	14
Singapore	14
Kaohsiung	14
Pusan	13
Nansha	11

The following table sets forth the key terms of the services agreement entered between us and various port operators:

Term:	Generally, one year, to be renewed automatically or upon negotiation.
Scope of operation and responsibilities:	This agreement shall be applicable to ports along certain services. Whilst most agreements with port operators will state the responsibilities in regard to the offloading and loading of containers, the responsibilities in monitoring of containers at the port may vary across agreements.
Fees and payment:	Varied according to the payment schedule set by each port operator, in accordance with the duration, size and the type of containers, whether such containers are empty, the type of cargo, and the services to be provided. For containers that stay at the port for a prolonged period of time, an extra charge shall be levied. Vessels staying at the port may also be charged a fee in relation to the duration of their stay. Generally, all fees shall be paid within 10 or 30 days from the invoice or billing date.

Relocation services:	To utilize the port operator's facilities, we may opt for our containers to be transported, stored and monitored at an onshore storage facility. Some port operators may offer such services free of charge, while some may charge a storage fee.
Notification:	Generally, we are required to provide our voyage schedule, with the relevant details concerning the containers in advance.

Bunkers

Our business nature and operation of require significant bunker consumption. For the years ended December 31, 2021, 2022 and 2023, we consumed approximately 323,412 tonnes, 417,478 tonnes and 325,198 tonnes of bunkers, amounting to US$164.0 million, US$312.9 million and US$187.7 million, reflecting an average cost of approximately US$507.0 per tonne, US$749.5 per tonne and US$577.3 per tonne, respectively. The fluctuation of cost per tonne during the Track Record Period was primarily a result of the fluctuation of the price of crude oil in these periods. We have entered into agreements with a number of bunkers suppliers. While the suppliers have agreed to supply us with bunkers upon our request, no fixed price is specified in such agreements and the bunker price will be based on the market price at the time of purchase order. During the Track Record Period, we did not hedge our risk exposures in connection with bunker prices using derivative instruments. We may build in our customer contracts calculations based on the bunker adjustment factor ("**BAF**") and the emergency bunker surcharge ("**EBS**") as references pursuant to which we can pass on the cost of any sudden surges in bunker prices to our customers. A BAF is a variable surcharge aligned with the movement of bunker prices. This fee is typically separate from the base freight rate and adjusted quarterly. Usually, BAF is adjusted quarterly based on bunker prices changes. An EBS is a last-minute fee that occurs when actual market bunker prices are higher than what was originally anticipated by the carriers.

SALES, MARKETING AND PRICING

Sales and marketing

We have an internal sales force in our headquarters and on the ground in certain overseas markets to conduct direct sales, and we have established long-term relationships with a number of customers. As of December 31, 2023, our sales and marketing team consisted of 267 employees responsible for direct client coverage, conducting market research, and exploring possible services and pricing. As of December 31, 2023, we had a total of 22 offices worldwide, including 10 offices in mainland China and Hong Kong, two in Japan, two in South Korea, three in Vietnam, three in Malaysia, one in United Arab Emirates and one in the Philippines. In addition, our sales and marketing team regularly review the services of peers in the market, analyze the changes in local policies and conduct market research to adjust our promotion strategies after analyzing such information. To expand our business, we may cross-sell new shipping services to existing customers in addition to tapping new customers. For example, we market and promote new long-haul services to our existing customers and at the same time we may develop new customers for such services.

Our sales team will assist the finance department to collect payment from invoiced customers and to recover any additional costs such as slot rent, container maintenance fees and repair fees. On a daily basis, our sales team will be responsible for (i) the allocation of containers and slots for each service in order to maximize our utilization; (ii) the compilation of sales and operational data for future pricing and services analyses; and (iii) the handling of customer inquiries and communications with headquarters in relation to specific customer inquiries or feedback. Key performance indicators for our sales staff include whether they can increase the number of customers and maintain and increase the annual shipping volume targets.

Pricing mechanism and strategy

We have a relatively open and flexible pricing policy which is mainly in line with the market condition and spot rates, stating the standard rate for our services (typically calculated based on factors such as TEU, type of freight such as perishable or non-perishable goods, destination and trade lane) upon quotation request from our customers. There would be adjustments where end customers require certain specific delivery and storage requirements (such as frozen storage, or dangerous and hazardous goods storage). We generally charge freight rate premiums for special containers. For joint services, slot exchange and slot chartering arrangements, our pricing would be determined on a cost-plus basis to the operating expenses to be incurred for such arrangements.

Adjustments would be made from time to time, based on the availability of vessels and containers, seasonality factors and market conditions. Such pricing will be determined by the sales and marketing team. We would also offer discounts to certain customers, based on the market demand analysis conducted by our sales and marketing team, especially for services with relatively low shipping volumes and newly developed services. Our sales and marketing team will also be responsible for setting the prices for newly developed services, after adequate market research has been conducted.

Payment terms

We generally offer two payment terms for our container shipping services: freight prepaid and freight collect. Under freight prepaid terms, the shipper typically prepays the freight charges, loading terminal handling charge and other expenses associated with the cargos before the arrival at the destination port. Fees and expenses at the destination port, including documentation fees and terminal handling charges, are paid by the consignee at the destination port. Under freight collect terms, the shipper typically prepays only the loading terminal handling charge, and the freight charges and other expenses are paid by the consignee upon taking delivery of the cargos at the destination port. We generally demand freight prepaid terms and in exceptional cases, we permit freight collect terms. We generally do not grant credit period under freight collect term, but we would review customers' credit term requests on a case-by-case basis and usually grant a credit period of less than 30 days from the date of billing.

Warranty and goods damaged in transit

Whilst we have purchased insurance policies in relation to any related damages and that our customers would have purchased the same to protect so, we have set guidelines to handle any reports or complaints in relation to damaged goods in transit. The consignee, upon receiving the shipping container, would inspect the goods therein and report any damage. Further investigations will be conducted to ascertain the reasons for any such damage. We would then consider further actions by taking into consideration the findings of the investigation and the insurance policy premiums involved. After that, we would proceed with negotiations with parties involved with the aim of achieving amicable solutions, before taking any legal actions as the last resort. During the Track Record Period, there had not been such instances of goods damaged in transit that resulted in a materially adverse impact on our business operations and financial position.

CUSTOMERS

The customers for our container shipping services primarily include (i) freight forwarders, (ii) BCO customers, and (iii) other container shipping companies. Our BCO customers are primarily small and medium-sized businesses, including diversified manufacturers of consumer, primary and mechanical products. While the majority of our customers enter into shipping contracts with us through freight forwarders, we have established long-term relationships with some of our BCO customers. Besides, we from time to time service large blue-chip customers with tailored needs. We have undertaken large projects with specifically tailored needs for these customers with whom we have enjoyed long-term business relationships. Our targeted customers generally consist of those with sound reputations in the international shipping market and good credit records. We have a diversified customer base. For instance, for the year ended December 31, 2021, no single customer represented more than 5% of our revenue. Despite our diversified customer base, we continue to build long-term relationships with our major customers through our sales and marketing efforts. Our customer retention rate, calculated as the number of customers in the prior period that remain as our customers in the current period, divided by the number of all customers in such prior period, for our top 30 customers was 100% in each of 2021, 2022 and 2023.

It is a common practice in intra-Asia Market that BCO customers generally do not enter into long-term arrangements with carriers and usually look to spot markets, and the long-term arrangements in short haul services generally do not contain any minimum shipping quantity commitment according to the Drewry Report. We proactively participate in any bidding process initiated by BCO customers so we can gain a better position to promote our services.

During the Track Record Period, we maintained a high vessel utilization rate of close to 100.0%. We adopted a relatively conservative approach in estimating our future utilization rate. We expect that the utilization rates of all our vessels will be approximately 100.0% in 2024 and 2025, respectively, according to our vessel capacity management plan. For more details, see "— Our container shipping business — Our fleet — Vessel capacity management" in this section.

For the years ended December 31, 2021, 2022 and 2023, revenue from our five largest customers represented approximately 5.2%, 5.6% and 3.7% of our total revenue, and revenue from the largest customer represented approximately 1.8%, 1.7% and 1.1% of our total revenue, respectively.

The tables below set forth the basic information of our five largest customers in each year during the Track Record Period:

Five largest customers for the year ended December 31, 2021	Length of relationship with our Group	Company background	Business location	Major services provided	Credit terms	Payment method	Transaction amount	Percentage to total revenue of our Group
							US$'000	*%*
Shenzhen Shining Ocean International Logistics Co., Ltd.	21 years	A company mainly engaging in global shipping, air and land transportation, warehousing, e-commerce logistics, customs declaration, etc.	Mainland China	Container shipping	One month	Wire transfer	33,816	1.8
China Ocean Shipping Agency Company Limited	17 years	A company primarily engaging in the international transportation agency business of import and export goods	Mainland China	Container shipping	One month	Wire transfer	17,284	0.9
Chinatrans International Limited	21 years	A company primarily engaging in the international transportation agency	Mainland China	Container shipping	Half month	Wire transfer	15,544	0.8
Customer A	22 years	A logistics company primarily engaging in providing warehousing, import, export, cargo, marine, air, and truck transport services	Japan	Container shipping	One week	Wire transfer	15,025	0.8
T.V.L. Global Logistics Co., Ltd.	13 years	A company covers all related businesses in the logistics industry, including freight forwarding	Mainland China	Container shipping	30 days	Wire transfer	14,550	0.8
Total							96,219	5.2

Five largest customers for the year ended December 31, 2022	Length of relationship with our Group	Company background	Business location	Major services provided	Credit terms	Payment method	Transaction amount	Percentage to total revenue of our Group
							US$'000	*%*
Shenzhen Shining Ocean International Logistics Co., Ltd.	21 years	A company mainly engaging in global shipping, air and land transportation, warehousing, e-commerce logistics, customs declaration, etc.	Mainland China	Container shipping	One month	Wire transfer	40,876	1.7
Customer B	Two years	A company primarily engaging in freight forwarding and supply chain management	New Zealand	Container shipping	14 days	Electronic funds transfer	30,903	1.3
China Ocean Shipping Agency Company Limited	17 years	A company primarily engaging in the international transportation agency business of import and export goods	Mainland China	Container shipping	One month	Wire transfer	26,427	1.1
Longsail Supply Chain Co., Ltd.	19 years	A company mainly engaging in supply chain management, domestic and international freight forwarding, etc.	Mainland China	Container shipping	Half month	Wire transfer	21,453	0.9
China Transport Shipping (Shanghai) Co., Ltd.	Seven years	An integrated logistics company engaging sea and air transportation, triangular trade, warehousing, etc.	Mainland China	Container shipping	30 days	Wire transfer	18,108	0.8
Total							137,768	5.6

Five largest customers for the year ended December 31, 2023	Length of relationship with our Group	Company background	Business location	Major services provided	Credit terms	Payment method	Transaction amount	Percentage to total revenue of our Group
							US$'000	*%*
Seaway Holdings Pty Ltd and its subsidiaries	13 years	A company primarily engaging in shipping agency, forwarding, logistics, refrigerated, air freight, intermodal and warehousing facilities and its subsidiaries	Australia	Container shipping	N/A	Electronic funds transfer	9,328	1.1
Shenzhen Shining Ocean International Logistics Co., Ltd.	21 years	A company mainly engaging in global shipping, air and land transportation, warehousing, e-commerce logistics, customs declaration, etc.	Mainland China	Container shipping	One month	Wire transfer	7,240	0.8
China Ocean Shipping Agency Company Limited	17 years	A company primarily engaging in the international transportation agency business of import and export goods	Mainland China	Container shipping	One month	Wire transfer	5,385	0.6
Customer C	17 years	A company primarily engaging in air and sea freight forwarding, customs brokerage, and warehouse inventory management services	Japan	Container shipping	One month	Wire transfer	5,322	0.6
Customer B	Two years	A company primarily engaging in freight forwarding and supply chain management	New Zealand	Container shipping	14 days	Electronic funds transfer	4,825	0.6
Total							32,100	3.7

Our Directors confirm that our five largest customers in each year during the Track Record Period were all Independent Third Parties and that none of our Directors, their respective close associates or any Shareholder (which to the knowledge of our Directors owning more than 5% of our share capital as of the Latest Practicable Date) had any interest, directly or indirectly, in any of our five largest customers in each year during the Track Record Period.

During the Track Record Period, to the best knowledge of our Directors, our Group did not have any material disputes with our customers or compensate for any major damaged goods during shipping, or experience any material delays in or disruption of our shipping services. We believe that perceived quality and reputation are of paramount importance for the provision of our services. While we have not entered into any long-term agreements with any of our major customers, we believe that our business relationships with such major customers are well-established and that our commitment to reliable and quality services will enable us to further attract new customers to diversify our customer base. We aim to take a flexible approach to continue broadening our customer base and product range and also strengthening our relationship with key customers.

SUPPLIERS

During the Track Record Period, our major suppliers included terminal container handling service providers, vessel inbound and outbound service providers, port shipping agency service providers, container providers, bunker providers, vessel chartering companies and vessel manufacturers. For the years ended December 31, 2021, 2022 and 2023, procurement from our five largest suppliers represented approximately 20.4%, 21.7% and 21.9% of our total procurement for the same periods, respectively, and procurement from our largest supplier represented approximately 5.3%, 5.6% and 5.6% of our total procurement for the same periods, respectively. The following tables set forth the basic information of our Group's five largest suppliers in each year during the Track Record Period:

Five largest suppliers for the year ended December 31, 2021	Length of relationship with our Group	Company background	Business location	Products/ services principally procured/ rendered	Credit terms	Payment method	Transaction amount	Percentage to total procurement of our Group
							US$'000	*%*
KPI Oceanconnecthk Ltd	Five years	A bunker trader	Hong Kong	Bunker	45 days	Wire transfer	43,082	5.3
Supplier A	18 years	A container terminal company	Hong Kong	Terminal/Stevedore services	60 days	Wire transfer	35,705	4.4
Chimbusco Pan Nation Petro-Chemical Co., Ltd	21 years	A bunker trader	Hong Kong	Bunker	45 days	Wire transfer	31,495	3.9
Supplier B	21 years	A container terminal company	Japan	Terminal/ Stevedore services	60 days	Wire transfer	28,079	3.5
Supplier C	21 years	A container terminal company	Mainland China	Terminal/ Stevedore services	30 days	Wire transfer	26,894	3.3
Total							165,255	20.4

Five largest suppliers for the year ended December 31, 2022	Length of relationship with our Group	Company background	Business location	Products/ services principally procured/ rendered	Credit terms	Payment method	Transaction amount	Percentage to total procurement of our Group
							US$'000	*%*
KPI Oceanconnecthk Ltd	Five years	A bunker trader	Hong Kong	Bunker	45 days	Wire transfer	72,441	5.6
Toyota Tsusho Petroleum Pte. Ltd.	11 years	A bunker trader	Singapore	Bunker	45 days	Wire transfer	58,525	4.5
Supplier D	Six years	A fleet management company	Hong Kong	Fleet management	90 days	Wire transfer	57,835	4.5
Chimbusco Pan Nation Petro-Chemical Co., Ltd	21 years	A bunker trader	Hong Kong	Bunker	45 days	Wire transfer	54,682	4.2
Supplier E	Eight years	A bunker trader	Singapore	Bunker	45 days	Wire transfer	36,966	2.9
Total							280,448	21.7

Five largest suppliers for the year ended December 31, 2023	Length of relationship with our Group	Company background	Business location	Products/ services principally procured/ rendered	Credit terms	Payment method	Transaction amount	Percentage to total procurement of our Group
							US$'000	*%*
Supplier D	Six years	A fleet management company	Hong Kong	Fleet management	90 days	Wire transfer	51,247	5.6
Chimbusco Pan Nation Petro-Chemical Co., Ltd	21 years	A bunker trader	Hong Kong	Bunker	45 days	Wire transfer	51,040	5.6
KPI Oceanconnecthk Ltd	Five years	A bunker trader	Hong Kong	Bunker	45 days	Wire transfer	47,432	5.2
Supplier A	18 years	A container terminal company	Hong Kong	Terminal/Stevedore services	60 days	Wire transfer	26,799	2.9
Supplier F	Five years	A vessel leasing company	Japan	Chartered-in vessels	Pay in advance	Wire transfer	23,861	2.6
Total							200,380	21.9

Our Directors confirm that our five largest suppliers in each year during the Track Record Period were all Independent Third Parties and that none of our Directors, their respective close associates or any Shareholder (which to the knowledge of our Directors owning more than 5% of our share capital as of the Latest Practicable Date) had any interest, directly or indirectly in any of our five largest suppliers in each year during the Track Record Period.

We select our suppliers based on various factors, including but not limited to product or service quality, pricing and delivery time, so as to ensure that materials and supplies supplied by our suppliers meet the required quality standards for our purposes. We usually source for potential suppliers by conducting market research, after which we will contact them to enquire about the price of the relevant materials and supplies and obtain, among other documents, a copy of their business license, tax registration certificate and any other licenses and permits that are required for the services to be provided.

Usually, the results of the price enquiries and the relevant documents of the potential suppliers and contractors are submitted to our president for his approval to make the final decision on the suppliers to be selected. The selected suppliers will be entered into our approved list, which is maintained and updated on a periodical basis by our procurement team. In addition, we also regularly review and evaluate our suppliers and their product quality to ensure continuing satisfaction of our production and future development needs, and compliance with our quality standards.

We consider it is important to maintain good business relationships with our suppliers and where possible, to diversify our supplier base so as to avoid any disruptions in the supply of vessels, containers and bunkers. Our Directors confirm that during the Track Record Period and as of the Latest Practicable Date: (i) we did not experience any material difficulties in obtaining supplies to our business in a timely manner; and (ii) we did not have any material disputes with our major suppliers.

OVERLAPPING OF MAJOR SUPPLIERS AND CUSTOMERS

During the Track Record Period, there was no overlapping between our top five suppliers and our top five customers. During the same period, two of our top five customers, China Ocean Shipping Agency Company Limited ("**China Ocean Shipping**") and Seaway Holdings Pty Ltd and its subsidiaries ("**Seaway**"), were also our suppliers. China Ocean Shipping provided shipping agency services in mainland China, including settling port related charges on behalf of us while we provided container shipping services to China Ocean Shipping. Seaway provided shipping agency services throughout Australia and New Zealand while we provided container shipping services to Seaway. During the Track Record Period, one of our top five suppliers, Supplier B, was also our customer. Supplier B provided terminal services in Japan while we provided container shipping services to Supplier B.

According to the Drewry Report, certain companies in mainland China and Japan may at the same time provide shipping services to carriers (such as shipping agency or terminal handling services), and receive container shipping services from carriers. During the Track Record Period, we engaged third parties for the provision of shipping agency services and terminal services while we also provided container shipping services to such third parties. As confirmed by Drewry, our dealing with such third parties is consistent with the container shipping industry practice in the countries and regions where these third parties are located.

The following table sets forth our total revenue from and our purchases amount from this overlapping customer-supplier for the periods indicated:

	For the year ended December 31,		
	2021	**2022**	**2023**
	US$'000 (except for percentages)		
Revenue from the overlapping customer-supplier			
Revenue	25,973	41,341	16,337
As a percentage of our total revenue	1.4%	1.7%	1.9%
Purchases from the overlapping customer-supplier			
Purchase amount	53,342	56,353	36,394
As a percentage of our total purchases	6.6%	4.4%	4.0%

Our revenue from the overlapping customers and suppliers were minimal during the Track Record Period, accounting for 1.4%, 1.7% and 1.9%, respectively, of our total revenue, for 2021, 2022 and 2023. Our purchases from the overlapping customers and suppliers continued to decrease during the Track Record Period and became 4.0% in 2023 which was minimal. As a result, we consider such overlap is immaterial to our business and do not have any material adverse impact on our business, results of operations and financial conditions.

Our Directors confirm that our container shipping services provided to and our purchases from such overlapping customers and suppliers were (i) entered into after due consideration taking into account the prevailing purchase and freight rates at the relevant times, (ii) conducted in the ordinary course of business under normal commercial terms and on an arm's length basis, and (iii) at prices that are no less favorable than from other Independent Third Parties who are not customer or supplier. To the best knowledge of our Directors, we did not have any other overlap between our other major customers and major suppliers during the Track Record Period and up to the Latest Practicable Date.

AWARDS AND RECOGNITION

We have received numerous awards and recognitions which reflect the high esteem under which we are held and our renowned industry achievements. For example, we received Gold Award of Maritime Cargo Information Forecast Plan (海運貨物資料預報計劃金奬) from Hong Kong Customs from 2017 to 2023.

COMPETITION

According to the Drewry Report, the container shipping industry generally has high entry barriers mainly due to the requirement of high capital expenditure, a global and regional network with partners, customers and suppliers, ship management and operation capabilities, as well as long-established brand and market awareness. As of the Latest Practicable Date, there were over 100 container shipping carriers in the world, of which the world's top 10 carriers accounted for approximately 84.3% of the global container shipping capacity.

According to the Drewry Report, the top 10 carriers provided around 60.4% of the total shipping capacity in the Asia Pacific Region in December 2023 and the Asia Pacific Region is more competitive than others because there are many regional carriers operating in the market. There are three major types of container shipping companies in the Asia Pacific Region: (i) global operators with long-haul focus, serving the Asia Pacific Region to support long-haul services or as service extension; (ii) global operators focusing on regional services but having significant presence in multiple continents; and (iii) Asia Pacific Region focused container shipping companies whose business focus is services in the Asia Pacific Region, such as us. With close to 400 services operated by more than 80 container shipping companies, the Asia Pacific Region is highly fragmented and intensely competitive. However, historically the intra-Asia freight rates are more stable compared to long haul rates such as Transpacific eastbound and Asia – Europe westbound trade lanes.

We are an Asia Pacific Region focused container shipping company, operating our service network in a strategic manner that aims to capitalize on favorable market conditions, thereby ensuring sustained development and competitive advantage. We are one of the major Asia Pacific Region focused container shipping companies with 2.3% market share in terms of deployed capacity in December 2023. We compete primarily based on our extensive container shipping network, comprehensive port coverage, our regular liner services and our quality services delivered to customers.

For more details, see "Industry Overview" in this document.

SEASONALITY

According to the Drewry Report, demand for global container shipping business can be seasonal. The third quarter of each calendar year is the traditional peak season for the Transpacific, the Asia – Oceania and the Asia – Europe markets, as overseas sellers prepare for the Christmas and New Year holidays. For the Asia – Indian Subcontinent market, the second quarter is a major peak season due to the Muslim Ramadan holidays, and December is another small peak before the New Year holiday. The traditional peak season in the Greater China – North Asia, Greater China – Southeast Asia, North Asia and Southeast Asia and Greater China markets is the fourth quarter and before Chinese New Year. However, there could be disturbances in certain years, and there have been challenges such as the trade war and COVID-19, which have resulted and may in future result in port congestion.

INFORMATION TECHNOLOGY

Our current information technology framework mainly consists of a customer information management system, a business operation system, a financial system and a personnel system.

Our existing business operation system, the AFSYS system, is a shipping operation system that manages orders, booking, containers, shipping schedules, etc., and has successfully enabled us to manage our container shipping business. In light of our growth, a business solutions and software service provider is helping us to upgrade the AFSYS system from time to time. Under the relevant agreement, we are required to pay annual maintenance fees to the solutions and software service provider.

As part of our business strategy, we intend to implement a next-generation internal operation system, upgrade our existing IT systems, recruit and train in-house IT professionals and continually upgrade the IT infrastructure in our headquarters as well as our branches and offices. For more details, see "— Our strategies — Continue to promote digitalization of our business" in this section.

INSURANCE

As a container shipping service provider, we face a number of inherent risks in our ordinary course of business, such as vessel mechanical failure, collision, property loss, cargo loss or damage, business interruption due to political circumstances globally, hostilities (including war and terrorism), tsunamis or other natural disasters, labor strikes and casualties. In addition, certain marine disasters, including oil-spills and other environmental mishaps, may subject us to liabilities. In order to mitigate our overall exposure and unexpected liabilities associated with them, we maintain various insurance policies to cover risks on our owned and chartered-in vessels, crew, cargos and other properties. For the years ended December 31, 2021, 2022 and 2023, our aggregate insurance premium amounted to US$3.4 million, US$5.1 million and US$5.3 million, respectively. In the same periods, we claimed against our insurers an amount of US$2.1 million, US$4.4 million and US$1.9 million, respectively. We believe that the insurance coverage we currently have is in line with relevant industry standards and is adequate for us to conduct normal business operations. See "Risk Factors — Risks relating to our business and industry — Our insurance may be insufficient to cover the risks or losses that may occur to our property or result from our operations".

Hull and machinery insurance

We maintain marine hull and machinery insurance for our owned vessels. Hull and machinery insurance mainly covers the risk of partial or total loss of a vessel's hull and machinery, general average, collision, liability arising from collision, assistance and salvage. Each of our owned vessels is covered up to at least fair market value (the value of which is reviewed on a regular basis).

Protection and indemnity insurance

We maintain different types of P&I Insurance for our owned and chartered-in vessels. P&I Insurance generally covers claims against ship owners or charterers, as the case may be, arising from (i) third-party claims arising from carriage of goods for which a carrier is responsible, including loss of or damage to cargos, (ii) claims arising from cargos loss when using slots obtained from other ship owners through slot exchange or slot chartering arrangements, (iii) wreck removal, (iv) pollution arising from oil and other substances, (v) liability of a ship owner arising from crew injury or death during the operation of a vessel, (vi) damages to chartered-in vessel's hull and machinery for which a charterer is responsible and (vii) fines paid to competent authorities and other related costs. For cargo loss, our P&I Insurance covers the liabilities when and to the extent that they relate to cargo intended to be or being or having been carried on vessels, which includes loss, shortage, damage or other responsibility in respect of cargo carried by a means of transport other than vessels, when the liability arises under a through or transhipment bill of lading providing for carriage partly to be performed by vessels. Our P&I Insurance generally extends to a period starting 14 days before the commencement of the transport and ending 14 days after its completion. Where the value of any cargo is declared to be more than US$2,500 by reference to a unit or otherwise in the bill of lading, and where the effect of such declaration is to deprive the carrier of any right of limitation to which it would otherwise have been entitled, then the insurance coverage only covers up to US$2,500 per cargo. Any cargo loss amount exceeding US$2,500 shall be borne by the carriers. As confirmed by Drewry, our insurance coverage on cargos is in line with the market practice. Our P&I Insurance generally covers any liabilities, costs or expenses incurred as a result of the discharge or escape of oil or any other substance, except for those arising as a consequence of the discharge or escape, or the threat of discharge or escape, of any hazardous waste previously carried on the vessel from any land-based dump, storage or disposal facility. During the Track Record Period and up to the Latest Practicable Date, we had not submitted any material P&I Insurance claim.

Container and chassis insurance

We currently maintain container total loss insurance policies which cover different geographical regions and provide coverage for property loss and damage and third-party liability. We have also purchased insurance policies for our chassis, providing coverage for property loss and damage and third-party liability.

EMPLOYEES

As of December 31, 2023, we had a total of 916 full-time employees based in mainland China, Hong Kong, Taiwan, Japan, South Korea and certain ASEAN counties.

The following table sets forth the numbers and percentages of our full-time employees by function as of the date indicated:

	As of December 31, 2023	
	Number of employees	**% of total employees**
Management	72	7.9
Operations	274	29.9
Sales and marketing	267	29.2
Finance	119	13.0
Administration	40	4.4
Information technology	22	2.4
Others	122	13.3
Documentation personnel[1]	109	11.9
Legal	6	0.7
Secretary and assistance	5	0.6
Audit	2	0.2
Total	916	100.0

Note:

(1) Documentation personnel are mainly responsible for the preparation of bill of lading, paperwork in relation to the container handling and other customer services, based in various regions in which we operate.

The following table sets forth the numbers and percentages of our full-time employees by location of our business as of the date indicated:

	As of December 31, 2023	
	Number of employees	**% of total employees**
Hong Kong	73	8.0
Mainland China	269	29.4
Taiwan[1]	251	27.4
Japan	76	8.3
South Korea	39	4.3
Malaysia	67	7.3
Vietnam	75	8.2
Philippines	66	7.2
Total	916	100.0

Note:

(1) From November 2022 to January 2023, TS TW Branch, the Taiwan branch of our Company entered into employment agreements with 249 employees resigning from TEH Shipping. See "History, Reorganization and Corporate Structure — Reorganization — Disposal of our stake in TEH Shipping" for further details.

We believe that our employees are valuable assets that contribute to the success of our Group. We recruit our employees based on a number of factors such as their industry experience in the global container shipping industry, their educational background, and our vacancy needs. We generally pay our employees a fixed salary and other allowances based on their respective positions and responsibilities.

We entered into individual employment contracts with our full-time employees covering matters such as wages, employee benefits, employment scope and grounds for termination. As of the Latest Practicable Date, our employees had not negotiated their terms of employment through any labor union or by way of collective bargaining agreements.

Our employees would undergo training to enhance their technical skills, knowledge of industry quality standards, occupational health and safety standards and applicable laws and regulations. We also engaged fleet management companies which are responsible for, among other things, selecting and engaging crew, arranging crew's payroll, pension and insurances, supervising crew's performance, providing training for crew, including safety management, marine accident and emergency measures.

We believe that we have maintained good working relationships with our employees. During the Track Record Period and up to the Latest Practicable Date, we did not experience any major labor disputes, work stoppages or labor strikes or any work safety related incidents that led to disruptions in our Group's operations.

We are committed to providing a fair, diversified and inclusive workplace for all employees by strictly abiding by laws and regulations in regions we operate relevant to compensation and dismissal, equal opportunities, diversity, antidiscrimination, and other benefits, such as the Act of Gender Equality in Employment and the Labor Standards Act of Taiwan. In compliance with relevant law requirements, the recruitment, remuneration and welfare, promotion and dismissal of our employees are dependent on their competence at work. We respect the rights and interests of every employee and strive to ensure a discrimination- and harassment-free working environment for all employees, where equal opportunities are offered to all employees regardless of their age, gender, race, nationality, disability, family status, marital status, or any other factors irrelevant to their work competence.

To protect the rights and interests of our employees, our internal employment policies have stipulated the regulations regarding the negotiation, adjustment and payment of salaries, as well as the conditions and procedures of terminating employment contracts.

We also provide benefits to our employees as part of their compensation package which we believe is in line with industry norm. For example, our employees based in mainland China are entitled to housing provident fund and social insurance including pension, basic medical insurance, maternity insurance, work-related injury insurance and unemployment insurance, as mandated by relevant laws and regulations.

LAND AND PROPERTIES

Owned properties

As of the Latest Practicable Date, we owned 13 properties with an aggregated GFA of approximately 3,334.9 sq.m. for office use in mainland China and 13 properties with an aggregated saleable area of approximately 1,052.0 sq.m. for office use and one car parking space with a saleable area of approximately 12.5 sq.m. for car parking use in Hong Kong. We owned one property with an aggregated GFA of approximately 1,372.0 sq.m. for office use in the South Korea. During the Track Record Period and up to the Latest Practicable Date, we have obtained all right certificates for all properties we own.

Leased properties

As of the Latest Practicable Date, we leased two properties with an aggregate GFA of approximately 3,342.0 sq.m in Taiwan, six properties with an aggregate GFA of approximately 1,501.6 sq.m for office use and 10 properties with an aggregate GFA of approximately 1,082.1 sq.m for residential use for employees in mainland China, two properties with a GFA of approximately 779.9 sq.m in Japan, two property with a GFA of approximately 948.2 sq.m in South Korea, four properties with an aggregate GFA of approximately 688.1 sq.m in Vietnam, three properties with an aggregate GFA of approximately 678.0 sq.m in Malaysia and one property with an aggregate GFA of approximately 482.7 sq.m in the Philippines. These leased properties were mainly for office use and the leases vary in duration from approximately from nine months to five years. We believe our current leased properties are sufficient to meet our near-term needs, and additional space can be obtained on commercially reasonable terms to meet our future needs. We do not anticipate undue difficulty in renewing our leases upon their expiration.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any difficulty in renewing the leases for our leased properties. Our Directors confirmed that none of the properties stated above are individually material to our Group in terms of rental expenses.

As of the Latest Practicable Date, two of our lease agreements for properties in mainland China had not been registered with relevant authorities in mainland China. Our PRC Legal Advisors are of the view that the non-registration of lease agreements will not affect the validity of the lease agreements, but the relevant local housing administrative authorities can require us to complete registrations within a specified timeframe and if we fail to so rectify, we may be subject to a fine of between RMB1,000 and RMB10,000 for each of these leasing properties. For further details, see "Risk Factors — Risks relating to our business and industry — Some of our leased properties did not complete registration procedures at relevant authorities".

The above properties are used for non-property activities as defined under Rule 5.01(2) of the Listing Rules. Pursuant to Rule 5.01A of the Listing Rules, this document is exempt from the requirement to include valuation on property interests of non-property activities if the carrying amount of a property interest is less than 15% of our total assets. A similar exemption applies under section 6 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong), with respect to the requirement under section 38(1) of, and paragraph 34(2) of the Third Schedule to, the Companies (Winding Up and Miscellaneous Provisions) Ordinance. As of the Latest Practicable Date, we had no single property interest of non-property activities with a carrying amount of 15% or more of our total assets, and on such basis, we are not required to include in this document any property valuation report.

ENVIRONMENTAL PROTECTION, SOCIAL, WORKPLACE SAFETY AND GOVERNANCE

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

We have identified a number of ESG-related (including climate) risks that may have a significant impact on our assets and operations. With reference to the recommendations outlined by the Task Force on Climate-related Financial Disclosures (TCFD), climate-related risks, including physical and transition risks, that may have a significant impact on our assets and operations are identified. See "Risk factors — Risks relating to our business and industry — Compliance with environmental requirements including climate change and greenhouse gas restrictions could require significant expenditures and consequently affect our business and results of operations" for further details. With regard to the identified ESG-related risks, we have a variety of internal policies and guidelines in place to mitigate the risks and have appointed teams for relevant material ESG issues to implement relevant ESG policies, measures and initiatives. We set forth below our mitigation measures in response to climate-related risks:

- Physical risks:
  - strengthen fleet's resilience through enhanced safety protocols, regular maintenance and weather monitoring to minimize potential damage and operational disruptions in response to the escalating impacts of extreme weather events
  - provide heat-resistant and cooling supplies to personnel to ensure seamen's health and safety during hot weather conditions
  - optimize route planning and supply chain logistics to maintain efficiency and reduce costs, in order to address the risks posed by rising sea levels
- Transition risks:
  - review the impact of emerging climate-related laws and regulations from time to time to ensure compliance and avoid legal penalties and operational disruptions
  - invest in low-carbon technologies and retrofit existing equipment to align with greener standards, thereby managing technology risk and operational expenses
  - closely monitor market trends and customer preferences to adapt the company's business model, ensuring that the company remains competitive and relevant in a rapidly changing market environment

In the view of enhancing our ESG governance, we will seek to establish a dedicated ESG governance structure upon [**REDACTED**] to support our Board in the implementation of relevant ESG policies, measures and initiatives and collecting ESG data for the preparation of the ESG report. We are committed to complying with the ESG reporting requirements upon [**REDACTED**], and undertake to formulate a dedicated ESG policy in accordance with the Appendix C2 of the Listing Rules.

We have identified material ESG topics relevant to our business operation with reference to international sustainability reporting standards, such as the Sustainability Accounting Standards Board (SASB) Standards. Such topics include air pollution and greenhouse gas emissions, water and oil pollution, health and safety, emergency management and business ethics. See "— Environmental Protection, Social, Workplace Safety and Governance — Environmental protection" and "— Environmental Protection, Social, Workplace Safety and Governance — Workplace safety" for more details. We will review the materiality of relevant

ESG topics from time to time to ensure the potential risks and opportunities arising from such ESG topics are adequately addressed. Dedicated to managing such ESG topics and relevant risks, we have adopted measures regarding environmental protection, safety and emergency management throughout our operations. The expenses charged to profit or loss incurred on environmental protection, safety and emergency management, including the cost of cleaner fuel and the cost of compliance, in 2021, 2022 and 2023 were approximately US$134.4 million, US$243.3 million and US$119.2 million, respectively. The IMO introduced a new regulation to limit the fuel oil used by ships with a maximum sulfur content of 0.5% from the beginning of 2020. To comply with IMO 2020 regulations, we switched to the relatively expensive VLSFO as bunkers. As a result, our expenses charged to profit or loss incurred on environmental protection, safety and emergency management had been increasing during the Track Record Period. We expect to incur more costs of compliance with applicable environmental laws and regulations in the coming years when newbuildings will be delivered during the periods.

See "— Internal Controls and Risk Management" in this section for further details of our risk management and internal control policies, as well as measures related to business ethics.

In addition, we keep in close contact with our suppliers to ensure they comply with our ESG standards. Suppliers are required to obtain certifications relevant to the services or products they offer. For instance, documents of compliance certificates (the "**DOC**") are issued to our vessels to certify that we and our suppliers comply with the SMS code for vessel management. In terms of operation and terminal management, we do not require our suppliers to follow additional health and safety standards, but their facilities, operations and works are subject to and are required to comply with local health and safety regulations. The clause of governing law between us and our suppliers has been stipulated in the mutual agreements. In terms of containers, we procure containers from factories that are ISO9001, ISO14001 or ISO4500 certified, to ensure the suppliers meet the health and safety requirements. We intend to formalize our requirements for suppliers in a subsequent code of conduct or other formal ESG policies to ensure more effective communications with suppliers.

If any supplier does not possess a valid permit or license, or has major non-compliance or unethical behavior that leads to significant environmental or social impacts, we will demand immediate corrective and mitigation action from the supplier. We may terminate our relationship with the supplier if it fails to take such actions or if we do not see any improvement.

Environmental protection

Our operations are subject to environmental laws and regulations in mainland China, Taiwan, Hong Kong and other regions that regulate sewage, oil, air and other types of pollutions in connection with our business. In particular, we are subject to environmental laws and regulations of the International Maritime Organization ("**IMO**"). See "Regulatory Overview" for further details. We are committed to ensuring the operations of our owned vessels are in accordance with all applicable environmental laws and regulation by implementing a wide range of environmental measures. For our chartered-in vessels, our charterers should also ensure their operations and management are in accordance with the IMO requirements.

Our business operations are highly regulated by relevant environmental laws and regulations. During the Track Record Period, we had no non-compliances with environmental regulations that had a significant impact on our operations. Our owned and chartered-in vessels and bunkers are environmentally compliant. They have obtained valid certificates relevant to environmental protection and pollution prevention, such as the International Air Pollution Prevention Certificate (the "**IAPP Certificate**") and the International Sewage Pollution Prevention Certificate under the International Convention for the Prevention of Pollution from Ships (the "**MARPOL**"), and the DOC to comply with the ISM Code. Going forward, the continuously evolving environmental and climate-related laws and regulations may increase our cost of compliance. For instance, the IMO introduced stricter environmental standards and decarbonization initiatives, such as the Energy Efficiency Existing Ship Index (the "**EEXI**") and Carbon Intensity Indicator (the "**CII**"), which were effective from January 1, 2023. We will continue to monitor the development of regulations from the IMO and other relevant authorities.

See "Risk factors — Risks relating to our business and industry — Compliance with environmental requirements including climate change and greenhouse gas restrictions could require significant expenditures and consequently affect our business and results of operations" for further details.

In addition, we may be exposed to possible financial loss and non-financial detriments arising from other environmental and climate-related physical risks. See "Risk factors — Risks relating to our business and industry — There are numerous risks related to the operation of any sailing vessel and our inability to successfully respond to such risks could have a material adverse effect on us" for further details. In the face of the potential environmental and climate-related risks, we have emergency response plans and procedures in place to reduce the risks caused by extreme weather. We provide our vessels with timely updates on the weather conditions at different regions for the planning of safer routes. Our operation department reviews information from weather companies to monitor the impact of severe weather and provides advice to our vessels. In the case of suspension of port operations due to severe weather such as typhoons and rainstorms, we will also provide immediate advice to the captains of our vessels to reduce business losses and ensure safety. By adopting a variety of risk mitigation measures, we are committed to enhancing resilience across operations and minimizing our impact on the environment.

Air pollution and greenhouse gas emissions

According to the Drewry Report, sulfur and greenhouse gases are emitted from vessels due to fuel combustion. These gases are either harmful to humans or to the planet. The IMO introduced a new regulation to limit the fuel oil used by ships with a maximum sulfur content of 0.5% from the beginning of 2020.

We endeavor to minimize any adverse environmental impact resulting from our air emissions. In view of the unprecedented challenge brought by climate change, we aim to take 2008 as the base year and reduce our carbon intensity by 40% by 2030, and by 70% by 2050 in accordance with the IMO requirements. When acquiring new vessels, we have taken into consideration of the energy efficiency of the vessels, with scrubbers installed in most of our new vessels of larger sizes, and low-sulfur fuel used for the remaining vessels without scrubbers in accordance with the IMO requirements. We installed scrubbers on all new vessels except for vessels with the shipping capacity of 1,100 TEU. The cost of installing scrubbers on new vessels is lower than that on used vessels because operations of used vessels will need to be suspended for scrubber installation while installation on new vessels can be readily made during their construction. In addition, the bunker cost saving is not obvious on smaller size vessels when comparing higher scrubber installation costs to lower estimated fuel costs. The bunker cost saving is fairly limited on older vessels due to the less operation time before retirement. Installing scrubbers enables us to reduce the emissions of sulphur oxides and other pollutants from our vessels and to use more economical HSFO, which enhances our cost efficiency. For the years ended December 31, 2021, 2022 and 2023, we had incurred US$369.5 million, US$237.1 million and US$335.6 million in vessel purchases, respectively, which contributed to our efforts to achieve the carbon intensity targets. We will continue to monitor the progress of our targets and enhance our action plans to contribute to a low-carbon economy.

Also, we have the IAPP Certificate stating that our vessels have been surveyed, and have complied with the requirements, under the MARPOL. The IAPP Certificate is issued to each vessel and needs to be renewed every five years. We monitor the expiration time of each IAPP Certificate and apply for renewal before the expiry date. In addition, we have adopted various advanced design and other measures to enhance energy efficiency and reduce the amount of greenhouse gas emissions and air pollutants in our emissions.

Energy efficiency enhancement and carbon reduction:

- Introduce meteorological navigation to optimize services for energy saving and carbon reduction
- Reduce sailing speed along the coasts according to the requirements of different ports to reduce carbon emissions
- Adopt Ship Energy Efficiency Management (SEEMP) energy efficiency management
- Adopt fuel-efficient hull designs and machinery in newly acquired vessels
- Close monitoring of vessel speed and fuel consumption performance
- Use of refrigerants with lower Global Warming Potential (GWP)
- Operate vessels in accordance with the IMO Energy Efficiency Operational Indicator (EEOI) requirements to reduce the fuel use

Pollution prevention:	• Use of low-sulfur fuels in accordance with IMO requirements • Regular monitoring mechanisms in place to ensure emissions maintained at a certain level • Progressively introduce Inventory of Hazardous Materials (IHM) certifications to vessels

For the years ended December 31, 2021, 2022 and 2023, we consumed approximately 14.6 million Gigajoules ("**GJ**"), 17.7 million GJ and 13.6 million GJ of bunkers for our owned vessels, respectively. In addition, our owned vessels emitted approximately 669.5 thousand tons, 979.2 thousand tons and 1,085.7 thousand tons of sulfur oxides. Regarding greenhouse gas emissions, the Scope 1 emissions from the fuel combustion of our owned vessels were approximately 1,017.1 thousand tons CO_2e, 1,361.8 thousand tons CO_2e and 1,046.1 thousand tons CO_2e for the years ended December 31, 2021, 2022 and 2023, respectively. According to the Technical Note issued by CDP, on the relevance of Scope 3 categories by sector, the transportation sector's greenhouse gas emissions mainly come from scope 1 emissions. Given our business nature, the purchased electricity from our onshore activities and the corresponding Scope 2 emissions are considered to be less material. Regarding Scope 3 emissions, we will formulate a work plan and timeline to measure Scope 3 emissions along the value chain upon [**REDACTED**], where applicable. Despite the increase in our Scope 1 emissions during the Track Record Period due to operational needs, we have been closely monitoring the evolving requirements of IMO, such as the Energy Efficiency Design Index (the "**EEDI**"), the EEXI and the annual operational CII, to continuously enhance the fuel efficiency of our owned vessels and reduce our carbon intensity in the long run.

The EEDI for new vessels is an important technical measure to promote the use of more energy-efficient equipment and engines, which requires new vessel design needs to meet the requirements of the vessel type reference level. During the Track Record Period, we had eight newly constructed vessels (two vessels delivered in 2021, six vessels delivered in 2022 and 12 vessels delivered in 2023). All of our newly constructed vessels during the Track Record Period attained lower than the required EEDI (grams-CO_2/tonne-mile), indicating that our new vessels were designed and constructed to be more energy efficient than the baseline, which has contributed to our goal of lowering our carbon intensity. As the IMO will set out more stringent required EEDI levels for different vessel types every five years, we will continue to adopt more innovative and energy-efficient design and technology in our future newly constructed vessels to meet the incrementally tightening requirements, which will ultimately support us in achieving a lower carbon intensity.

In addition to managing the fuel efficiency of new vessels through EEDI, we also began adopting the EEXI in 2022, in line with IMO's requirements. EEXI is a measure introduced by the IMO to reduce vessels' carbon emissions by improving the carbon intensity of existing vessels through technical enhancement to achieve the required EEXI. We have determined the required EEXI for each vessel by the vessel type, the vessel's capacity and the principle of propulsion according to the IMO requirements. All of our vessels have already been certified with attained EEXI which exceeds the relevant EEXI requirements, indicating that the technology and design of our existing vessels comply with the energy efficiency standards, which will contribute to our progress towards our goal to lower the carbon intensity, as well as ensure that we are on track to meet our carbon intensity target. Apart from enhancing the fuel efficiency of vessels through measuring their attained EEXI, we have also started adopting the operational CII and CII rating since 2023 as required by the IMO. We will report each vessel's annual and monthly fuel consumption and travel distance to the relevant certification body, with the dedicated person-in-charge to closely monitor the CII rating of each vessel. The majority of our vessels have already achieved the required rating of C or above, with eight of them achieving the A-rated CII, indicating a low annual operational carbon intensity for most of our vessels. For vessels rated with relatively less satisfactory ratings, we will formulate and implement a plan of corrective actions (e.g. vessel speed optimization, weather routing, optimization of ballast, etc.) and enhance the carbon intensity and CII ratings of those vessels, and thereby improve the overall carbon intensity as a whole. We will continue to comply with the IMO requirements and are working to formulate a more detailed carbon reduction plan in the future to ensure the achievability of the carbon intensity targets.

Apart from the carbon intensity target, we are also in the progress of formulating qualitative and quantitative targets for the various material ESG topics, aiming to continuously enhance our environmental and safety performances and our management of climate-related risks and opportunities, health and safety matters and labor practices. We will monitor and review the performance of these targets on an ongoing basis after formulating and implementing the work plan for them, so as to ensure that they are achievable and on track.

Water and oil pollution

As part of the MARPOL, which was first adopted in 1978 and has been updated by amendments through the years, we are subject to regulations formulated by the IMO to prevent pollution arising from sewage and oil pollution, and we have been issued with the International Oil Pollution Prevention Certificate and the International Sewage Pollution Prevention Certificate, which show that our vessels have been surveyed, and have complied with the requirements, under the MARPOL.

We have also put in place necessary monitoring and prevention measures to avoid adverse environmental impact arising from our business operation.

- <u>Wastewater treatment.</u> We have installed domestic wastewater treatment plant on board to comply with discharge standards.

- <u>Waste management.</u> We have formulated the Garbage Management Plan in the Safety Management Manual to set out the handling approach for different types of waste and ensure compliance with the MARPOL. We also collect containers for different kinds of wastes, such as plastics, food wastes, domestics wastes, operational wastes, incineration ashes, and cargo residues, and place them at suitable places on board according to the Garbage Management Plan. We also use incinerators to reduce the amount of combustible wastes. In addition, we have implemented the requirements of the fleet waste management plan and regular landfill disposal of fleet waste.

- Water pollution prevention. We have installed the ballast water treatment system in our owned-vessels to comply with the D2 Standards of the IMO Ballast Water Management Convention and to reduce the risk of transferring invasive aquatic species into the sea. We also use environmentally friendly and non-toxic hull paint on our vessels to help protect marine life.

- Oil spill prevention. We strictly comply with the ISM environmental operating procedures and follow the Shipboard Oil Pollution Emergency Plan (SOPEP) guidelines and drills to ensure proper management and response in case of emergency incidents such as oil spill. We also regularly on shore unload waste oil. In addition, we have implemented outboard valve seal management to prevent oil spills and installed oily water separators to minimize the risk of inadvertently pumping out contaminated bilge water. Furthermore, we have drafted a training manual on oil spills prevention and engaged external professionals to provide training to crew members on the manual. The manual has set out basic measures to prevent oil spill accidents, such as the identification marks for each pipe and valve with paint colors, the inspection and maintenance of equipment and the establishment of an emergency group.

TEH Shipping, our former associate, is a party in a number of pending legal proceedings arising from the shipwreck of the vessel, TS Taipei, near the north of Taiwan during the severe weather conditions in March 2016, resulting in an oil spill and containers falling overboard (the "**Incident**"). In light of the Incident, notwithstanding that TEH Shipping (which was only an associate before its disposal from our Group) has not been a member of our Group, we have implemented the recommended measures proposed by the MPB, including complying with the relevant ISM Code on communication and coordination mechanisms among the captain, vessel crew and us. We also enhanced our internal control measures. We have implemented various measures relating to marine accidents and safety. Specifically, we have established a team of 10 officers to oversee marine safety management, among whom seven members of staff have obtained the necessary qualification certificates issued by the relevant authorities, and are responsible for the management of marine accidents and safety. We have also (i) repeatedly emphasized the importance of safety and environmental protection to vessel captains; (ii) continuously disseminated important news and safety/regulatory updates to our crew members; (iii) signed up to a weather news service to reduce the risk of accidents; (iv) replaced old lashing material on our vessels to reduce the risk of any cargo falling overboard; and (v) signed up to a satellite communication service to allow crew members to communicate with their families and reduce workplace fatigue. We have also set up a system to ensure safe vessel operation. Under the system, we have clearly defined the responsibilities of each of the members in the team, the rules and procedures required for ensuring safety in our operation. We have also implemented accident reporting procedures and accident investigation procedures.

We have also implemented emergency measures to manage, report and investigate any potential incident related to oil spill/leakage, fire, personal injuries, vessel collisions, marine accidents, environmental pollution and vessel malfunction. Our emergency management measures follow similar procedures established by relevant ISM Code. Our marine technical team organizes emergency drills periodically and analyzes the effectiveness of the emergency plans following these drills. For example, we follow the ISM Codes and conduct regular trainings to our employees. We also hired quality and reputable vessel management companies to manage our vessels.

Employee benefits

We believe employees are the most valuable assets and view their wellbeing as the foundation of our business operations. We have formulated and implemented a set of human resources policies to ensure the rights and interests of our employees and their health and safety. Employees are offered with benefits such as annual body check and group insurance. Under the relevant laws and regulations, we are required to contribute to a number of employee social welfare schemes in respect of our employees. Such schemes include the pension insurance, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance. During the Track Record Period, we have fully paid for employee benefits in accordance with relevant laws and regulations. See "— Employees" in this section for further details.

Workplace safety

Safety management

We have complied with international treaties that govern transportation safety and environmental protection. Among other international treaties, the ISM Code provides an international standard for the safe management and operation of vessels and for pollution prevention. The ISM Code requires international shipping management companies to be granted a DOC. It also requires every vessel engaged in international trade to be issued with a Safety Management Certificate, verifying that the container shipping company and its shipboard safety management operate in accordance with the approved safety management system. All of our vessels hold a valid DOC and a Safety Management Certificate for a term of five years, and are subject to periodical verification in accordance with requirements of the ISM Code.

In order to comply with the provisions of the four pillars, namely the International Convention for the Safety of Life at Sea (SOLAS), the MARPOL, the International Convention on Standards of Training (STCW) and the Maritime Labour Convention, 2006 (MLC2006), issued by the IMO on the shipping management around safety, pollution prevention, seafarer training and qualification, and labor laws of the maritime industry, we have created corresponding procedures on the setup of the safety management system.

We have formulated the Safety Management Manual that sets out our safety management policy to the vessels for handling emergencies and to ensure safe navigation, protect seamen from injury and danger to life, prevent environment pollution at sea and financial losses, provide the decent living and working space and to ensure the rights and benefits of seafarers. The policy is posted on the wall at suitable places in our office and on board the vessels under our management. The manual also provides for the responsibility and authority of the ship master, the development of plans for shipboard operations, emergency preparedness and responsibility, and the reporting and analysis of non-conformity and casualties. A series of procedures on aspects including shipboard environmental operation, exhaust gas cleaning system operation, procedures for handling dangerous goods, and emergency treatment against oil spillage are also laid out to ensure comprehensive implementation of our EHS policies.

We have adopted a variety of safety measures:

- We have procedures in place to ensure the ship master is properly qualified for command, fully conversant with our safety management system and given the necessary support. We have also established procedures to ensure that new personnel and personnel transferred to new safety assignments are given proper familiarization with their duties.

- We have identified potential emergency shipboard situations and established response procedures and drill programs to prepare for emergency actions.

- Our safety management system has included procedures to ensure that non-conformities, accidents and hazardous situations are reported, investigated and analyzed with the objective of improving safety prevention.

- We undertake to formulate and implement the Vessels Navigation Safety Manual to set out requirements for voyage plan, weather navigation, sailing course and speed, navigation in adverse weather, etc. to prevent the occurrence of navigation safety accidents. We also plan to arrange training on the Vessels Navigation Safety Manual for crew members to enhance their safety awareness.

During the Track Record Period, we did not have any material non-compliance incidents on applicable health and safety laws and regulations and we had two material accidents in our business operation. In April 2021, an able-bodied seaman aboard TS Kaohsiung was found to be missing during sailing and we informed Maritime Rescue Co-ordination Centers of Vietnam to assist in the search and potential rescue, through which the able-bodied seaman was not located. We further conducted an investigation into the sequence of events that led to the accident and the investigation showed there was no foul play, the vessel was adequately manned as required, and the contingency plan was performed accordingly once establishing that the able-bodied seaman was missing. The investigation also showed there was no breach of any regulations related to environmental, health and safety. We reached a settlement with the family of the missing seaman for an amount of RMB930,000, which was fully settled. Pursuant to the settlement, the family of the missing seaman released and discharged all liabilities of the captain of TS Kaohsiung, TS Kaohsiung and us, among others, in connection with the missing incident. As of the Latest Practicable Date, there were no litigation or legal proceeding brought against us, or pending or threatened against us as a result of this accident. We will continue to step up our efforts in enhancing our safety management to ensure strict compliance with relevant laws and regulations and minimize the risks of accidents.

Inspections, repair and maintenance

In accordance with the ISM Code, internal annual audits on our owned vessels and chartered-in vessels are arranged every year. Through our annual audits on the safety management systems of vessels, we identify non-conformity or observations, analyze the immediate cause and root causes for issues identified. Immediate corrective action or improvement action will also be formulated based on the audit findings to ensure the effective implementation and continuous enhancement of our safety management systems.

To maintain the safe operations of our vessels, regular and ad-hoc inspections would be conducted by approved surveyors in accordance with the requirements for granting the relevant classification. The key inspections include the following:

- Port state control inspections and flag state annual safety inspections – They are conducted by relevant government officials boarding the vessel for safety inspections. Upon boarding, the inspection personnel shall receive a report from the vessel master on the non-conformities, accidents or hazardous incidents. Port state control inspections are conducted whenever a vessel reaches a port, whereas flag state annual safety inspections are conducted yearly at the vessels' country of registration.

- Boarding inspection by company staff – For boarding inspections, our marine and technical divisions would board the vessels at least once every six months in accordance with the requirements under the ISM Code.

- Shipboard self-check – The crew will also have to perform routine checks to ensure the safety of the vessels they operate. Any minor defects discovered in such self-check should be repaired immediately, and then recorded in the self-check log.

Generally, the level of the ad-hoc inspection procedures depend on the vessel's condition at the time of inspection and the reason for carrying out such inspection. Once irregularities or defects are identified, they shall be rectified according to the professional advice received from our technical division. In addition, under certain regional and international port state control memoranda of understanding, our vessels are required to be inspected by the port state and repaired immediately if necessary to comply with the relevant international regulations. For the years ended December 31, 2021, 2022 and 2023, our repair and maintenance expenses were approximately US$4.8 million, US$3.6 million and US$7.0 million, respectively.

BUSINESS ACTIVITIES WITH REGIONS SUBJECT TO INTERNATIONAL SANCTIONS

Certain countries or organizations, including the U.S., the European Union, the United Kingdom, the United Nation, and Australia, maintain economic sanctions and trade restrictions targeting certain industries or sectors within the countries or territories for which Relevant Jurisdictions maintain various forms of sanctions programs in place.

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

As advised by our International Sanctions Legal Advisors who have performed the procedures they consider necessary and have reviewed and relied upon our Company's methodology for screening of all our customers, consignors and vessels (chartered-in and owned) in the Relevant Regions in strict compliance with our Group's sanction risk monitoring policy, our business operations involving the Relevant Regions during the Track Record Period were not sanctionable activities under Chapter 4.4 of the Guide, given that (i) our Group's transactions with one customer in Myanmar which was owned by an SDN ("**Authorized Transactions**") was authorized under OFAC's Burma General License 4, and did not constitute any Primary or Secondary Sanctionable Activities. Based on our Company's confirmations, except the fact that the Authorized Transactions were denominated in USD, the Authorized Transactions do not have any nexus to the United States, the European Union, the United Kingdom or Australia; (ii) save for the Authorized Transactions, none of our customers, consignors or vessels (chartered-in and owned) located in the Relevant Regions were identified on the Specially Designated Nationals and Blocked Persons List maintained by OFAC or the relevant restricted parties lists maintained by the European Union, Australia and the United Nations; and (iii) save for the Authorized Transactions, the services provided to the customers did not have a nexus to the United States, the European Union, the United Kingdom or Australia and do not constitute Primary or Secondary Sanctionable Activities. Further, given the scope of the [**REDACTED**] and the expected [**REDACTED**] as set out in this document, our International Sanctions Legal Advisors are of the view that the involvement by parties in the [**REDACTED**] will not implicate any applicable International Sanctions on such parties, including our Company, our potential investors, Shareholders, the Stock Exchange and its [**REDACTED**] and group companies, and accordingly the sanctions risk exposure to our Company, potential investors and Shareholders, and persons who might, directly or indirectly, be involved in permitting the [**REDACTED**], trading and clearing of our Shares (including the Stock Exchange, its [**REDACTED**] and related group companies) is very low.

Having performed the procedures they consider necessary and having reviewed and relied upon our Company's methodology for screening of all our customers, consignors and vessels (chartered-in and owned) in the Relevant Regions in strict compliance with our Group's sanction risk monitoring policy, our International Sanctions Legal Advisers have not identified apparent violations of the International Sanctions by us after evaluating the sanctions risks of our historical business activities relating to the Relevant Regions during the Track Record Period. Therefore, our International Sanctions Legal Advisers have not recommended reporting of our historical business activities relating to the Relevant Regions during the Track Record Period, including voluntary self-disclosure to OFAC, and such reporting is not necessary as of the date of this document.

Our Directors confirm that we do not have present intention to undertake any business involving directly or indirectly the Comprehensively Sanctioned Countries. We will not knowingly or intentionally conduct any business with any Sanctioned Persons, or any business in any Comprehensively Sanctioned Countries that will cause us to violate International Sanctions, and we will not use the [**REDACTED**] from the [**REDACTED**] to finance or facilitate, directly or indirectly, activities or business with, or for the benefit of, the Comprehensively Sanctioned Countries or Sanctioned Targets. Our Directors will continuously monitor the [**REDACTED**] from the [**REDACTED**], as well as any other funds [**REDACTED**] through the Stock Exchange, to ensure that such funds will not be used to finance or facilitate, directly or indirectly, activities or business with, or for the benefit of, Comprehensively Sanctioned Countries or Sanctioned Persons where this would be in breach of International Sanctions.

Summary

Based on our current understanding and advised by our International Sanctions Legal Advisors, we believe that we are not subject to sanctions risk that could have a material adverse effect on our historical indirect transactions involving the Relevant Regions during the Track Record Period. Please also see "Risk Factors – Risks relating to our business and industry – We could be adversely affected as a result of any service we provide to certain countries that are, or become subject to, sanctions administered by the United States, the European Union, the United Nations, Australia and other relevant sanctions authorities."

Given the scope of the [**REDACTED**] and the expected [**REDACTED**] as set out in this Document, our International Sanctions Legal Advisors are of the view that the involvement by parties in the [**REDACTED**] will not implicate any applicable International Sanctions on such parties, including our Company and our subsidiaries, the respective directors and employees of our Company and our subsidiaries, our Company's or our subsidiaries' investors, shareholders as well as the Stock Exchange and its related group companies.

Our undertakings and internal control procedures

We have undertaken to the Stock Exchange that we will not use the [**REDACTED**] from the [**REDACTED**], as well as any other funds raised through the Stock Exchange, to finance or facilitate, directly or indirectly, activities or business with, or for the benefit of, any Comprehensively Sanctioned Countries or any other government, individual or entity sanctioned by the U.S., the European Union, the United Nations, the United Kingdom, the United Kingdom overseas territories or Australia, including, without limitation, any government, individual or entity that is specifically identified on the SDN List maintained by OFAC or other restricted parties lists maintained by the U.S., the European Union, the United Nations, the United Kingdom, the United Kingdom overseas territories and Australia. Further, we have undertaken not to use the [**REDACTED**] from the [**REDACTED**] to pay any damages for terminating or transferring any contract that violates International Sanctions. In addition, we have undertaken not to enter into any future business that would cause us, the Stock Exchange, [**REDACTED**], [**REDACTED**] or our Shareholders and investors to violate or become a target of international sanctions laws by the U.S., the European Union, the United Nations, the United Kingdom, the United Kingdom overseas territories or Australia. We will also disclose on the respective websites of the Stock Exchange and our Group if we believe that the transactions our Group entered into in Regions subject to International Sanctions or with Sanctioned Persons would put our Group or our Shareholders and investors to risks of being sanctioned, and in our annual reports or interim reports (i) details of any new activities in Regions subject to International Sanctions or with Sanctioned Persons; (ii) our efforts on monitoring our business exposure to sanctions risks; and (iii) the status of, and the anticipated plans for any new activities in Regions subject to International Sanctions and with Sanctioned Persons. If we were in breach of such undertakings to the Stock Exchange, we would be subject to the risk of possible [**REDACTED**] of our Shares on the Stock Exchange.

In addition, we have adopted enhanced internal control and risk management measures which we believe enable us to monitor and evaluate our business to address economic sanction risks. We intend to implement the following internal control and risk management measures as at the Latest Practicable Date:

- we will set up and maintain a separate bank account upon [**REDACTED**], which will be designated for the sole purpose of the deposit and deployment of the [**REDACTED**] from the [**REDACTED**] or any other funds [**REDACTED**] through the Stock Exchange;

- to further enhance our existing internal risk management functions, our Marketing Department is responsible for monitoring our exposure to sanctions risks and our implementation of the related internal control procedures. Our Marketing Department holds a meeting at least every six months to monitor our exposure to sanctions risks and to review our procedures implemented over sanctions screening;

- we evaluate the sanctions risks prior to determining whether we should embark on any business opportunities in Regions subject to International Sanctions or Sanctioned Persons. According to our internal control procedures, our Legal and

Compliance Department needs to review and approve all relevant business transaction documentation from customers, consignors or potential customers or potential consignors from Regions subject to International Sanctions or Sanctioned Persons. In particular, we are in the process of setting up a screening process to identify if the potential transaction counterparty of our Group is a person or entity on the various lists of restricted parties and countries maintained by the U.S., the European Union, the United Nations, the United Kingdom overseas territories or Australia, including, without limitation, any government, individual or entity that is the subject of any OFAC-administered sanctions which lists are publicly available. The transactions that fail the internal review, regardless of whether it fails upon onboarding or during the course of transaction, will not proceed. At the same time, our Marketing Department should, semiannually review the existing customers lists to ensure that our Group does not engage in transactions with countries, regions, entities or individuals on the sanction lists. If any potential sanctions risk or suspicious transaction is identified, we may seek advice from reputable external legal counsel with necessary expertise and experience in International Sanctions matters;

- our Directors will continuously monitor the [**REDACTED**] from the [**REDACTED**], as well as any other funds [**REDACTED**] through the Stock Exchange, to ensure that such funds will not be used to finance or facilitate, directly or indirectly, activities or business with, or for the benefit of, Sanctioned Countries or Sanctioned Persons where this would be in breach of International Sanctions;

- our Legal and Compliance Department will periodically review our internal control policies and procedures with respect to sanctions matters. As and when our Legal and Compliance Department considers necessary, we will retain external legal counsel with necessary expertise and experience in sanctions matters for recommendations and advice; and

- we will further engage external legal counsel to provide compliance training relating to International Sanctions to our Directors, our senior management and other relevant personnel to assist them in evaluating the potential sanctions risks in our daily operations, in particular, to perform screening procedures in respect of counterparties to our Group's business to ensure none of them are Sanctioned Persons. Our external legal counsel will provide the latest list of Sanctioned Countries to our Directors, senior management and other relevant personnel, who will in turn disseminate such information internally. Specifically, our in-house counsel, is tasked with monitoring and ensuring compliance with sanctions. A designated HQ Accountant also assists with the screening process.

Our International Sanctions Legal Advisors have reviewed and evaluated these internal control measures and are of the view that these measures, if properly and strictly implemented, appear adequate and effective for our Company, based on our business activities and risk assessment, to comply with applicable international sanction laws and our undertakings to the Stock Exchange.

Having taken into account the above advice of our International Sanctions Legal Advisors, our Directors are of the view that our measures provide a reasonably adequate and effective internal control framework to assist us in identifying and monitoring any material risk relating to sanctions laws so as to protect the interests of our Shareholders and us.

INTELLECTUAL PROPERTY

As of the Latest Practicable Date, we had six registered trademarks and eight domain names. See "B. Further information about our business — 2. Intellectual property rights of our Group" in Appendix IV — "Statutory and General Information" to this document.

LICENSES AND PERMITS

Our Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, we had obtained all material certificates, licenses, approvals and permits from relevant authorities for our operations in all material respects. The most critical license is the International Liner Shipping Operation Qualification Registration Certificate (國際班輪運輸經營資格登記證) (No. MOC-ML 00091) issued by Ministry of Transport of the PRC on May 4, 2005 to approve us, for an indefinite term, to engage in the international container liner shipping business entering and leaving the ports of the PRC. In addition, in certain countries and regions, we need to report the launch of new services to the relevant transportation authorities including the Ministry of Transport of the PRC (mainland China), the Maritime Port Bureau of the Ministry of Transportation and Communications (Taiwan), the Ministry of Land, Infrastructure, Transport and Tourism (Japan) and the Department of Infrastructure, Transport, Regional Development and Communications (Australia). We are required to renew some of such certificates, licenses, approvals and permits from time to time, and we currently do not expect any material difficulties in or legal impediment to such renewals.

In addition to the key licenses set forth above, we also hold various shipping agency registrations in China solely to serve our Group's container shipping business.

LEGAL AND REGULATORY MATTERS

The container shipping business carries the inherent risks of marine and other accidents, which could result in property loss as well as body injuries or loss of lives. As a result, from time to time, we have been involved in litigations and arbitrations relating to claims associated with the carriage of cargos, such as damaged or lost cargos or delayed delivery, collisions of vessels and marine accidents, among other things, during the course of our business. See "Risk Factors — Risks relating to our business and industry — We may be involved in litigation, legal disputes, claims or administrative proceedings which could be costly and time-consuming to resolve".

KFTC Incident

On April 11, 2022, the Korea Fair Trade Commission (the "**KFTC**"), the government agency in charge of the competition policy and enforcement in South Korea, issued a decision charging a total of 23 liners including us and the Committee of Shipowners for Asian Liners Service (the "**CSALS**") for an alleged violation of the then Monopoly Regulation And Fair Trade Act (the "**Fair Trade Act**") and imposed us a penalty surcharge in an amount of KRW3,996.0 million (equivalent to approximately US$3.6 million) due by July 15, 2022, which we have duly paid before its due date in order to avoid late penalty interest fees. The receipt was duly confirmed by KFTC. In addition to the penalty surcharge, the KFTC issued an order prohibiting any collusive acts in relation to container shipping service for Korea – Southeast Asia trade lane (the "**KFTC Decision**"). The KFTC's decision is premised on its findings that from October 2003 through December 2018, the 23 liners allegedly (i) held various meetings through the CSALS/Intra-Asia Discussion Agreement Local Action Committee (the "**IADA LAC**") regarding the Korea – Southeast Asia trade lane and (ii) entered into and implemented various agreements on container freight rates, including, among others, minimum rates, range of rate increase, and adoption of various surcharges, etc., thereby violating Article 19(1) of the Fair Trade Act. The KFTC found the period of alleged violation by us was between August 2005 and February 2018. In its decision, KFTC did not include any other penalty or orders (e.g., referral to criminal investigation). On May 18, 2022, we filed an objection against the KFTC Decision and requested for full refund of the penalty, which KFTC rejected on July 8, 2022 for essentially identical or similar grounds as the original decision made in April 2022. We have filed an appeal/complaint to the competent court, Seoul High Court, against the original decision and the rejection on objection on August 12, 2022 (the "**KFTC Incident**").

As advised by Kim & Chang, our South Korean legal advisor in the KFTC Incident, the main arguments of our objection include, among others, (i) we had expressly withdrawn from the IADA, including all its sub-committees such as LACs, on July 22, 2010, thereby exiting any/all agreement(s) with any other liners, if there existed any agreement(s) in which we were a party prior to this withdrawal, and thus the statutory limitation period of seven years for any acts preceding our withdrawal from the IADA has already expired; (ii) after our withdrawal from the IADA on July 22, 2010, we only attended a limited number of meetings hosted by CSALS/IADA LAC; as a matter of fact, even if we were to follow KFTC's findings regarding our attendance, we have attended in only 15 out of 170 meetings held for Korea – Southeast Asia trade lane from July 22, 2010 to February 28, 2018, the supposed end-date of the collusive acts set by the KFTC; and (iii) our participation was limited to being a passive observer as (a) we were strongly encouraged and indirectly coerced by CSALS to attend the meetings, and (b) we did not actively participate in the decision making process of either IADA LAC and/or CSALS and was rather notified of the decisions made by Korean shipping companies after such decisions on allegedly collusive acts were made, and therefore, it is inaccurate to allege we participated in any collusive agreements, if any, after July 22, 2010, and it would also be incorrect to consider our limited participation in the alleged collusive agreement via IADA LAC prior to July 22, 2010, as (i) we did not have a Korean subsidiary up until December 2008 to directly conduct our business in Korea and prior to December 2008, and our business in Korea was operated by a Korean agent unrelated to us by ownership, and finally as (ii) the alleged collusive activities were reported to the Ministry of Oceans and Fisheries (the "**MOF**") under the Marine Transportation Act to confirm their legality under relevant laws and regulations; and (iii) because our business and services were very limited to the Korea – Taiwan trade lane rather than the Korea – Southeast Asia trade lane, the inclusion of us as a participant of the overall Korea-Southeast Asia trade lane container freight service rates collusion is unfounded and baseless.

As advised by Kim & Chang, there is no substantial threat of additional sanctions arising from the KFTC Incident, specifically from the KFTC, other government agencies and/or any of the court in South Korea; in particular, we do not expect any additional sanctions from KFTC unless there are extraordinary circumstances, i.e., any resumption of collusive actions in the Korea – Southeast Asia trade lane container freight service rates and our express participation of any collusive actions. As advised by Kim & Chang, under the relevant laws and regulations, KFTC may upon request(s) from the Board of Audit and Inspection of Korea/Ministry of SMEs and Start-ups/Public Procurement Service (attorney general) refer this incident for criminal investigation although we had not been aware of any such referral as of the Latest Practicable Date. As of the Latest Practicable Date, other than the KFTC proceeding stated above, we had not been subject to any other civil, criminal or administrative action or proceeding, or any investigation in South Korea in relation to the KFTC Incident.

Having considered (i) the legal advice from Kim & Chang; (ii) the facts of these legal proceedings and evidence currently presented by the KFTC, (iii) our main arguments stated above, (iv) a provision of approximately US$3.6 million we have made for this incident as penalty surcharge, and (v) the MOF, the government department charged with maritime shipping, fishing and marine related issues in South Korea, indicated that the our license and licenses of other shipping companies will not be revoked as a result of this incident, we believe that the above legal proceedings in the worst case scenario, i.e., the KFTC Decision is not overturned, will not cause any material adverse effect on our business, financial condition and result of operations.

We did not enter into any other agreements on container freight rates in other regions that we had operations apart from those being alleged (which we fully denied) in the KFTC Incident and we had not been subject to any investigation or proceedings similar to the KFTC Incident in other regions in which we had operations as of the Latest Practicable Date. However, in order to mitigate the risk of experiencing any similar legal proceeding such as the KFTC Incident, we have requested internally, at management meetings, and through trainings and other appropriate opportunities, that no conversations should be held with other carriers on shipping freight rate or capacity and participation in activities with other carriers that may potentially touch upon topics of shipping freight rate or capacity should be avoided. In 2021, 2022 and 2023, the revenue we generated from the South Korea to Southeast Asia trade lane (the relevant trade lane alleged in the KFTC Incident) was US$10.0 million, US$12.0 million and US$5.9 million, respectively, accounting for an insignificant portion (less than 1.0%) of our total revenue during the same periods. During the Track Record Period and as of the Latest Practicable Date, the KFTC Incident did not result in any material operational impact on our services in the South Korea to Southeast Asia trade lane.

Philippine Administrative Investigation

In July 2020, our local agent in the Philippines (the "**Philippine Agent**"), an Independent Third Party, received a subpoena duces tecum issued by the Competition Enforcement Office of the Philippine Competition Commission (the "**PCEO**") requesting it to submit, amongst others, its annual reports, organizational structure and audited financial statements for the period from January 2015 to April 30, 2021, and agency agreements with all shipping lines it represented including the agency agreement with us. According to the subpoena duces tecum, the request relates to a full administrative investigation (the "**Philippine Administrative Investigation**") on the charges imposed by international shipping lines on local importers and exporters for possible existence of an anti-competitive conduct prohibited under Section 14(a)(1) of the Philippine Competition Act (the "**PCA**").

In April 2021, the Philippine Agent received a written notice issued by the PCEO informing that the local agent is subject of the ongoing investigation of the Philippine Administrative Investigation and that the office has not formed a view on whether the alleged violation has been committed.

In May 2021, the Philippine Agent received a subpoena duces tecum issued by the PCEO requesting it to submit, for the period from January 2015 to April 30, 2021 and for all Philippine-bound container shipments originating from all ports in Southeast Asia and Northeast Asia countries, (i) data on our daily rates for freight and surcharges per container size and type and (ii) our container shipping services transaction data. The Philippine Agent has submitted the requested materials and information pursuant to the PCEO's requests, and up to the Latest Practicable Date, neither the Philippine Agent nor we received any further request from the PCEO.

We engaged the Philippine Agent to handle all matters related to our sales and marketing and port agency in the Philippines before January 1, 2023, after which we continued to engage the Philippine Agent to handle all such matters in other parts of the Philippines outside of Luzon Island. We and the Philippine Agent jointly set up TS Philippines in June 2022 to strengthen our market position and recognition in the Philippines, and to achieve cost efficiencies arising from our shipping volume in the Philippines. In February 2023, we raised our equity interest in TS Philippines to approximately 65% and started to assume all matters related to our sales and marketing and port agency on Luzon Island. The Philippine Agent was an Independent Third Party and we had no other business, employment, family, financing or otherwise relationships with it. There were also no other overlapping interests between us and the Philippine Agent, including the subsidiaries, shareholders, directors, senior management and their respective associates of us and the Philippine Agent.

As advised by our Philippines Legal Advisors, PCEO will not likely result in a finding of violation by us and/or the Philippine Agent of the PCA and it is unlikely for the PCEO to impose any penalties primarily because (i) we and the Philippine Agent have not entered into any type or form of contract, arrangement or understanding with any other shipping lines in the Philippines that offer shipping services for Philippine-bound container shipments; (ii) each of us and the Philippine Agent independently and internally determines its own pricing for freight rates and surcharges for the Philippine market and both parties have not engaged in discussions with other market players; (iii) we and the Philippine Agent do not publish or share the freight rates to the market, and instead, we strictly require customers to maintain strict confidentiality of the freight rates; and (iv) not only freight rates and surcharges, we and the Philippine Agent do not share any non-public, competitively sensitive information such as those relating to price strategies, customers, production costs, quantities, turnover, sales, capacity, product quality, marketing plans, risks, investments, technologies and innovations. Therefore, there appears to be no sufficient factual or legal basis (amounting to substantial evidence) to support the allegation that we and the Philippine Agent have entered into anti-competitive agreements with competitors.

We believe the Philippine Administrative Investigation is related to our historical freight rates adjustment which was mainly driven by port congestion in the Philippines and was made based on commercially reasonable ground. International carriers usually adjust freight rates based on a number of market conditions including port congestion. Also having considered the legal advice from our Philippines Legal Advisors, we believe that the Philippine Administrative Investigation will not cause any material adverse effect on our business, financial condition and result of operations.

During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any actual or pending legal, arbitration or administrative proceedings (including any bankruptcy or receivership proceedings) that we believe would have a material adverse effect on our business, results of operations, or financial condition.

We have appointed legal specialists to supervise our overall legal compliance. We also from time to time provide training on regulatory requirements to our employees, and remain in close contact with the relevant regulatory authorities with a view to keeping updated on any major regulatory developments that may have a significant impact on our business and operations.

We are subject to a wide variety of laws and regulations in the ordinary course of our business operations. See "Regulatory Overview".

INTERNAL CONTROLS AND RISK MANAGEMENT

Internal controls

Internal control is fundamental to the successful operation and day-to-day running of a business and it assists the management of our Group in achieving its business objectives. Our Board of Directors is responsible for establishing our internal control system and reviewing its effectiveness. We regularly reviewed and enhanced our internal control system.

Our internal control policies are put in place to help ensure the achievement of business objectives.

Below is a summary of the internal control policies, measures and procedures we have implemented or plan to implement:

- We have adopted various measures and procedures regarding our business operations, and we provide training about these measures and procedures to new employees. We also constantly monitor the implementation of these measures and procedures.

- We maintain strict policies on anti-bribery and anti-corruption, anti-money laundering, export control and sanctions laws on personnel with external communication functions. We require our employees to abide by our compliance requirements. We have provided and will provide regular anti-corruption and anti-bribery compliance training for our Directors and senior management in order to enhance their knowledge and compliance of applicable laws and regulations. We also provide ongoing anti-money laundering training for appropriate staff on supervisory level. We have established a system of supervision that allows complaints and reports to be submitted to management regarding non-compliant behavior of our employees.

- Our Directors (who are responsible for monitoring the corporate governance of our Group), with help from our Compliance Advisor, will also periodically review our compliance status with all relevant laws and regulations after the [**REDACTED**].

- We have established an Audit Committee, the duties of which are to (i) review and supervise our financial reporting process and internal control system of our Group, risk management and internal audit; (ii) provide advice and comments to our Board in respect of financial, risk management and internal control matters; and (iii) perform other duties and responsibilities as may be assigned by our Board. See "Directors and Senior Management — Board committees — Audit Committee" for more details.

- We believe that our Directors and members of our senior management possess the necessary knowledge and experience in providing good corporate governance oversight in connection with risk management and internal control.

Risk management

We recognize that risk management is critical to the success of our business operations. Our Board of Directors is responsible for evaluating and determining the nature and extent of the risks it is willing to take in achieving our Group's strategic objectives, and ensuring that our Group establish and maintain appropriate and effective risk management and internal control systems. Key operational risks faced by us include changes in the general market conditions, the regulatory environment of global container shipping markets and our ability to compete with other container shipping companies. See "Risk Factors". We also face various market risks. In particular, we are exposed to credit, liquidity, interest rate and currency risks that arise in the normal course of our business. See "Financial Information — Quantitative and qualitative disclosure of financial risks."

We have adopted a comprehensive set of risk management policies, which set out a risk management framework to identify, assess, evaluate and monitor key risks associated with our strategic objectives on an ongoing basis. Proactive measures to identify risks include two approaches, top-down approach and bottom-up approach.

- Top-down approach: Risks are identified from strategic view of our Board members or senior management.

- Bottom-up approach: Risks are identified at the activity process level, which can help to focus risk assessment on major business units.

We set forth below the risk analysis we perform after the initial identification of risks.

- The risk ratings are determined based on the likelihood of occurrence and the potential impact.

- The risk assessment result including the identified risks, the likelihood of occurrence and the potential impact should be registered.

- Risks are prioritized in according to their risk ratings.

- Specific risks control strategies are adopted to respond to the identified risks in accordance with their prioritization.

- The principal risks identified in risk assessment may change from time to time. Ongoing review of the principal risks focusing on how changes might arise shall be performed, and monitor if their controls need to be adjusted.

We set forth below the procedures how we assess, evaluate and monitor key risks associated with our strategic objectives on an ongoing basis.

- A risk-based internal audit program is approved by our Audit Committee each year.

- Internal audit reviews are carried out to perform assessment of risks and testing of controls across all business units. It provides reasonable assurance that adequate controls and governance are in operation.

- Investigations are performed in case of fraud or irregularities are uncovered and suspected. A well-defined whistleblowing mechanism for all their employees and other related third parties is designed to encourage them to raise any serious concerns about misconduct or fraudulent activities.

- Our internal audit department performs audit to evaluate the proper functioning of the risk management and internal control systems and make recommendation for improvements. Regular reports should be made to our Audit Committee on its findings.

- The Audit Committee, after reviewing and considering the risk management findings submitted by the internal audit department, will in turn report to our Board of Directors and confirm to our Board on the effectiveness of the systems. The Audit Committee is empowered to seek professional advice where necessary.

- Our Board should oversee management in the design, implementation and monitoring of the risk management and internal control systems, and management should provide a confirmation to our Board on the effectiveness of these systems.

- In the event any risk reporting information becomes or is likely to become inside information, the relevant department(s) or the internal audit department will promptly report such inside information in accordance with our inside information policy.

International sanctions

Given the nature of the shipping business, we often enter into business relationships with entities from all around the globe, thereby increasing the risks of conducting business with persons and entities that are sanctioned including by the United States, the United Nations, the European Union, the United Kingdom and Australia. We have in place protocols to ensure we do not enter into contractual relations with any such sanctioned persons or entities.

Before entering into a contract with any potential suppliers and customers, we conduct background searches to check whether the potential supplier or customer is a sanctioned entity listed on the registers maintained by Office of Foreign Assets Control, the United Nations and other official websites. We also regularly track whether there are any updates to such lists of sanctioned entities and/or new sanctions and policies issued by such regulatory authorities from time to time, and cross-check such updates with our own database of customers and suppliers. In addition, we have generally included sanctions-related clauses in each of our contracts entered into with our suppliers and customers stipulating that all losses arising out of their involvement in sanctioned activities shall be borne by such supplier and customer. During the Track Record Period and up to the Latest Practicable date, our business dealings had not constituted any sanctioned activities pursuant to Chapter 4.4 of the Guide.

EFFECTS OF THE COVID-19 OUTBREAK

The outbreak of a novel strain of coronavirus named COVID-19 has materially and adversely affected the global economy. During the Track Record Period, the Group has both benefited from but also suffered from the impact from the COVID-19 pandemic. We set forth below the key impact of COVID-19 on major aspects of our business and operations.

- Daily operations. Due to the disruption of container shipping services resulting from the COVID-19 outbreak, the performance in the Greater China – Southeast Asia market in the fourth quarter of 2021 was adversely affected. Moreover, due to port congestion during the COVID-19 pandemic, our shipping volume in certain markets also decreased. For example, our shipping volume in the Greater China market decreased from 148,224 TEU in 2021 to 137,010 TEU in 2022.

- In addition, in response to the outbreak of COVID-19, we have adopted a disease prevention scheme to reduce the risk to our employees and crew members working onboard our vessels from infection with COVID-19. As of the Latest Practicable Date, we maintained normal operations and we had not experienced any material disruption since the outbreak of COVID-19.

- Sales and marketing activities. During the COVID-19 outbreak, reduced transportation and social distancing policies have to some extent affected our sales and marketing activities. We adopted flexible work-from-home practices to ensure our sales and marketing activities and mitigate the impact of the COVID-19 outbreak. As of the Latest Practicable Date, we maintained normal operations and we had not experienced any material disruption to our sales and marketing activities since the outbreak of COVID-19.

- Supply chain. To some extent, reduced transportation and disruption to manufacturing and logistics networks due to the COVID-19 outbreak had previously affected our suppliers' abilities to manufacture and transport containers, vessels, bunkers and other supplies necessary for our operations. We have imported a sufficient volume of bunkers from our suppliers in advance to support our current operations, after taking into account the potential congestion or delay in delivery. Nevertheless, as of the Latest Practicable Date, most of our suppliers had resumed normal operations and we had not experienced any material disruption or shortage of supplies since the outbreak of COVID-19.

Financial performance. According to the Drewry Report, improved capacity management, and a subsequent surge in demand, container shortage and supply chain inefficiency had driven freight rates up which peaked in September 2021. Mainly due to the increase of freight rate and partially due to the increasing demand of container shipping services during the COVID-19 pandemic, we generally had a strong financial performance for 2021 and 2022 and recorded increases in revenue and profitability in the same periods. Our average freight rate in the Asia Pacific Region increased from US$1,061 per TEU in 2021 to US$1,288 TEU in 2022. Nonetheless, with the impact from the COVID-19 pandemic continuing to diminish, the Group's average freight rate decreased from US$1,476 in 2022 to US$547 in 2023 which adversely affected the Group's financial performance.

Subsequent to 2022, the impact from the COVID-19 pandemic, though lingering, has been gradually easing. Measures to contain its spread, including lockdowns, travel bans, quarantine measures, social distancing, and restrictions on business operations and other related restrictions have also been adjusted to take a less strict format globally.

Our Directors confirmed that the COVID-19 outbreak did not have any material adverse impact on our business operations and financial performance as of the Latest Practicable Date, primarily because: (i) there had been no material disruption of our operations; (ii) there had been no material disruption of our sales and marketing activities; and (iii) we had not encountered any material supply chain disruption. We cannot foresee when the COVID-19 outbreak will become completely under control or whether COVID-19 will have a material and adverse impact on our business going forward.

We cannot assure you that the COVID-19 pandemic will not further escalate or have a material adverse effect on our results of operations, financial condition or prospects. For more details, see "Risk Factors — Risks relating to our business and industry — Our prospects may be adversely affected by COVID-19 or other adverse public health developments".