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

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

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

The global container shipping industry can be highly volatile and cyclical, and may be easily affected by fluctuations in the supply and demand for container shipping services. Factors that affect the supply of shipping capacity may include (i) the number and size of vessels in the world fleet and their deployment; (ii) the delivery of newly built vessels and the retirement of older vessels; (iii) vessel demolition; (iv) vessel deployment and operational efficiency; and (v) ports capacity and container equipment availability. Factors that affect the demand for container shipping services may include (i) changes in demand for products transported by containerships; (ii) global and regional economic and political conditions; (iii) development in global and regional trade including relocation of manufacturing; (iv) trade restrictions, sanctions, boycotts and trade and labor disputes; (v) seasonality; (vi) changes in seaborne and other transportation patterns, including changes in the distances over which container cargos are transported; and (vii) environmental and other regulatory developments. Furthermore, the container shipping industry is cyclical as the demand and supply fluctuate. It takes time for shipping lines to respond to demand changes, as lead time between placing orders for newbuildings and taking delivery of such vessels is typically two to three years. For instance, the surge of freight rates since the second half of 2020 was mainly caused by the disruption in supply chain and the unexpected growth in demand.

Factors affecting the supply and demand for container shipping services are generally outside our control, and the nature, timing and degree of changes in industry conditions are unpredictable. According to the Drewry Report, any increase or decrease in supply and demand for container shipping services, availability of containers and inland transportation efficiency could lead to significant fluctuations of our freight rates and shipping volumes, which in turn could materially affect our revenue and profitability. For example, freight rates increased dramatically from mid-2020, which was mainly due to the supply chain inefficiency attributable to port congestion and containers stacking up at ports as a result of the labor shortage in the warehouse and in the inland transportation industry, the improved capacity management through various manners such as idling (spending a certain period of time idling between voyages) and blank sailing (skipping a particular port or an entire voyage of a scheduled sailing route), suspension of services and temporary vessel idling, subsequent surges in demand and container equipment shortages. Drewry's World Container Index peaked in September 2021, at US$10,377.2 per FEU. Partly benefited by the increased freight rates, our revenue increased from US$810.4 million in 2020 to US$2,443.5 million in 2022, representing a CAGR of 44.5%. Since the peak, freight rates have begun and continued to fall as a result of slowing demand growth and easing of supply chain disruption and port congestions, which increased effective capacity. Considering the weak macro economy outlook for 2023, freight rates will continue to be under downward pressure. As of April 6, 2023, Drewry's World Container Index arrived at US$1,709.8 per FEU. If the freight rates decline further, our business, results of operations and financial conditions may be materially and adversely affected.

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

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

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

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

Our historical growth rate, revenue and profit margin may not be indicative of future performance.

Our revenue amounted to US$810.4 million, US$1,837.4 million, and US$2,443.5 million, respectively, for the years ended December 31, 2020, 2021 and 2022, representing a CAGR of 44.5% from 2020 to 2022. For the same periods, our gross profit amounted to US$192.1 million, US$931.5 million and US$1,091.3 million, respectively, representing a CAGR of 78.4% from 2020 to 2022, and our gross profit margin was 23.7%, 50.7% and 44.7%, respectively.

We cannot assure you that we will achieve similar results or growth rates in future. Our business growth for the years ended December 31, 2021 and 2022 was partially driven by global supply chain disruption and soaring demand which may not sustain in the future. According to the weekly World Container Index published by Drewry, the average freight rate between 2012 and 2019 was US$1,632.3 per FEU. Drewry's World Container Index peaked in September 2021, at US$10,377.2 per FEU. Since the peak, freight rates have begun and continued to fall as a result of slowing demand growth and the easing of supply chain disruption and port congestion, which increased effective capacity. Considering the weak macro economy outlook for 2023, freight rates continue to be under downward pressure. As of April 6, 2023, Drewry's World Container Index arrived at US$1,709.8 per FEU. If the freight rates decline further, our business, results of operations and financial conditions may be materially and adversely affected. Our historical results may not be indicative of our future performance. Our financial and operating results may not meet the expectations of public market analysts or investors, which could cause the future price of our Shares to decline. Our revenues, expenses and operating results may vary from period to period in response to a variety of factors beyond our control, including general economic conditions, container shipping industry cycle, the level of exports of goods in markets where we operate, freight rates affected by the shipping demand and supply, laws and regulations in the jurisdictions where we operate and our ability to control costs. You should not rely on our historical results to predict the future performance of our Shares.

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

We charter in a sizable portion of the vessels in our fleet. As of December 31, 2022, of the 50 vessels through which we provided transport services, 19 were chartered. As of the Latest Practicable Date, we had 15 chartered-in vessels. We also lease in a sizable portion of our containers. As of December 31, 2022, our leased containers capacity amounted to 205,241 TEU, accounting for 80.8% of our total containers capacity as of the same day. Any rise in charter hire rates and container leasing rates could adversely affect our results of operations.

Vessel charter rates are mainly dependent on the prevailing supply and demand dynamics in the market, especially for shorter charters. According to the Drewry Report, the vessel charter rates increased along with the increase in freight rates in 2021 and started falling since the peak in September 2021 following the trend of the decreasing freight rates. The vessel charter rates decreased sharply in the fourth quarter of 2022. As of the Latest Practicable Date, our chartered-in vessels were all under a contract term of more than one year. The shorter vessel lease terms could cause our costs to increase quickly compared to competitors with longer-term charters or owned vessels when charter rates could surge immediately if demand suddenly increases. To the extent we replace vessels that are chartered-in under short-term leases of one year or less with vessels that are chartered-in under long-term leases, the principal amount of our long-term contractual obligations would increase. There can be no assurance that we will replace short-term leases of one year or less with long-term leases or that the terms of any such long-term leases will be favorable to us. Furthermore, if the vessel charter rate decreases in the future, our fixed-term leases of vessels may prevent us from taking advantage of subsequent lower charter rates.

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

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

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

- *Vessel prices*. The market for vessels is highly cyclical and prices are affected by a number of factors, primarily including the container shipping industry cycle, shipyard capacity and the prices of the constituent raw materials of vessels, such as steel. Vessel prices have a significant impact on our capital expenditures when we expand our fleet. As of the Latest Practicable Date, we had 26 owned vessels and had ordered 19 vessels. For the years ended December 31, 2020, 2021 and 2022, we had incurred US$90.8 million, US$369.5 million and US$237.1 million for vessel purchases. If we do not properly manage the timing of our purchases of such vessels, we may pay higher prices for our vessels than our competitors, thus increasing our cost of sales and reducing our overall competitiveness.

- *Vessel charter rates*. As of December 31, 2022, approximately 31.1% of the capacity of our vessel fleet was held on a charter basis. As of the Latest Practicable Date, we had 15 chartered-in vessels all under a contract term of more than one year. For the years ended December 31, 2020, 2021 and 2022, our charter hire costs for vessel accounted for US$83.7 million, US$88.0 million and US$108.4 million, respectively, representing 13.5%, 9.7%, and 8.0% of our cost of sales for the same periods, respectively. If charter rates increase, we may incur higher costs more immediately compared to our competitors that enter into charters with longer terms, when we extend these existing charters or replace them with new charter parties. This would have an adverse effect on the competitiveness of our container shipping business and overall operating results. Furthermore, if the vessel charter rates decrease in the future, our fixed-term leases of vessels may prevent us from taking advantage of subsequent lower charter rate.

- *Container charter rates*. As of December 31, 2020, 2021 and 2022, we operated 154,669 TEU, 226,101 TEU and 253,940 TEU containers, respectively. As of December 31, 2022, 80.8% of our total container capacity was attributable to leased containers. For the years ended December 31, 2020, 2021 and 2022, our container leasing expenses were US$25.5 million, US$29.0 million and US$81.5 million, respectively, representing 4.1%, 3.2% and 6.0% of our cost of sales for the same periods, respectively. Container leasing rates are influenced by the production cost, which in turn may be affected by the cost of raw materials such as steel, as well as the demand and supply of containers in the shipping market. Furthermore, because we lease a large proportion of the containers we use, we are more susceptible to price fluctuations in the leasing market for containers. Accordingly, increases in container leasing rates may adversely affect our business and our profitability. Besides, if the container leasing rate decreases in the future, our fixed-term leases of containers may prevent us from taking advantage of subsequent lower container leasing rate.

- *Bunker expenses*. The cost of bunkers consumed, the fuel used for our vessels, represents a significant portion of our cost of sales. For the years ended December 31, 2020, 2021 and 2022, our bunker expenses accounted for US$90.2 million, US$164.0 million and US$312.9 million, respectively, representing 14.6%, 18.1% and 23.1% of our cost of sales for the same periods, respectively. Bunkers prices have experienced significant fluctuations in recent years, and are affected by factors that are beyond our control, such as the supply and demand for crude oil, actions by the Organization of the Petroleum Exporting Countries and other oil and gas producers, geopolitical development (including war and unrest in oil producing countries and regions) and environmental concerns. In particular, the Russia-Ukraine war and the related rapidly evolving and increasingly severe economic sanctions and export controls are expected to exacerbate the rising inflation trend and further increase energy prices. As our freight rates are generally determined based on market rates, we may not be able to pass on all or part of any increases in bunkers costs to our customers. As a result, increases in the prices of bunkers may adversely affect our profitability.

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

The majority of our fleet consist of small sized vessels, each with capacity of less than 2,000 TEU which we believe best suits our business in terms of operating efficiency and capacity. We intend to maintain our current fleet vessel mix while also purchasing larger vessels to support our strategy. As of the Latest Practicable Date, we had entered into agreements to purchase 19 newbuildings, each with a capacity of ranging from 1,100 TEU to 7,000 TEU. However, we cannot assure you that our vessels will always be sufficient for our operations. For example, we may experience delays in receiving newbuildings or difficulty in chartering vessels on commercially reasonable terms, or at all.

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

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

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

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

Our continued success requires us to maintain our current customers and develop new relationships. The customers for our container shipping services include freight forwarders and BCO customers. We cannot guarantee that our customers will continue to use our services in the future or at the current level. We may be unable to maintain or expand our relationships with existing customers or to obtain new customers on a profitable basis due to competitive dynamics. We do not have long-term agreements with the majority of our customers, and therefore our business will be adversely affected if we cannot retain existing customers or bring in new customers. Furthermore, we target a diversified customer base including primarily small and medium-sized customers, and the fluctuation of regional or global economy may adversely affect these customers' business and their demand of container shipping services. In addition, as some of our customer contracts are longer-term in nature, if market freight rates increase, we may not be able to adjust the contractually-agreed rates to capitalize on such increased freight rates until the existing contracts expire. Upon the expiration of our existing contracts, we cannot assure you that our customers will renew the contracts on favorable terms, or if at all, or that we will be able to attract new customers. Any adverse effect would be exacerbated if we lose one or more of our significant customers. For the year ended December 31, 2022, our five largest customers represented 5.6% of our freight revenues. Although we believe we currently have a diversified customer base, we may become dependent upon a few key customers in the future, especially in particular trades, such that we would generate a significant portion of our revenue from a relatively small number of customers. Any inability to retain or replace our existing customers may have a material adverse effect on our business, financial condition and results of operations.

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

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

There can be no assurance that any such incident or accident, which could result in property damage, personal injury or even death to our employees, will not occur in the future. In such event, we may be held liable for the losses and such occurrence will also damage our reputation in the container shipping industry. We may also be exposed to possible financial loss and non-financial detriments arising from environmental and climate-related physical risks. We may also be exposed to claims of negligent or reckless behavior on the part of our employees. We may also experience interruptions to our business operations and may be required by government authorities to change the manner in which we operate following any incidents or accidents. In addition, we may not be adequately insured against any of the aforementioned risks that could have a material adverse effect on us. See "— Our insurance may be insufficient to cover the risks or losses that may occur to our property or result from our operations" in this section for further details on our insurance coverage. Any of the foregoing could materially and adversely affect our reputation, business, financial position and results of operations.

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

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

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

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

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

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

Compliance with laws, regulations and obligations relating to climate change, as well as the pressure from non-governmental organizations and investors, could increase our costs related to operating and maintaining our vessels and require us to install new emission controls, acquire allowances or pay taxes related to our greenhouse gas emissions, or administer and manage a greenhouse gas emissions program. Revenue generation and strategic growth opportunities may also be adversely affected. Further, in response to such global trend of low-carbon transition and awareness on ESG matters, we need to integrate sustainability risk factors, including climate change, health and safety, business ethics and regulatory compliance that are relevant and material to the shipping industry and our business, into our risk matrix to mitigate associated impacts and explore the best practices in environmental risk management to achieve long-term growth and sustainability of our business. We cannot assure that we can effectively implement all of the ESG governance protocols, including effectively identifying and mitigating our ESG-related risk such as the risks related to the operation of sailing vessel and the risks of failing to comply with relevant laws and regulations. If we fail to address the ESG compliance promptly, our business, operating results and financial condition could be materially and adversely affected. In addition to the abovementioned measures, we would also allocate significant resources to efforts such as obtaining the necessary permits or authorizations, meeting maintenance and inspection requirements, performing ship modifications or operational changes, developing and implementing emergency preparedness procedures and obtaining insurance coverage for environmental risks with a view to ensuring compliance with other existing and future regulations. For example, the IMO has formulated regulations to limit emissions and sulfur emission regulation was implemented on January 1,

2020. To comply with IMO 2020 regulations, we switched to the relatively expensive VLSFO as bunkers. As a result, our expenses charged to profit or loss incurred on environmental protection, safety and emergency management, including the cost of compliance, had been increasing during the Track Record Period, which amounted to US$78.3 million, US$134.4 million and US$243.3 million, respectively, in 2020, 2021 and 2022.

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.

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

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

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

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

We engage third-party contractors, partners and agents to provide services in connection with our business. An important example is our chartered-in vessels from ship owners, whereby the ship owner is obligated to provide the vessel's crew, insurance and maintenance along with the vessel. Another example is our carrier partners in the joint services or under slot exchange arrangements with us whom we rely on for their slots, vessels and services to deliver cargo to our customers, as well as third party agencies who serve as our local agents in specific locations. Disruptions caused by third-party contractors, partners and agents could materially and adversely affect our operations and reputation. Additionally, a work stoppage at any one of our suppliers, including our land transportation suppliers, could materially and adversely affect our operations if an alternative source of supply were not readily available. There can be no assurance that the products delivered and services rendered by our third-party contractors and suppliers will be satisfactory and match the required quality levels. Furthermore, major contractors or suppliers may experience financial or other difficulties, such as natural disasters, terror attacks, failure of information technology systems or labor stoppages, which could affect their ability to perform their contractual obligations to us, either on time or at all. Any delay or failure of our contractors or suppliers to perform their contractual obligations to us could have a material adverse effect on our business, financial condition, results of operations and liquidity.

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

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

In addition, the COVID-19 pandemic has resulted in reduced industrial activity in various countries and regions around the world, with temporary closures of factories and other facilities such as port terminals, which led to a temporary decrease in supply of goods and congestion in warehouses and terminals as well as backlogs. Such backlog would also affect the availability of containers and vessels to carry such containers, which would also disrupt the industry. In terms of our operations, should our vessels could not unload timely and effectively at the ports, our overall turnover rate would decrease, our payment collection would slow down and our result of operations would be adversely affected. In January 2020, a lockdown was imposed in mainland China during the Chinese New Year holiday which prevented many workers from returning to the manufacturing facilities, resulting in prolonged reduction of manufacturing and export. Shutdowns in various countries and regions have also decreased consumption of goods, negatively affecting trade volumes and the shipping industry globally. Moreover, because our vessels travel to ports in countries and regions in which cases of COVID-19 have been reported, we face risks to our personnel and operations. Such risks include delays in the loading and discharging of cargo on or from our vessels, difficulties in carrying out crew changes, offhire time due to quarantine regulations, delays and expenses in finding substitute crew members if any of our vessels' crew members become infected, delays in drydocking if insufficient shipyard personnel are working due to quarantines or travel restrictions and increased risk of cyber-security threats due to our employees working remotely. Fear of the virus and the efforts to prevent its spread continue to exert increasing pressure on the supply-demand balance, which could also put financial pressure on our customers and increase the credit risk that we face in respect of some of them. Such events have adversely affected and will likely continue to have a significant and adverse effect on our business, financial condition and results of operations. In addition, these and other impacts of the COVID-19 pandemic could have the effect of heightening many of the other risk factors disclosed in this document.

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

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

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

As of the Latest Practicable Date, we had entered into agreements to purchase 19 newbuildings including 13 vessels each ranging from 1,100 to 2,900 TEU and six 7,000 TEU vessels, which are expected to be delivered between May 2023 and November 2024. Any delay in the delivery of any of these vessels to us or the failure of the shipyard to deliver a vessel at all could adversely affect our business, results of operations and our financial condition. In addition, the delivery of any of these vessels with substantial defects could have similar consequences.

The delivery of a newbuilding could be delayed because of:

- work stoppages or other labor disturbances or other event that disrupts the operations of the shipyard;
- quality or engineering problems;
- changes in governmental regulations or maritime self-regulatory organization standards;
- lack of raw materials;
- bankruptcy or other financial crisis of the shipyard;
- a backlog of orders at the shipyard;
- hostilities, political or economic disturbances in the country where the vessels are being built;
- weather interference or catastrophic events, such as major earthquakes or fires;
- our requests for changes to the original vessel specifications;
- shortages of or delays in the receipt of necessary construction materials, such as steel, or equipment, such as main engines, electricity generators and propellers;
- our inability to obtain requisite permits or approvals; or
- disputes with the shipyard.

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

Moreover, to expand our self-owned fleet, we may purchase second-hand vessels as an alternative to commissioning newbuildings. We purchased four, seven and nil second-hand vessels in 2020, 2021 and 2022. Second-hand vessels may have latent defects of which we are not aware at the time of purchase. These defects may subsequently result in significant repair expenses or disruption of voyages. Furthermore, a second-hand vessel may not have all the features we would require if we commission a newbuilding and may not satisfy our operational needs, which we may incur additional expenditure for further upgrade.

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

In general, the costs to maintain a vessel in good operating condition increase with the age of the vessel. Our owned vessels had an average age of approximately seven years as of December 31, 2022. As our vessels age, they may become less fuel efficient and more costly to maintain and will not be as advanced as more recently constructed vessels due to improvements in design and engine technology. Rates for cargo insurance, paid by charterers, also increase with the age of a vessel, making older vessels less desirable to charterers.

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

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

If our vessels suffer damage, they may need to be repaired. Our repair and maintenance expenses amounted to US$1.2 million, US$4.8 million and US$3.6 million, respectively, for the years ended December 31, 2020, 2021 and 2022. The costs of repairs are unpredictable and can be substantial. We may not have insurance that is sufficient to cover all or any of these costs or losses and may have to pay costs not covered by our insurance. The loss of earnings while our vessels are being repaired and repositioned, as well as the actual cost of these repairs, would decrease our earnings and reduce the amount of cash that we have available for dividends.

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

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

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

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

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

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

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

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

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

We have entered into a number of contractual arrangements with other shipping companies to jointly run the services. As of December 31, 2022, we had joint service arrangements with 20 carriers, all of which were independent third parties. We cannot assure you that disputes will not arise between us and our joint service partners, or that our joint service partners will not breach their obligations to us or the joint venture. In particular, our joint service partners may:

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

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

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

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

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

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

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

Like many other participants in the container shipping industry, we may rely on bank borrowings to finance our capital needs for the acquisition and chartering for the vessels and containers. During the Track Record Period, our bank borrowings generally bore a floating interest rate of three-month LIBOR plus certain basis points ranging from 1.07% to 5.18% per annum. An increase in the interest rates of our loans may result in a significant increase in our interest expense, adversely affecting our finance costs, which in turn may affect our business and profitability. If structured improperly, certain derivative financial instruments may increase our exposure to interest rate fluctuations.

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

Our credit risk is primarily attributable to trade receivables and contract assets. As of December 31, 2020, 2021 and 2022, our trade receivables amounted to US$119.8 million, US$180.5 million and US$84.3 million, respectively. Our trade receivables represent outstanding amounts due from customers for our services. In terms of our credit terms given to major customers, whilst we require prepayments from some customers, certain of our major customers are allowed a credit term of up to 30 days.

We may be exposed to credit risks resulting from delays and/or defaults in payments by our customers, which would adversely affect our business, financial condition and results of operations. The expected loss rates of our trade receivables are based on loss experience in the past and available financial information, and are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and our view of economic conditions over the expected lives of the receivables. On that basis, the loss allowance on our trade receivables as of December 31, 2020, 2021 and 2022 were determined as approximately US$65,000, US$13,000 and US$4,000, respectively. For more details on our credit risk, see Note 22(a) to the Accountants' Report in Appendix I to this document. If our customers delay or default in their payments to us, our liquidity may be adversely affected and we may have to make provisions. This may in turn materially and adversely affect our business, financial condition and results of operations.

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

We recognize contract assets before we recognize revenue based on the percentage of completion and before we are unconditionally entitled to the consideration under the payment terms set out in the contract. As of December 31, 2020, 2021 and 2022, our contract assets amounted to US$13.7 million, US$39.7 million and US$11.3 million, respectively. We perform regular review of the contract assets and provision of the contract assets will be made when our Group is not expected to collect the amounts due. If we fail to collect such payment, our contract assets may be subject to impairment loss. There is no assurance that the contract assets will be billed and subsequently settled in time, or at all. Failure to turn our contract assets into revenue and collect receivables from our customers may adversely affect our business, financial condition and results of operations.

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

Our other receivables, prepayments and deposits are primarily in connection with (a) our loans to the initial shareholders of TS Taiwan which were fully settled in September 2022, (b) prepaid expenses in relation to port charges and insurances and (c) guarantee deposits in relation to warehouses, ports and fleet management. As of December 31, 2020, 2021 and 2022, our other receivables, prepayments and deposits amounted to US$12.9 million, US$13.0 million and US$20.7 million, respectively. A summary of the assumptions underpinning our Group's expected credit loss model is set forth in Note 22(a) to the Accountants' Report in Appendix I to this document. Subject to the future business operations and market conditions, we may have to provide impairment losses for our other receivables, prepayments and deposits. Should this occur, our financial conditions may be adversely affected.

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

Immediately upon the completion of the [**REDACTED**], our Controlling Shareholders will own approximately [**REDACTED**] of our issued share capital, assuming the [**REDACTED**] is not exercised. Accordingly, our Controlling Shareholders will be able to exercise substantial control or influence over our business by directly or indirectly voting at shareholders' meetings in matters that are significant to us and our public Shareholders, including, but not limited to, matters relating to the following:

- mergers or other business combinations;
- acquisition or disposition of assets;
- issuance of any additional Shares or other equity securities;
- timing and amount of dividend payments; and
- management of our Company.

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

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

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

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

As of the Latest Practicable Date, TS Taiwan was involved in the following legal proceedings in relation to the Incident (the "**Pending Legal Proceedings**"): (i) in March and April 2016, the Maritime and Port Bureau (the "**MPB**") under the Ministry of Transportation and Communications (the "**MOTC**") of Taiwan chartered barges and tugs to remove the wreck of TS Taipei while TS Taiwan had already arranged barges and tugs to remove the wreck of TS Taipei. Nonetheless, the MPB still issued an administrative order against TS Taiwan for the reimbursement of the cost it incurred for the charter of barges and tugs in the amount of NT$4.6 million (equivalent to US$144.3 thousand). TS Taiwan reimbursed the MPB pursuant to such administrative order in full and appealed the administrative order which was ruled against TS Taiwan by an administrative appeal decision made by the MOTC in July 2017. TS Taiwan subsequently filed an administrative lawsuit against the MPB in the Taipei High Administrative Court requesting to set aside the administrative order and the subsequent administrative appeal decision. On January 20, 2022, the Taipei High Administrative Court ruled in favor of TS Taiwan and set aside both the administrative order and the administrative appeal decision. The MPB appealed to the Supreme Administrative Court and as of the Latest Practicable Date, the case was pending; (ii) in March 9, 2018, the Jinshan Fisheries Association of New Taipei City (新北市金山區漁會) (the "**JFA**") of Taiwan (as the representative of over 9,000 fishermen) filed a civil lawsuit against TS Taiwan in the Taipei District Court in Taiwan for their alleged loss of income in the amount of NT$178.8 million (equivalent to US$5.6 million) as a result of the Incident. On November 29, 2019, the Taipei District Court held that TS Taiwan should compensate the JFA the damages in the amount of NT$162.5 million (equivalent to US$5.1 million) together with a 5% statutory interest and should bear 90% of the litigation cost. On December 24, 2019, TS Taiwan appealed to the Taiwan High Court. On October 19, 2022, the Taiwan High Court set aside the Taipei District Court's decision, which previously ordered TS Taiwan to compensate the damages of NT$162.5 million together with a 5% statutory interest. The Taiwan High Court further dismissed JFA's claims and ordered JFA to bear the litigations cost for the first instance (except for the part that has already been final) and second instance. The JFA appealed to the Supreme Court of Taiwan on December 1, 2022. During the appeal proceedings, TS Taiwan and JFA have exchanged several rounds of appellate briefs and defense briefs. As of the Latest Practicable Date, the case was pending; and (iii) in November 2017, the Council of Agriculture of Executive Yuan (行政院農業委員會) (the "**COA**") of Taiwan filed a civil lawsuit against TS Taiwan in Taiwan High Court for a total amount of NT$469.8 million (equivalent to US$14.7 million) including the cost of ecological restoration, ecological damages, and the cost for ecological assessment, the proceeding of which was later transferred to the Taipei District Court in January 2018. On May 31, 2019, the Taipei District Court ruled in favor of TS Taiwan and dismissed the COA's claim. The COA appealed to the Taiwan High Court, and the parties have exchanged several rounds of appellate briefs and defense briefs. As of the Latest Practicable Date, the case was pending.

As advised by our Taiwan Legal Advisors, as we are not a party to the Pending Legal Proceedings, and our Directors who are also directors of TS Taiwan (namely, Mr. Chen and Mrs. Chen) (the "**Involved Directors**") are not subject to any legal or administrative proceedings relating to the Incident, there is no indication that there will be any retrospective legal consequences on our Group and the Involved Directors resulting from the Incident. Although we are not a party to the Pending Legal Proceedings, not involved in this incident and not liable for it, we cannot ensure that any negative news or publicity in this regard will not affect our Controlling Shareholders or our reputation, or even our business and prospects.

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

Having considered that (i) the Incident was unintentional and did not involve fraud or dishonesty or otherwise raise any concerns as to the integrity of our Directors, including the Involved Directors; (ii) our Directors, including the Involved Directors, have not been subject to any legal or administrative proceedings relating to the Incident; (iii) TS Taiwan had received initial favorable court decisions in all of Pending Legal Proceedings in relation to the Incident; and (iv) our Group has implemented adequate internal control measures for managing risks of accidents similar to the Incident or other marine accidents, our Directors are of the view that the Incident would not affect the suitability of our Directors, including the Involved Directors, to act as our Directors under Rules 3.08 and 3.09 of the Listing Rules. Based on our Directors' view and the due diligence work performed, the Joint Sponsors are of the view that there are no material findings indicating that there are any potential implications to the suitability of our Directors, including the Involved Directors under Rule 3.08 and Rule 3.09, in respect of the Incident.

Having considered (i) the factors stated above as well as the circumstances of the Pending Legal Proceedings and evidence currently presented by the counter parties; (ii) the maximum monetary exposure of approximately US$20.59 million as of the Latest Practicable Date for all three legal proceedings in which TS Taiwan is involved in, including the claim amounts or judgment amounts together with relevant court fees and less the MPB reimbursement that TS Taiwan has already paid, but excluding the 5% statutory interest; (iii) the maximum damages payable for the Pending Legal Proceedings will be fully covered by TS Taiwan's insurance policy; (iv) the confirmation from the insurers to reimburse the damage suffered by TS Taiwan from each of the Pending Legal Proceedings; (v) the net profit of the Group extracted from the audited consolidated financial statements of US$184.0 million, US$1,077.7 million and US$1,074.5 million for the years ended December 31, 2020, 2021 and 2022; and (vi) TS Taiwan was only an associate of our Group in which we held 44.2% equity interest during the Track Record Period and whose financial results were not consolidated to the consolidated financial statements of our Group, our Directors are of the view that the the Incident would not affect the [**REDACTED**] eligibility of our Company under Rules 8.04 and 8.05 of the Listing Rules. Based on the due diligence work above, the Joint Sponsors concur with our Directors' view that the Incident would not affect the [**REDACTED**] eligibility of our Company under Rules 8.04 and 8.05 of the Listing Rules.

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

The operation of any vessel involves risks such as mechanical failure, collision, fire, contact with floating objects, property loss, cargos loss or damage and business interruption due to political circumstances in different countries and regions, hostilities and labor strikes. In addition, marine disasters, including oil spills and other environmental mishaps, are also inherent risks associated with the container shipping industry. We procure insurance for our fleet against risks commonly insured against by vessel owners and operators. However, we cannot assure you that our current insurance coverage is sufficient. In the case of an uninsured loss or a loss in excess of insured limits, our results of operations, financial condition and business operations could be adversely affected. Even if our insurance coverage is adequate to cover our direct losses, we may not be able to obtain a timely replacement vessel or take other appropriate action. Furthermore, our claim records may affect the premiums insurance companies charge us in the future. We may also be subject to additional calls, or premiums, in amounts based not only on our own claim records but also the claim records of all other members of the protection and indemnity associations through which we receive indemnity insurance coverage for tort liability. For the years ended December 31, 2020, 2021 and 2022, our aggregate insurance premium amounted to US$1.9 million, US$3.4 million and US$3.1 million, respectively. In the same periods, we claimed against our insurers amounts of US$1.2 million, US$2.1 million and US$4.4 million, respectively. Any loss not covered by insurance could harm our business and financial condition.

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

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

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

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

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

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

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

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

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

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

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

We have a number of title defects relating to our leased properties. As of the Latest Practicable Date, a lessor of one of our leased properties in the PRC with an aggregate GFA of approximately 44.66 sq.m had not provided us with valid title certificates, or relevant authorization documents evidencing their rights to lease the properties to us. As a result, the lease may not be valid, or there is a risk that we may not be able to continue to use such property. We cannot assure you that we will not be subject to any challenges, lawsuits or other actions taken against us with respect to the leased property. If the title of any leased properties were successfully challenged, we may be forced to relocate our operations on the affected properties. For details on our contingency plan if we experience temporary interruption to our usage of any or all of our leased properties, see "Business — Land and properties — Leased properties".

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

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

Under the Social Insurance Law of the PRC and the Regulations on the Management of Housing Provident Fund, we are required to make social insurance fund and housing provident fund contributions for our employees. During the Track Record Period and up to the Latest Practicable Date, certain branches of our PRC subsidiary had not made full social insurance fund and housing provident fund contributions for employees. As of December 31, 2020, 2021 and 2022, the carrying amount of our provisions for social insurance fund and housing provident fund amounted to RMB0.2 million, RMB0.6 million and RMB0.7 million, respectively. As of the Latest Practicable Date, we had not received any notice from the relevant government authorities or any claim or request from these employees in relation to the payment of such contributions. According to the opinions of our PRC Legal Advisors, the relevant PRC authorities may require us to pay the outstanding social insurance fund by the due date and make daily overdue payment equivalent to 0.05% of the unpaid amount from the due date. If we fail to pay our unpaid social insurance contributions within a designated term, we may be subject to a fine of one to three times of the unpaid social insurance fund. If we fail to timely pay or underpay the housing provident fund, the housing provident fund management center will order us to pay the fund within a designated term and applications may be made to the People's Court for compulsory enforcement if the overdue payment is not made.

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

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

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

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

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

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

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

The freight rate in the Asia Pacific Region increased sharply since November 2020 according to the Drewry Report. However, the high freight rate level may not be sustainable. Drewry's World Container Index peaked in September 2021, at US$10,377.2 per FEU. Since the peak, freight rates have begun and continued to fall as a result of slowing demand growth and the easing of supply chain disruption and port congestion, which increased effective capacity. As of April 6, 2023, Drewry's World Container Index arrived at US$1,709.8 per FEU. As shipping companies build new vessels years in advance of their actual use to address expected demand, vessels may be delivered at times of decreased demand, resulting in excess shipping capacity. We had ordered 19 new vessels including 16 vessels each ranging from 1,100 to 2,900 TEU and six 7,000 TEU vessels as of the Latest Practicable Date, which are expected to be delivered between May 2023 and November 2024. Considering the total capacity of the vessels we will acquire, if the market freight rate and market demand continue to decrease, we will be running the risk of idle capacity. There are numerous factors that may contribute to a decrease in demand in the coming years which are beyond our control, including any severe or prolonged downturn in the macro economy or the prolonged adverse impact of the COVID-19 outbreak. Idle fleet capacity, as a result of a decrease in the demand for our services, may cause us to lower our freight rates charged to our customers. If any such events take place, our business prospects and financial position may be materially and adversely affected.

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

Our services in the Asia Pacific Region have formed a vital part of our business operations since our establishment. As of December 31, 2020, 2021 and 2022, we operated 43, 33 and 37 services in the Asia Pacific Region, respectively. For the years ended December 31, 2020, 2021 and 2022, we had an aggregate shipping volume in the Asia Pacific Region of 1,507,297 TEU, 1,571,974 TEU and 1,470,045 TEU, respectively, accounting for 100.0%, 99.3% and 94.3%, respectively, of our total shipping volume for the same periods, respectively.

Since 2020, our semi long-haul and long-haul services have contributed more to our business in terms of the revenue as a result of the new services launched and the allocation of our shipping capacity considering customer demands in different markets, such as the Asia – Australia/New Zealand and the Asia – Indian Subcontinent markets. We had an aggregate shipping volume in the Asia – Australia/New Zealand market of 38,734 TEU, 142,971 TEU and 210,851 TEU, respectively, for the years ended December 31, 2020, 2021 and 2022, accounting for 2.6%, 9.0% and 13.5%, respectively, of our total shipping volume for the same periods. We had an aggregate shipping volume in the Asia – Indian Subcontinent market of 9,992 TEU, 12,103 TEU and 137,425 TEU, respectively, for the years ended December 31, 2020, 2021 and 2022, accounting for 0.7%, 0.8% and 8.8%, respectively, of our total shipping volume for the same periods.

We cannot assure you that the trade volume in the regions we operate in the future will not decrease or fail to increase as rapidly as we expect due to factors such as economic downturns, changes in political conditions, deterioration of economic relationships, or other factors. International market conditions and the international regulatory environment have historically been affected by competition among countries and geopolitical uncertainty. Adverse changes in the economic, financial and political conditions, trade policies and treaties and tariffs of any country or region where we provide significant container shipping services would have an adverse effect on our business. For example, to address the current market condition that has affected long-haul services, we decided to suspend our services in the Transpacific and Asia – Europe markets in December 2022, pending future market recovery.

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

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

COVID-19 has had a severe and negative impact on the Asia Pacific Region's and the global economy so far. Whether this will lead to a prolonged downturn in the economy is still unknown. Even before the outbreak of COVID-19, the global macroeconomic environment was facing numerous challenges. For example, the growth rate of the Chinese economy had already been slowing down since 2010. Moreover, our business growth for the year ended December 31, 2021 including the increases in the revenue, net profit and shipping volume was partly due to global supply chain interruptions attributable to port congestion and containers stacking up at ports as a result of the labor shortage in the warehouse and in the inland transportation industry which may not sustain. Our revenue and profit may decrease substantially when the supply chain interruptions improve, in particular, our gross profit margins in 2020, 2021 and 2022 may not be sustainable in the long run. This may adversely affect our business prospects and financial position. There is also considerable uncertainty over the long-term effects of the expansionary monetary and fiscal policies which had been adopted by the central banks and financial authorities of some of the world's leading economies, including the United States and China, even before 2022. Any global economic slowdown, financial market turmoil or decrease in demand for shipped goods from major economics, trade sanctions or political uncertainty between countries and regions may lead to a decline in the general demand for our services. This would, in turn, adversely affect our business, financial condition and results of operations. Economic conditions in the Asia Pacific Region may be sensitive to global economic conditions, as well as changes in domestic economic and political policies and the expected or perceived overall economic growth rate in the Asia Pacific Region. Any severe or prolonged slowdown in the global or the Asia Pacific Region's economy may materially and adversely affect our business, results of operations and financial condition.

We face risks associated with our expansion plan.

For the years ended December 31, 2020, 2021 and 2022, our revenue in connection with our container shipping services generated from the Asia Pacific Region represented 100.0%, 97.2% and 82.3% of our total revenue, respectively. In recent years we also expanded our operations into other international markets by launching several new long-haul services, including one independent service (subsequently changed to a joint service in March 2022) launched in July 2021 and another independent service launched in January 2022 in the Asia – Australia/New Zealand market. There can be no assurance that we will succeed or achieve any return on these expansion efforts.

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

- difficulties in achieving market acceptance of our services in different geographic markets with different business practices;
- difficulties in achieving sales growth in certain other countries and regions where we commit fewer sales and marketing resources;
- difficulties in managing operations due to language barriers, distance, staffing, user behavior and spending capability, cultural differences, business infrastructure constraints, and laws regulating corporations that operate globally;
- application of different laws and regulations of other jurisdictions;
- potential adverse tax consequences associated with foreign operations and revenues;
- foreign exchange fluctuations and associated issues;
- credit risks and higher levels of payment fraud;
- political and economic instability in some countries and regions;
- trade restrictions, sanctions, boycotts and trade and labor disputes; and
- restrictions on monetary flows.

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

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

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

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

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

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

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

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

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

Our business and financial results may be adversely affected by the geopolitical factors arising in connection with the Russia-Ukraine conflict in 2022

Our ability to adapt to the change in cost and availability of bunker fuel, the change in global supply chains and shipping routes may be adversely affected by the geopolitical factors arising in connection with the Russia-Ukraine conflict in 2022.

The Russia-Ukraine conflict is likely to have broad implications for geopolitical relations, which is actively evolving, and may reshape the landscape of global trade in energy and other commodities and shipping industries. A prolonged conflict is also likely to have deeper economic and political consequences, potentially reshaping global trade in energy and other commodities. An expanded ban on Russian oil could push up the cost and availability of bunker fuel and potentially push shipowners to use alternative fuels.

We are unable to predict how international relations between countries or regions will develop. If these conflicts continue, increase, or expand, or lead to continued political or economic instability, terrorist activity, or give rise to further government actions such as sanctions or increased economic or political tensions or act of war or an armed conflict, our business and financial results may be adversely impacted.

RISKS RELATING TO MAINLAND CHINA

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

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

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

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

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

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

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

Risks relating to the new filing requirements with the CSRC

On February 17, 2023, the CSRC released a set of regulations consisting of 6 documents, including the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the "**New Measures**"), and 5 supporting guidelines (5項配套指引), which came into effect on March 31, 2023. Under the first paragraph of Article 15 of the New Measures, overseas offerings and listings of a listing applicant must conduct and complete relevant filing procedures with the CSRC if (i) 50% or more of its operating revenue, total profit, total assets or net assets as recorded in its audited consolidated financial statements for the most recent financial year is being accounted for by domestic companies, and (ii) the main parts of its business activities are conducted in the Mainland China, its principal places of business are located in the Mainland China, or the senior management in charge of its business operation and management are mostly Chinese citizens or domiciled in the Mainland China. Furthermore, the second paragraph of Article 15 of the New Measures provides that a "substance over form" principle (the "**Principle**") shall be followed when determining whether an issuer is subject the filing requirements under the New Measures. Further, pursuant to Article 4 of Guidelines for Application of Regulatory Rules – Overseas Offering and Listing No.1 (監管規則適用指引–境外發行上市類第1號) (the "**Guidelines No. 1**"), where an issuer does not fall within the circumstances stipulated in Article 15(i) and (ii) of the New Measures, but submits the application for offering and listing in an overseas market in accordance with the relevant provisions on non-local issuers, and the risk factors disclosed are primarily related to the Mainland China, the securities company and the issuer's PRC legal advisor shall follow the Principle and conduct comprehensive demonstration and identification of whether the issuer falls within the scope of the filing requirements.

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

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

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

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

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

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

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

In addition, the Enterprise Income Tax Law of the PRC and its implementation rules provide that a withholding tax rate of up to 10% will be applicable to dividends payable by Chinese companies to non-PRC resident enterprises unless otherwise exempted or reduced according to treaties or arrangements between the PRC central government and governments of other countries or regions where the non-PRC resident enterprises are tax resident. Pursuant to the tax agreement between mainland China and Hong Kong, the withholding tax rate in respect to the payment of dividends by a PRC enterprise to a Hong Kong enterprise may be reduced to 5% from a standard rate of 10% if the Hong Kong enterprise directly holds at least 25% of the PRC enterprise. See "Regulatory Overview — Laws and regulations relating to our Group's business and operation in PRC — Taxation" for further details. Accordingly, our Company may be able to benefit from the 5% withholding tax rate for the dividends it receives from our PRC subsidiary, if it satisfies the conditions prescribed under the relevant tax rules and regulations. However, if the relevant tax authorities consider the transactions or arrangements we have are for the primary purpose of enjoying a favorable tax treatment, the relevant tax authorities may adjust the favorable withholding tax in the future. Accordingly, there is no assurance that the reduced 5% will apply to dividends received by our Company from our PRC subsidiary. This withholding tax will reduce the amount of dividends we may receive from our PRC subsidiary.

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

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

RISKS RELATING TO TAIWAN

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

Certain functional departments of our Company and some of our senior management are located in Taiwan. Relations between Taiwan and mainland China have at times been uncertain. Any changes in cross-strait relationship could materially and adversely affect our business and the market value of our Shares.

Taiwan's restrictions on increases in our investments in mainland China and Hong Kong.

As authorized by the Act Governing Relations between the Peoples of the Taiwan Area and Mainland Area (《台灣地區與大陸地區人民關係條例》) and the Reviewing Principles of Investment or Technical Cooperation with mainland China (《在大陸地區從事投資或技術合作審查原則》) (the "**Reviewing Principles**"), the Ministry of Economic Affairs (the "**MOEA**") published a list of businesses in which Taiwanese, legal persons, organizations, or other institutions (the "**Taiwan Investor**") may not invest in or cooperate with mainland China. A Taiwan Investor is not allowed to invest in any business that is identified on such list in mainland China, which in turn prohibits Our Taiwan Investors (as defined below) from investing in such business in mainland China through our Company. Items not identified on such list are regarded as general items in which investment is permitted with prior approval by or post-investment filing with the Investment Commission of the MOEA (the "**Taiwan Investment Commission**"). Under the Regulations Governing Permission of Investment or Technical Cooperation with mainland China (《在大陸地區從事投資或技術合作許可辦法》) and the Reviewing Principles, when a Taiwan Investor desires to invest in mainland China, provide technology, patents or copyright of computer programs to mainland China individuals or entities, or transfers its mainland China investments involving "critical technology" as identified by the MOEA to any mainland China individuals or entities, it must obtain prior approval from the Taiwan Investment Commission, except in the event that the investment is made to a certain mainland China enterprise with an aggregate amount of less than US$1 million, in which case only a post-investment filing within six months after the completion of investment with the Taiwan Investment Commission for record is required.

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

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

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

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

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

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

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

RISKS RELATING TO THE [REDACTED]

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

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

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

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

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

Since there will be a gap of several days between pricing and trading of our [REDACTED], holders of our [REDACTED] are subject to the risk that the price of our [REDACTED] could fall during the period before trading of our [REDACTED] begins.

The [**REDACTED**] of our Shares is expected to be determined on [**REDACTED**]. However, our Shares will not commence trading on the Stock Exchange until they are delivered, which is expected to be seven business days after the [**REDACTED**]. As a result, investors may not be able to sell or otherwise deal in our Shares during that period. Accordingly, holders of our Shares are subject to the risk that the price of our Shares could fall before trading begins as a result of adverse market conditions or other adverse developments that could occur between the time of sale and the time trading begins.

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

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

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

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

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

We have significant discretion as to how we will use the [REDACTED] of the [REDACTED], and you may not necessarily agree with how we use them.

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

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

Certain facts and other statistics in this document relating to the container shipping industry and market have been derived from various sources and publicly available data. However, we cannot guarantee the quality or reliability of these sources. They have not been prepared or independently verified by us or any of our affiliates or advisors and, therefore, we make no representation as to the accuracy of such facts and statistics. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the facts and statistics herein may be inaccurate or may not be comparable to facts and statistics produced for other economies. As a result, prospective investors should consider carefully how much weight or importance they should attach to or place on such facts or statistics. Investors should read the entire document carefully and should not consider any particular statements in published media reports without carefully considering the risks and other information contained in this document.

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

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

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

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

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

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