RISK FACTORS

Potential investors should consider carefully all the information set out in this document and, in particular, should consider and evaluate the following risks associated with an investment in our Company before making any investment decision in relation to our Company. You should pay particular attention to the fact that our Company was incorporated in the Cayman Islands and part of our Group has operations conducted outside Hong Kong which are governed by a legal and regulatory environment which in some respects may differ from that in Hong Kong. Any of the risks and uncertainties described below may have a material adverse effect on our business, results of operations, financial condition or on the [REDACTED] of our Shares, and may cause you to lose all or part of your investment.

RISKS RELATING TO OUR BUSINESS

Charter rates for dry bulk carriers are volatile and the profitability of shipping services is sensitive to fluctuations in the BDI which is a main benchmark indicator of the market charter rates

The maritime shipping industry, in particular the dry bulk shipping industry, is cyclical and volatile in terms of charter rates, which is affected by factors including the global economic conditions, the supply of and demand for dry bulk goods and the available shipping capacity of dry bulk carriers. The BDI, an index of daily average of charter rates for dry bulk carriers published by The Baltic Exchange Limited, is the main benchmark to reflect the volatile movements of the dry bulk carrier charter rates. Since the charter hire and freight we receive from our customers and pay to our vessel suppliers are determined with reference to the BDI, we are exposed to the cyclicality of the dry bulk shipping industry and volatility of the BDI and dry bulk carrier charter rates. During the Track Record Period, the BDI has fluctuated in a range between 393 points and 5,650 points with a daily average of approximately 1,365 points, 1,068 points, 2,943 points and 2,070 points for the years ended December 31, 2019, 2020 and 2021 and the nine months ended September 30, 2022, respectively. As at January 31, 2023, the BDI was 681 points. As at the Latest Practicable Date, the BDI has rebounded to approximately 990 points. For the years ended December 31, 2019, 2020 and 2021 and the nine months ended September 30, 2022, our charter hire costs accounted for approximately USD53.3 million, USD60.8 million, USD176.7 million and USD108.6 million, respectively, representing approximately 44.6%, 36.6%, 56.1% and 47.0% of our cost of sales for the corresponding periods, respectively, while our revenue derived from our shipping services business segment contributed by our chartered-in vessels accounted for approximately USD64.5 million, USD95.4 million, USD257.2 million and USD162.2 million for the years ended December 31, 2019, 2020 and 2021 and the nine months ended September 30, 2022, respectively, representing approximately 59.2%, 67.0%, 79.4%, and 66.5% of our total revenue derived from our shipping services business segment for the corresponding periods, respectively. Any significant decrease or major fluctuations in the BDI would also adversely affect our charter hire received from our customers, and accordingly, our profitability and cash flows.

During the Track Record Period, we chartered in a large number of vessels from our vessel suppliers. For the year ended December 31, 2021, we entered into over 200 chartered-in vessel engagements in aggregate, and a significant portion of our vessels were chartered in under short-term leases of three months and less. As our chartered-in vessels are chartered by us under relatively short term leases, we must consistently renew or source new charters which makes us vulnerable to fluctuations in market charter rates. We cannot assure you that future declines in charter hire rates will enable us to operate our chartered-in vessels profitably. On the contrary, should there be any increase in charter rates in the vessel charter market, we may incur higher costs compared to our competitors with more owned vessels or those enter into charter with longer terms. As market charter rates may fluctuate, depending on our assessment of whether there is likely to be a downward or an upward trend in market charter rates in the near future, we may adjust the sequence of chartering in vessels and securing business from customers. See the section headed "Business — Our fleet of vessels — Chartered-in vessel fleet — Sequence in chartering in vessels and securing business from customers" for further details. In addition to our chartered-in vessels, we also provided shipping services to our customers through our controlled vessels. As fixed overheads represent a significant portion of our costs in operating our controlled vessels, there is no assurance that our charter hire received from customers would be able to cover our costs and allow us to operate our controlled vessels profitably. If we are unable to operate our vessels profitably, our cash flows and our ability to meet our capital commitments efficiently may be adversely impacted, thereby affecting our financial condition and results of operations.

We face risks associated with obtaining suitable shipping capacity such as chartered-in vessels and purchasing vessels

During the Track Record Period, we provided shipping services through our fleet of controlled vessels and chartered-in vessels. For the years ended December 31, 2019, 2020 and 2021 and the nine months ended September 30, 2022, we entered into over 60, 160, 200 and 90 chartered-in vessel engagements in aggregate, respectively. We intend to continue chartering in suitable chartered-in vessels to ensure we have adequate shipping capacity. In addition, we purchased second-hand vessels to expand our controlled vessel fleet during the Track Record Period. 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 features we would be able to have from chartering in a new vessel.

If we are unable to charter suitable chartered-in vessels on a timely basis, we may not have sufficient shipping capacity to meet the needs of our customers. Additionally, if the second-hand vessels which we purchased are defective and/or performing at a level below our expectations, we may require a substantial period of time as well as spend significant resources to replace or upgrade such vessels. Upon the occurrence of any of these events, our shipping volume, results of operations and financial condition may be materially and adversely affected.

An increase in bunker fuel prices may reduce our profitability and adversely affect our business operations

Bunker fuel fees are generally borne by our customers under period-based time charters and trip-based time charters, whereas such costs are generally borne by us under voyage charters and COAs. As we provided shipping services to our customers under voyage charters and COAs during the Track Record Period, we are exposed to market fluctuations in bunker fuel prices. For the years ended December 31, 2019, 2020 and 2021 and the nine months ended September 30, 2022, we recorded bunker charges of approximately USD16.2 million, USD28.7 million, USD36.5 million and USD31.0 million, respectively and accounted for approximately 13.5%, 17.3%, 11.6% and 13.4% of our total cost of sales for the corresponding periods.

The cost of bunker fuel which is denominated in USD fluctuates according to the prevailing global crude oil prices. Global crude oil prices are affected by various factors beyond our control such as changes in global demand and supply conditions, geopolitical events affecting major oil producing countries, government policies and the level of global economic activities. Any changes in these factors may cause material increases in the bunker fuel oil prices and this may lead to an increase in our costs. If we are unable to pass on cost increases to our customers and are unsuccessful in managing our exposure to the bunker fuel price fluctuations, our financial condition, result of operations and prospects could be materially and adversely affected.

We require a substantial amount of working capital and financial resources to sustain our business operations and our expansion plans

We require a substantial level of working capital to run our daily business operations from time to time to cover, among other things, our charter hire costs, bunker costs, labor costs, the purchase costs of newly acquired vessels and other costs. As at December 31, 2019, 2020 and 2021 and September 30, 2022, our cash and cash equivalents amounted to approximately USD1.9 million, USD4.4 million, USD25.0 million and USD26.6 million, respectively. If we fail to maintain a sufficient level of financial resources to sustain our business operations, our financial condition and results of operations could be adversely affected.

Further, in addition to meeting our high working capital requirements and funding our business operations, we may require additional funds to support our expansion plans and to respond to business challenges from time to time in the future. Our ability to obtain financing from external sources is dependent upon several factors, including general economic and capital market conditions, credit availability from our banks or other lenders and investors' confidence in us, many of which are beyond our control. We cannot assure you that we will be able to obtain additional financing or on terms that are acceptable to us or at all. In the event that external financing is not available on terms which are not favourable to us, our business development, results of operations and financial condition may be adversely affected.

We may be unable to retain existing customers or attract new customers

Our continued success requires us to maintain our existing customers and develop new relationships. 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 intense competition in the highly volatile maritime shipping industry. Upon the expiration of our existing contracts, we cannot assure you that our customers will be able to renew the contracts on favourable 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 each year/period of the Track Record Period, we derived USD28.3 million, USD33.5 million, USD95.4 million and USD56.2 million from our five largest customers, respectively which represented approximately 20.9%, 18.7%, 25.6% and 19.7%, respectively of our total revenue for the corresponding periods. Although our Directors believe that we currently have a wide and diversified customer base, there is no assurance that we may not become dependent upon a few key customers in the future 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 major customers may have a material adverse effect on our business, financial condition and results of operations.

We outsourced the procurement of crew members to crew manning agencies for our service offerings and we may not have full control over them

During the Track Record Period, we outsourced the procurement of crew members to crew manning agencies. See "Business — Outsourcing arrangements" for further details. While these arrangements may lower our operation costs, they also reduce our direct control over service quality. We may experience operational difficulties with our crew manning agencies such as their ability to provide experienced and quality crew members that meet our customers' needs. Moreover, such crew manning agencies may also experience disruption in their own operation due to labor strikes or shortages, natural disasters, cost increases or other issues outside of their control. Any failure of our crew manning agencies to perform their responsibilities or to operate in compliance with all applicable laws and regulations may have a negative impact on crew supply or result in disruptions to our operations. Any removal or termination of unsatisfactory crew manning agencies would require us to seek new providers, which would create delays and adversely affect our operations as we may not be able to identify suitable crew manning agencies on a timely basis. In the event of fraud or misconduct by a crew manning agency, we could also be exposed to material liability and be held responsible for damages, fines, or penalties which in turn may adversely affect our business, results of operations, financial condition, and reputation.

A shortage of qualified sailors and crew members could have an adverse effect on our business and financial condition

We require qualified and experienced sailors and crew members in the provision of our shipping services and ship management services. In crewing our vessels, we outsourced this function to crew manning agencies who provide us with professional and technically skilled crew members with specialized training who can perform demanding work on board our vessels. See "Business — Outsourcing arrangements" for further details. As the global maritime shipping industry continues to grow, the demand for skilled personnel has been increasing, which has led to a shortfall of such personnel. Furthermore, due to the COVID-19 pandemic, the shipping industry as a whole is experiencing difficulties in carrying out crew changes, which could impede our ability to employ qualified personnel. An inability to secure qualified personnel as needed could materially impair our ability to operate, or increase our costs of operations, which could adversely affect our business, financial condition and results of operations.

The information provided to us by shipbrokers on potential customers and supplies may not be accurate

We utilized shipbrokers to identify and secure potential customers and suitable vessels from vessel suppliers during the Track Record Period. Such shipbrokers were also a source of information for us to assess counterparty risks when selecting our customers and suppliers. See "Business — Suppliers — Shipbrokers" for further details. There is no assurance that the customers and suppliers introduced by the shipbrokers are of good credit or trading record, or that the information provided by the shipbrokers of such potential customers and suppliers are accurate and up-to-date, and the customers and suppliers introduced by the shipbrokers may breach or repudiate the charter agreements with us. In the event that the customers introduced to us by the shipbrokers default on or repudiate the charter agreements with us, or otherwise fail to fully and timely pay charter hire to us and perform its obligations under the charter agreements, or where the suppliers introduced to us by the shipbrokers fail to deliver vessels to us on a timely basis or at all, our business, financial position and results of operations may be adversely affected.

We generated a substantial amount of revenue from ship management services on a lump sum basis, and we may be subject to losses if we fail to estimate or control our costs in performing our ship management services

We generated a substantial amount of revenue from the provision of ship management services on a lump sum basis during the Track Record Period. Our revenue generated from ship management services contracts on a lump sum basis represented approximately 85.7%, 87.9%, 87.4% and 80.2%, respectively, of the total revenue from our ship management services segment for the years ended December 31, 2019, 2020 and 2021 and the nine months ended September 30, 2022.

During the Track Record Period, we charged ship management fees at a pre-determined fixed lump sum price for some of our vessels under our management, representing "all-inclusive" fees for the ship management services provided. These ship management fees do not change with the actual amount of ship management costs we incur. We recognize as revenue the full amount of ship management fees we charge to our customers, and recognize as our cost of sales the actual costs we incur in connection with rendering our services. Our profitability depends on our ability to estimate or control our costs in performing our ship management services. In the event that the amount of ship management fees that we charge is insufficient to cover all the costs for ship management service we incur, we are not entitled to collect the shortfall from our customers. As a result, we may not be able to maintain our profitability as expected or may even suffer losses. If we are unable to raise ship management fees to fully cover the ship management costs we incur, we may seek to cut costs with a view to reducing the loss. However, our ability to mitigate against such losses through cost-saving initiatives may not be successful, and our cost-saving efforts may negatively affect the quality of our ship management services, which in turn would further reduce our customers' willingness to continue procurement of our ship management services.

We recorded net current liabilities during the Track Record Period

As at December 31, 2019, 2020 and 2021, we recorded net current liabilities of approximately USD43.2 million, USD35.0 million and USD21.3 million, respectively, primarily due to our substantial capital expenditures on long-term assets such as our controlled vessels in connection with business expansion plans which were financed by short-term borrowings and lease financing during the Track Record Period. Our net current liabilities position may expose us to liquidity risks and there is no assurance that our net current liabilities positions can be improved in the future. In the event that we continue to record net current liabilities, our working capital for business operations may be constrained. If we fail to generate sufficient revenue from our operations or if we fail to maintain sufficient cash and financing resources, we may not have sufficient cash flows to fund our business operations and capital expenditure, and our business and financial position may be adversely affected.

We are exposed to credit risk arising from our trade and other receivables and prepayments classified as other non-current assets. Failure to collect our trade and other receivables or recover in a timely manner or at all could have a material and adverse impact on our business, financial condition, liquidity and prospects

Our cash flows and profitability are subject to the timely settlement of payments by our customers for freight, charter hire and ship management fees. In respect of our shipping services business segment, for vessels chartered to our customers under period-based time charters, we generally require our customers to make monthly prepayments of charter hire for the following term during the charter period. For vessels chartered to our customers under voyage charters and COA, we generally require our customers to make payment of substantial or all freight charges a few days after the cargo has been loaded onto the vessel at the originating port. Our management fees for long-term ship management contracts are payable by our customers on a monthly, quarterly or annual basis. We generally do not grant any credit terms to our customers. During the Track Record Period, our customers mainly included (i) shipowners, (ii) finance and leasing companies, (iii) shipbuilders, (iv) dry bulk goods traders, and (v) shipping and logistics companies. We reviewed the recoverability of these receivables at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts and made provisions of USD84,000, USD156,000, USD107,000 and USD239,000 respectively, for impairment of trade and other receivables as at December 31, 2019, 2020 and 2021 and September 30, 2022, respectively. Our trade receivable turnover days were approximately 16, 25, 16 and 15 for the years ended December 31, 2019, 2020 and 2021 and the nine months ended September 30, 2022, respectively. See "Financial Information — Description of selected items of consolidated balance sheets — Trade and other receivables" for further details. Our prepayments that are classified as non-current assets primarily comprised of (i) prepayment for dry-docking and equipment purchased, (ii) prepayment for vessels purchased, and (iii) prepayment for right-of-use assets in relation to the vessels that we bareboat chartered in. As at December 31, 2019, 2020 and 2021 and September 30, 2022, respectively, the balance of our non-current prepayments was approximately USD1.8 million, USD3.2 million, USD13.5 million and USD29.8 million, respectively.

We cannot assure you that we will be able to collect all or any of our trade and other receivables on time, or at all, after the completion of loading or after completion of discharge and the finalisation of the voyage-related charges if our customers delay or even default in their payment obligation and we cannot assure you that we will be able to request the refund of prepayments if relevant parties delay or default in performing their obligations. As a result, we may not be able to receive such customers' or relevant parties' payment in full, or at all, and we may need to make provision for impairment of trade and other receivables or provision for prepayments and other receivables. Although we have continuously reviewed and identified any long outstanding trade receivables and have initiated proactive and periodic communications with our customers for payments, such measures may not be adequate to safeguard against material credit risks nor to guarantee that our customers will settle payment when it comes due. The occurrence of such event would materially and adversely affect our financial condition and results of operations.

Failure to fulfil our obligations in respect of contract liabilities could materially and adversely affect our results of operation, liquidity and financial position

Our contract liabilities refer to the advance receipts corresponding to the unfinished voyage charters and time charters or unprovided ship management services at the end of the year/period. As at December 31, 2019, 2020, 2021, and September 30, 2022, our advances and contract liabilities balance amounted to approximately USD1.6 million, USD4.6 million, USD4.4 million and USD5.1 million, respectively. There is no assurance that we will be able to fulfil our obligations in respect of contract liabilities as the completion of voyage charters, time charters or the provision of ship management services may be subject to various factors, such as accidents, severe weather, unintended delays, or piracy incidents. If we are not able to fulfil our obligations with respect to our contract liabilities, the amount of contract liabilities will not be recognized as revenue, and we may have to return the advance payment made by our customers. As a result, our results of operations, liquidity and financial position may be materially and adversely affected.

We may grant share incentives to key personnel in the future, which may result in increased share-based compensation expenses that may cause shareholding dilution to our existing Shareholders and negatively impact our financial performance

We believe the granting of share-based compensation is of significant importance to our ability to attract and retain key personnel. Mr. Guo transferred 2% and 1% of shareholding interests in the Company to Mr. Zhao Yong and Mr. He Gang in November 2021 without any consideration or service restriction, which led to share-based compensation of approximately USD5.6 million being recognized as an expense and reserves for the year ended December 31, 2021. To further incentivize the key personnel to contribute to our operations, we may grant additional share-based compensations in the future. Issuance of Shares with respect to such share-based compensation may dilute the shareholding to our existing Shareholders. Our expenses associated with share-based compensation may also increase substantially, which may have an adverse effect on our financial performance.

Our controlled vessels and business operations are subject to environmental laws and regulations, which may adversely affect our business

Our controlled vessels are subject to environmental laws and regulations of countries where they operate in. See "Regulatory Overview" for further details. These environmental laws and regulations relate to, amongst others, the use and handling of hazardous materials, air emissions and environmental contamination clean-up, especially those with respect to air pollution, oil pollution and marine pollution, have evolved rapidly and are expected to continue to evolve in ways that may require the termination of use of certain vessels if they do not conform to the regulations. These requirements may impose substantial ongoing compliance costs and operational restrictions on our controlled vessels, particularly as new vessels brought into service will have to meet the environmental requirements during their entire service life. Compliance with relevant environmental laws and regulations may increase our expenses and limit our ability to continue or expand our business scale, which may, in turn, adversely affect our business and results of operations. In the event that there are more stringent environmental regulations, we may have to incur additional costs to fulfil such requirements or replace our controlled vessels, which may adversely affect our business operations and financial performance.

If our business operations fail to comply with any environmental requirements applicable to us, we could be exposed to, among other things, significant environmental liability damages, administrative and civil penalties, criminal charges or sanctions, and even termination or suspension of our operations, which may lead to substantial harm to our results of operations and reputation. Additionally, environmental laws often impose strict, joint and several liability for remediation of spills or releases of oil and hazardous substances, which could subject us to liability without regard to whether we were negligent or at fault. Under local, national and foreign laws, as well as international treaties and conventions, we could incur material liabilities, including remediation costs and natural resource damages, as well as third-party damages, personal injury and property damage claims in the event that there is a release of petroleum or other hazardous substances from our vessels. We did not receive any material claims for failing to comply with the relevant environmental requirements during the Track Record Period and as at the Latest Practicable Date. However, if we are unable to operate our facilities adequately and effectively in compliance with the relevant environmental laws and regulations, we may be subject to penalties or liabilities, and our reputation may be negatively affected. If we cannot manage our environmental compliance risks efficiently, or at all, our business, financial condition, results of operations and prospects may be materially and adversely affected.

Our business operations may be affected if we fail to renew or maintain licenses or certifications required to operate and manage our vessel fleet

We are required to obtain a variety of licenses and certifications as required under the jurisdiction which our vessels operate in. See "Regulatory Overview" and "Business — Licenses, permits and approvals" for further details. There can be no assurance that we will not be subject to suspension, revocation or termination of our major licences, permits or approvals in the event of non-compliance with any terms or conditions thereof, or pursuant to any regulatory action. While we have not in the past encountered any difficulties in renewing or obtaining our major licences, permits and approvals for our business operations, there can be no assurance that we will be able to renew such licences, permits and approvals in a timely manner or at all in the future. We also cannot assure that there will not be variation, modification or imposition of additional conditions attached to the licences, permits and approvals which may adversely affect our business, financial condition, results of operations and prospects. Any failure to renew or maintain our major licences, permits and approvals in the future could materially and adversely affect our business, financial condition, results of operations and prospects.

Furthermore, vessels are generally required to be classed by a reputable international classification society. To ensure our controlled vessels are properly classed by an international classification society, we are obliged to pass the annual, intermediate and renewal surveys in accordance with specific criteria required by each classification society. These surveys are essential for the maintenance and renewal of classification status of our controlled vessels. Our controlled vessels may be also subject to inspections upon every arrival and departure at ports. Failure to pass any of these inspections may lead to suspension of our controlled vessels' certificates. During the Track Record Period, we successfully passed every survey and inspection of all our controlled vessels conducted by classification societies, flag state controls and various port state controls. However, there is no assurance that the operation of our controlled vessels will pass these surveys and inspections in the future. Any failure to pass such surveys and inspections will lead to the suspension of the certificate, which in return may lead to a breach of our relevant charter agreement and in turn may have adversely affect our business, results of operations and financial condition.

Our insurance coverage may not be sufficient to cover the risks related to our business operations

We are exposed to inherent risks and external factors which are out of our control in operating our vessel fleet such as collisions and other marine disasters or accidents, environmental pollution incidents, oil spills, grounding, fire, explosions, cargo and property loss or damage, piracy, or terrorist attacks. Our operations may also be disrupted by mechanical failure, human error, political action, labor strikes, adverse weather conditions and other circumstances or events that are out of our control such as the recent obstruction of the Suez Canal, a major waterway connecting the Mediterranean Sea to the Red Sea, owing to the grounding of the containership Ever Given in March 2021. The materialisation or occurrence of any such circumstances or events can result in loss of revenue or increased costs.

We maintain hull and machinery insurance and protection and indemnity insurance for all of our controlled vessels. See "Business — Insurance" for further details. However, there can be no assurance that all risks are insured or adequately insured against, or that any claim will be paid or that we will be able to procure adequate insurance coverage of any of these risks at commercially viable rates in the future. The insurance policies that we have currently obtained do not cover, for instance, risks arising from the cancellation of a charterparty or other engagement of our controlled vessels, damages to vessels caused by wear and tear, loss or damage from terrorist attacks, and radioactive and chemical contamination, acts of wilful or gross misconduct of the shipowners and/or crew of our vessels etc. We have also not obtained insurance coverage against loss or revenue derived from shipping services of our controlled vessels arising out of trading risks such as delays, political unrest, labor strikes, ship arrest, crew desertion, crew illness, infectious diseases, stowaways, drug seizure etc. If we were to suffer a loss from shipping services of our controlled vessels that is not insured or is not adequately covered by insurance, our business, financial condition, results of operations and prospects could be adversely affected.

The imposition of stricter environmental laws and regulations may also result in increased costs for, or the unavailability of, insurance against the risks of environmental damage or pollution. Our insurance policies contain certain standard deductibles, limitations, and exclusions, including limitations and exclusions with respect to certain losses arising from acts of war, terrorist attacks, malicious acts, nuclear forces and wilful misconduct or fraud. If claims are asserted against us, our controlled vessels could be subject to arrest or other judicial proceedings.

We are exposed to risks in relation to work safety and occurrence of accidents

Work injuries and accidents may occur during the course of our business. Our employees and crew members often have to operate heavy machinery such as cranes during the loading and offloading of cargo in respect of our controlled vessels and therefore, are subject to risks of work injuries or accidents. During the Track Record Period and up to the Latest Practicable Date, we did not experience any work injury incident or accident in the course of our operations that resulted in a material and adverse effect on our business, financial position, and results of operations. Nevertheless, 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 or crew members, will not occur in the future. In such events, these occurrences could result in damage to, or destruction of, property, personal injury or death, and legal liability and we may be held liable for the losses. In addition, we are exposed to claims that may arise due to our employees' or our crew members' negligence or recklessness when performing our services. We may also experience interruptions to our business and may be required to change the manner in which we operate as a result of governmental investigations or the implementation of safety measures upon occurrence of accidents. Any of the foregoing could adversely affect our reputation, business, financial position, and results of operations.

We may experience inventories obsolescence if we fail to effectively manage increase in inventories for our business operations

Our inventories primarily consisted of lubricating oil, spare parts and bunker fuel to be consumed during the provision of shipping services to our customers. As at December 31, 2019, 2020, 2021, and September 30, 2022, the balance of our inventories amounted to approximately USD4.9 million, USD5.7 million, USD4.7 million, and USD10.0 million, respectively. See "Financial Information — Description of selected items of consolidated balance sheets — Inventories" for further details. We aim to maintain our inventory levels based on our forecasted amount of usage for providing shipping services to our customers. We cannot assure you that we will be able to maintain proper inventory levels for our business at all times. The failure to manage our inventory levels or to accurately forecast the amount of usage may result in obsolescence of our inventories and any such failure may have a material and adverse effect on our business, financial condition and results of operations.

Our controlled vessels depreciate over time and become more expensive to operate as they age

As our controlled vessels age, their value depreciates and, typically, they generate lower revenues and cash flows and their value may be more susceptible to risk of impairment. As at September 30, 2022, our fleet of controlled vessels consists of 21 vessels, having a combined weight carrying capacity of approximately 1.0 million dwt, and an average vessel age of approximately 7.5 years. As our controlled vessel fleet ages, we will incur increased costs. Older vessels are typically less fuel efficient and more costly to maintain than more recently constructed vessels due to, among others, improvements in engine technology. Insurance rates generally tend to increase with the age of a vessel, making older vessels less desirable to charterers. International codes and conventions related to the age of vessels may also require expenditures for alterations or the addition of new equipment to our controlled vessels and may restrict the type of activities in which our controlled vessels may engage. There is no assurance that as our controlled vessels age, their conditions will justify those expenditures or enable us to operate our controlled vessels profitably during the remainder of their useful lives.

Our existing controlled vessels and those under construction have exposure to obsolescence, particularly if unanticipated events occur that shorten the life cycle of the vessel, which may trigger impairment charges or increase depreciation expense. These events include, but are not limited to, changes in the regulatory environment, changes in our customers' preferences, new technology, and vessel technical, safety or environmental problems. If we are unable to replace older controlled vessels with newer vessels, our ability to maintain or increase our revenue and cash flows will decline. Any of the foregoing could adversely affect our business, financial condition, and results of operations.

We have a limited operating history in the shipping services business

We began to provide shipping services in 2017. As we have a short operating history in the shipping services business, you should consider our prospects in light of the risks, expenses and challenges that we may face as a company with limited years of experience operating such business in a competitive market. We may encounter risks and difficulties frequently experienced by early-stage businesses, and such risks and difficulties may be heightened in a highly competitive and technical market. For example, we may encounter, including, among others, risks and difficulties regarding our ability to:

- retain customers;
- retain qualified employees;
- maintain effective control of our development as well as operating costs and expenses;
- develop and maintain internal personnel, systems, controls and procedures to comply with the extensive regulatory requirements applicable to the shipping industry; and
- respond to changes in the regulatory environment.

Our failure to achieve any of the above may jeopardize our ability to provide our shipping services in the manner we contemplate, which in turn may have an adverse effect on our business and prospects, financial position, results of operations and liquidity.

Our business operations may be adversely affected by the COVID-19 pandemic

An outbreak of respiratory illness caused by COVID-19 was first reported in late 2019 and has continued to expand globally. On 11 March 2020, the World Health Organisation ("**WHO**") declared COVID-19 as a pandemic. The WHO has been closely monitoring the situation as the new strain of coronavirus is considered highly contagious and is posing a serious public health threat on a global scale. As at the Latest Practicable Date, according to the WHO, COVID-19 had spread to over 220 countries, areas, and territories globally, with the death toll and number of infected cases on the rise.

Since the outbreak, draconian measures have been imposed within the PRC and globally to contain COVID-19, including the closing of national borders in various countries, lockdowns of a vast number of cities across the world, travel restrictions and extensive suspension of business operations and mandatory quarantine requirements on infected individuals and anyone deemed potentially infected. The COVID-19 pandemic is likely to have an adverse impact on the livelihood of the people all over the world and the global economy. Any economic downturn or slowdown and/or negative business sentiment could have an indirect potential impact on the maritime shipping industry, and as a result, our business operations and financial performance may be adversely affected. Furthermore, the maritime shipping industry is subject to uncertainties under the COVID-19 pandemic due to, among other things, the slowdown in the global economy and decline in demand for certain dry bulk goods, the disruption of global supply chains and uncertain consumer sentiments, and mandatory quarantine controls on vessels upon arrival at ports. See "Industry Overview" for further details on the impact of COVID-19 pandemic on the maritime shipping industry.

Government-mandated shutdowns in various countries have also decreased consumption of goods, negatively affecting trade volumes and the shipping industry globally. Moreover, because our vessels travel to ports in countries 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 shift changes, off-hire time due to quarantine regulations, delays and expenses in finding substitute crew members if any of our vessels' crew members become infected and delays in drydocking if insufficient shipyard personnel are working due to quarantines or travel restrictions. If any of our employees or crew workers are affected by the spread of COVID-19 and are unable to duly execute their duties in the provision of any of our services to our customers, this may have a material adverse impact on our operations and financial performance. Additionally, if the operations of any of our vessel suppliers are adversely affected or disrupted by the COVID-19 pandemic to a material extent, they may not be able to supply vessels to us in a timely manner or at all, which may affect our ability to meet the demands of our customers and may result in a material adverse impact on our operations and financial condition.

We are uncertain as to when the COVID-19 pandemic will be contained, and we also cannot predict whether its impact will be short-lived or long-lasting. If the COVID-19 pandemic is not effectively controlled, both globally and locally, our business operations and financial condition may be adversely affected as a result of the changes in the outlook of the maritime shipping industry, any slowdown in economic growth, negative business sentiment or other factors that we cannot foresee.

Our financial condition and results of operations in future may be adversely affected by our relationship with our business partners as well as the capital requirements and financial performances of our associate companies and joint ventures

We have established joint ventures with our business partners and invested in minority shareholding interests in our associate companies and we may continue to do so in the future. For example, we operate, in conjunction with our business partner Zhoushan Yihai Shipping Co., Limited (香港舟山一海海運有限公司), certain of our controlled vessel fleet which are held by associate companies. The performance of these associate companies and our joint ventures has affected, and will continue to affect, our results of operations and financial position. The success of our associate companies and joint ventures depends on a number of factors, some of which are beyond our control. As a result, we may not be able to realise the anticipated economic and other benefits from our associate companies and joint ventures.

Since we do not have full control over the business and operations of our associate companies and joint ventures, we cannot assure that they have been, or will be in strict compliance with all applicable laws and regulations. We cannot assure you that we will not encounter problems with respect to our associate companies or our joint ventures and that they will not violate any applicable laws and regulations. Upon occurrence of any of such situations, our business, financial position, and results of operation could be adversely affected.

Our financial condition and results of operations in future may be adversely affected by the capital requirements and financial performances of our associate companies and joint ventures

We have established joint ventures with our business partners and invested in minority shareholding interests in our associate companies and we may continue to do so in the future. The performance of these associate companies and our joint ventures has affected, and will continue to affect, our results of operations and financial position. The success of our associate companies and joint ventures depends on factors which are beyond our control. As a result, we may not be able to realise the anticipated economic and other benefits from our associate companies and joint ventures.

Our investment in associate companies and joint ventures are subject to liquidity risk. Our investments in associate companies and joint ventures are not as liquid as our other investments as there is no cash inflow until dividends are received even if our associate companies and joint ventures reported profits under the equity accounting. Our ability to promptly sell one or more of our interests in the associate companies or joint ventures in response to changing economic, financial and investment conditions is limited. We cannot predict whether we will be able to sell any of our interests in the associate companies or joint ventures at the price and with terms acceptable to us. We also cannot predict the length of time needed to find a purchaser and to complete the relevant transaction. Therefore, the illiquid nature of our investment in associate companies or joint ventures may significantly limit our ability to respond to adverse changes in the performance of our associate companies and joint ventures. In addition, if there is no share of results or dividends from our associate companies or joint ventures, regardless of their profitability, we will also be subjected to liquidity risk and our financial condition or results of operation could be materially affected.

We are exposed to foreign exchange risk

We are exposed to certain foreign exchange risks in respect of depreciation or appreciation amongst the currencies used in our business operations. Our revenue is denominated in USD and the primary functional currencies used in our business operations include USD and RMB. Our cost of sales, operating expenses and capital expenditures are predominantly incurred in USD while some of our primary payment commitments and expenditures are denominated in RMB. However, our reporting currency is in USD and therefore our revenue, cost of sales and other accounting items are all translated into USD on our consolidated financial statements. As a result, our results of operations and financial position presented in USD are significantly affected by the exchange rate between RMB and the USD.

We recorded net losses from foreign exchange in the amount of approximately USD0.2 million, USD0.5 million, USD0.2 million and USD0.1 million for the years ended December 31, 2019, 2020 and 2021 and the nine months ended September 30, 2022, respectively, primarily as a result of fluctuations of RMB against USD during the Track Record Period. As a result, our financial results can be influenced significantly by the fluctuations in the exchange rate of our functional currencies against USD. If we face significant volatility in these foreign exchange rates and we cannot procure any specific foreign exchange control measures to mitigate such risks, our results of operations and financial performance may be adversely affected.

We are exposed to interest rate risks such as interest rate hikes by the U.S. Federal Reserve in respect of our controlled vessels under finance lease arrangements and under bank loans

As at September 30, 2022, eight of our controlled vessels were under finance lease arrangements and three of our controlled vessels were financed by way of bank loans. See "Business — Our fleet of vessels — Financing arrangement for our controlled vessels" for further details. The finance lease arrangements and bank loans generally bore interest at floating rates based on LIBOR which may be impacted by a variety of macroeconomic influences including but not limited to any increase in the interest rates by the U.S. Federal Reserve. Fluctuations in LIBOR can affect the amount of interest generally payable on our indebtedness, which, in turn, could have an adverse effect on our profitability, earnings and cash flows. As at December 31, 2019, 2020 and 2021 and September 30, 2022, our lease liabilities were approximately USD42.4 million, USD32.5 million, USD86.7 million and USD92.0 million, respectively. As at December 31, 2019, 2020 and 2021 and September 30, 2022, our total borrowings amounted to approximately USD58.8 million, USD50.0 million, USD32.8 million and USD73.0 million, respectively. For the years ended December 31, 2019, 2020 and 2021 and the nine months ended September 30, 2022, our finance costs amounted to approximately USD2.8 million, USD3.9 million, USD3.5 million and USD4.6 million, respectively. Subsequent to the Track Record Period and up to the Latest Practicable Date, the U.S. Federal Reserve further increased its federal funds rate to

3.75%–4.00% in November 2022, 4.25%–4.50% in December 2022 and 4.50%–4.75% in February 2023. Any increase in interest rates could cause our finance costs to increase, which could adversely affect our result of operations. As we relied on finance lease arrangements as well as bank borrowings to finance the expansion of our fleet of controlled vessels, any rise in the interest rate will constrain our competitiveness by increasing our finance cost and our results of operations can be adversely affected. There is no assurance that we will be able to obtain external financings from banks or finance leasing companies at competitive interest rates to facilitate the implementation of our controlled vessel fleet expansion plan in the future. If the implementation of our fleet expansion is constrained by the increase in interest rates and the finance costs, our competitiveness and our results of operations could be adversely affected.

Failure in our information technology systems and software used in the course of our business operations could adversely affect our business operations and prospects

To ensure smooth and efficient operation of our shipping services and ship management services which generally relies on the availability of real-time statistics and the ability to track and monitor our vessels effectively, we utilise and have in place various information technology systems and software to facilitate our business operations. In the course of our business operations, we employ various systems and software such as Hifleet and PMS repair and maintenance system to ensure efficient, effective and responsive business operations. See "Business — Information technology" for further information on the information technology systems and software used in our daily business operations. As confirmed by our Directors, during the Track Record Period and up to the Latest Practicable Date, we did not experience any malfunctioning of or failure in our information technology systems and software which had a material adverse impact on our business operations. Nevertheless, we are susceptible to risks relating to technical failure or improper performance of information technology systems and software and our business operations could be adversely affected if we fail to respond to such failure in a timely and prompt manner.

We believe that the effectiveness of our operational management lies in our ability to keep abreast of the latest technological developments in terms of the available upgrades to our information technology systems and software. However, since such systems and software are designed and maintained by our third-party service provider, there is no assurance that we will be able to make prompt and cost-effective enhancements to our information technology systems and software or at all or that such systems and software will be comparable to those operated or maintained by our peers in the maritime shipping industry, which may render our services less competitive and adversely affect our business prospects. There is also no assurance that our service provider will respond to us and provide assistance promptly in the event of technical failure. We are also susceptible to risks of cyber-attacks such as hacking or other technical disruptions, which may adversely affect our business, financial condition, and results of operations.

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

Crew members, 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 controlled vessels could require us to pay 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. While we have not encountered such incidents in the past, there can be no assurance that such occasions will not occur in the future.

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

Piracy is an inherent risk in the operation of seafaring vessels. While we did not experience any piracy incidents during the Track Record Period and up to the Latest Practicable Date, the frequency of piracy incidents against commercial shipping vessels has increased in recent years. As we expand our business operations and the network of shipping routes, our vessels may in the future travel in regions that have higher frequencies of piracy incidents. Although we generally tried to staff our vessels with security guards where our vessels are traversing areas known for piracy activities, we cannot assure you that we will not experience any piracy incidents or that such measures will be sufficient to mitigate against pirate attacks. Pirate attacks on any of our vessels could result in loss of life, the kidnapping of our 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.

We may not be able to detect and prevent fraud or other misconduct committed by our employees, crew members or third parties

We are exposed to fraud or other misconduct committed by our employees, crew members, customers, vessel suppliers or other third parties that could subject us to financial losses and sanctions imposed by governmental authorities as well as seriously harm our reputation. For example, fraudulent acts and forgery by our employees, agents, customers, suppliers or other third parties may cause us to be responsible to compensate liabilities and will also cause us to suffer financial losses and harm our business operations and reputation.

Our management information system and internal control procedures are designed to monitor our operations and overall compliance. However, we may be unable to identify non-compliance and/or suspicious transactions in a timely manner. There is no assurance that we will be able to detect, deter and prevent all such actions of our employees or other third parties. There will therefore continue to be the risk that fraud and other misconduct may occur, including negative publicity as a result, which may have an adverse effect on our business, reputation, financial position, and results of operations.

Deterioration in our brand image or any infringement of our intellectual property rights may adversely affect our business

We rely, to a significant extent, on our "洲際之星" and "Seacon" brand names and image to attract potential customers. Any negative incident or negative publicity concerning us may adversely affect our reputation, financial position and business, results of operations. Brand value is based largely on consumer perceptions with a variety of subjective qualities and can be damaged even by isolated business incidents that degrade consumers' trust. Consumer demand for our services and our brand value could diminish significantly if we fail to deliver a consistently positive consumer experience, or if we are perceived to act in an unethical or socially irresponsible manner. Any negative publicity and the resulting decrease in brand value may have an adverse effect on our business, financial position, and results of operations. In addition, any unauthorised use or infringement of our brand name may impair our brand value, damage our reputation, and adversely affect our business and results of operations.

Our measures to protect our intellectual property rights may afford limited protection and policing unauthorised use of proprietary information and can be difficult and expensive. If we were unable to detect unauthorised use of, or failed to take appropriate steps to enforce, our intellectual property rights, it could have an adverse effect on our business, financial position, and results of operations. We are also exposed to the risk that a third party successfully challenges the licensor's ownership of, or our right to use, the relevant trademarks, or if a third party uses such trademarks without authorisation.

Our historical growth rate, revenue and profit margin, in particular, our revenues generated from shipping services due to surge in demand as a result of COVID-19 outbreak, may not be indicative of future growth rate, revenue, and profit margin

For the years ended December 31, 2019, 2020 and 2021 and the nine months ended September 30, 2022, our revenue was approximately USD135.6 million, USD178.9 million, USD372.7 million and USD285.3 million, respectively, and our gross profit was approximately USD16.1 million, USD12.7 million, USD57.7 million and USD54.1 million, respectively, representing a profit margin of approximately 11.8%, 7.1%, 15.5% and 19.0%, respectively. See "Financial Information" for discussions of our results of operations during the Track Record Period.

There is an inherent risk in using our historical financial information to project or estimate our financial performance in the future as such information only reflects our past performance under particular conditions. We may not be able to sustain our historical growth rate because of a range of factors, such as macro-economical factors or natural disasters that are out of our control as well as increasing operating costs for our controlled vessels such as our bunker fuel costs and labor costs, which may reduce our income and profit margin. There is no assurance that we will be able to achieve our past performance during the Track Record Period.

Additionally, subsequent to the easing of lockdown during the outbreak of COVID-19 pandemic, the demand for shipping services across has rebounded significantly in the latter half of 2020. Our revenues from shipping services amounted to approximately USD142.4 million and approximately USD323.7 million in 2020 and 2021, respectively. Although we have experienced a heightened demand for shipping services in 2021 owing to the combined effect of the disruption in global supply chain networks and the gradual recovery of global economies after the initial impact of the COVID-19 pandemic in 2020, which has had a positive impact on the demand on our shipping services, the surge in trading volume, the duration and level of the demand for our shipping services may not be sustainable. The circumstances that have accelerated the growth of our shipping services caused by the effects of the COVID-19 pandemic may not continue in the future once the impact of the COVID-19 pandemic diminishes. With the restoration of the global supply chain networks, there might be a decline in the growth rate of the revenue of our shipping services in future periods. In the event of any prolonged decline in the demand for shipping services, our revenue may be materially impacted and our business, results of operations and prospects would be adversely affected. As the response by world governments and global markets to the COVID-19 pandemic is a continuously evolving process, there is no assurance that the positive impacts brought by the COVID-19 pandemic on our financial performance will continue to persist. Accordingly, there is also no assurance that our financial performance will continue to increase or grow at the same heightened pace during the year ended December 31, 2021. Investors should not solely rely on our historical financial information as an indication of our future financial or operating performance.

Newbuilding projects are subject to risks that could cause delays, cost overruns or cancellation of our newbuilding contracts and there is no guarantee there will be adequate demand for shipping services upon completion of the shipbuilding projects

We may enter into newbuilding contracts for dry bulk carriers and/or other types of other vessels in the future to supplement our controlled vessel fleet. Construction projects are subject to risks of delay or cost overruns inherent in any large construction project from numerous factors, including shortages of equipment, materials or skilled labor, unscheduled delays in the delivery of ordered materials and equipment or shipyard construction, failure of equipment to meet quality and/or performance standards, financial or operating difficulties experienced by equipment vendors or the shipyard, unanticipated actual or purported change orders, inability to obtain required permits or approvals, unanticipated cost increases between order and delivery, design or engineering changes and work stoppages and other labor disputes, adverse weather conditions or any other events of force majeure. Significant cost overruns or delays could have a material adverse effect on our business, financial condition, cash flows and results of operations. Additionally, failure to complete a project on time may result in the delay of revenue from that vessel, which in turn, could have an adverse effect on profitability and financial condition. Further, there is no guarantee that there will be adequate demand for the newly constructed vessel upon completion and may in turn pose adverse effect on our financial performance and results of operation.

Our inability to attract, retain or secure key management and qualified personnel for our operations could hinder our continuing growth and success

Our success depends on the services and efforts of our Directors, senior management and other employees and our ability to continue to attract, retain and motivate qualified personnel to a significant extent. We compete with other shipping service providers for experienced management and other qualified personnel, and the competition for such personnel is intense. There can be no assurance that we will be able to continue to attract and retain the qualified employees essential for our growth. The loss of services of any employee holding an important position or possessing industry expertise or experience could have an adverse effect on our operations. Under such circumstances, if we are unable to recruit and retain replacement personnel with the equivalent qualifications in time or at all, our growth and success could be adversely affected. See "Directors and Senior Management" for further details.

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

The United States and other jurisdictions or organisations, including the European Union, the United Kingdom, the United Nations and Australia, have, through executive order, 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 organisations within such countries.

During the Track Record Period, we entered into certain transactions with customers and suppliers involving the Relevant Regions. We were engaged in the provision of shipping services and ship management services to customers in Hong Kong. We also procured supplies and materials from suppliers 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). However, 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. Our business and reputation could be adversely affected if the authorities of United States, the European Union, the United Kingdom, the United Nations, Australia or any other jurisdictions were to determine that any of our activities constitutes a violation of the sanctions they impose or provides a basis for a sanctions designation of our Group.

We may not be able to successfully implement our strategies, or achieve our business objectives

Our business objectives as set out in this document are based on our existing plans and intentions. However, the objectives are based on prevailing circumstances and the expected future prospect of relevant industries, global macroeconomic conditions, and also governmental regulations of jurisdiction which we currently operate in currently known to our Directors and the continuation of our competitive advantages and other factors considered relevant. Some of our future business strategies are based on certain assumptions, as discussed in the section headed "Business — Our business strategies and future plans". The successful implementation of our business plans may be affected by a number of factors including the availability of sufficient funds, governmental policies, and regulations relevant to our industry, the economic conditions, our ability to maintain our existing competitive advantages, our relationships with our customers, the threat of substitutes and new market entrants as well as other risk factors disclosed elsewhere in this section. There is no assurance that we will successfully implement our strategies or that our strategies, even if implemented, will result in us achieving our objectives. Should there be any material adverse change in our operating environment which results in our failure to implement our business plan or any part thereof, our business and financial position and prospect may be adversely affected.

We may be involved in legal and other disputes and claims from time to time arising from our operations

As the industry which we operate in has inherent risks of maritime accidents involving loss or damage of property or even death or injury to persons, we may, from time to time, be involved in disputes with and subject to claims by our employees and service providers. Disputes may also arise if our customers are dissatisfied with our services. Claims may include claims for compensation due to the provision of substandard services, disputes relating to late or insufficient payment and claims in respect of personal injuries and labor compensation. Any of these proceedings is inherently unpredictable, and awards of excessive damages or compensation to other parties may occur. As at the Latest Practicable Date, we had certain ongoing legal proceedings. Please refer to the section headed "Business — Legal proceedings" in this document for further details. Although we plan to defend our interests in any legal proceedings that may arise in the ordinary course of our business, we may incur judgments or enter into settlements of claims that could have an adverse effect on our business, financial position, and results of operations.

Additionally, if we are involved in any legal proceedings, our management's time and efforts could be diverted from the operation of our business to pursue or defend the legal proceedings, and our insurers may also increase our insurance premiums. Furthermore, any litigation, arbitration, legal or contractual disputes, investigations 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 the facts and circumstances of the cases, the likelihood of loss, the monetary amount at stake and the parties involved. If any verdict or award is rendered against us or if we settle with any third parties, we could be required to pay significant monetary damages, assume other liabilities and even to suspend or terminate the related business contracts In addition, negative publicity arising from litigation, arbitration, legal or contractual disputes, investigations or administrative proceedings may damage our reputation and adversely affect the image of our brands. These may adversely affect our operations and financial performance. If we fail to claim or defend any legal proceedings on a timely basis, or fail to settle such legal proceedings on commercially reasonable terms, or the damages that we may be held liable to pay in respect of such legal proceedings are not adequately covered by our insurance policies, our business and results of operations may be adversely affected.

RISKS RELATING TO THE INDUSTRY WE OPERATE IN

Global or regional economic, political, trade or other factors may affect our business

The demand for maritime shipping services is influenced by global and regional macroeconomic and political conditions, fluctuation in the levels of international and regional trade, change in maritime and other transportation patterns, fluctuation in foreign exchange rates and other factors. Demand for transportation of dry bulk cargoes, oil or chemical products, being the service in which we are specialised in, may also be affected by the demand and supply for the relevant commodities that we transport (such as coal, iron ore, grain and oil products), their prices, competition, and availability of alternative sources of supply of these commodities, seasonal cycle for agricultural products and seasonality of demands for fossil fuel such as coal, and other factors relating to these commodities. As such, changes in the demand of maritime shipping services are difficult to predict.

Further, political and trade disputes and trade protectionism may result in imposition of trade barriers or restrictions, sanctions, boycotts, or embargoes, new or increased tariffs and other factors such as acts of war, hostilities, epidemics or terrorism, could also adversely affect the international or regional trade volume and, in turn, could have an adverse effect on our business, financial condition and results of operations as well as affecting our future expansion strategies. For example, if major political disputes persists and as a result the global economic environment deteriorates, the demand for dry bulks and petrochemical products could be affected, which may in turn have an adverse impact on our business, financial condition, and results of operations. In the event that the global economy fails to improve or further suffers a recession, the demand for our chartering services would decrease accordingly which in turn may adversely affect our operating results and financial performance.

Additionally, the availability of vessels on the market are affected by factors which are beyond our control and are of unpredictable nature. If demand fails to match the increased number of vessels or should there be any decrease in demand for maritime shipping services, it could have significant negative impact on the demand for our services and/or the rates of our charter hires, and may thereby adversely affect our business, profitability, and financial condition.

Our business and financial results may be adversely affected by the geopolitical factors arising in connection with the Russia-Ukraine conflict and heightened tensions in cross-strait relations 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, and the physical threats to shipping in and around the Black Sea and the Taiwan strait may be adversely affected by the geopolitical factors arising in connection with the Russia-Ukraine conflict in 2022 and heightened tensions in cross-strait relations.

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. The conflict has also reshaped trade patterns and shipping routes around the Black Sea owing to heightened tensions in the area arising from blockades of Ukrainian ports, trapping vessels in ports in or around March 2022. The continued blockade of Ukrainian ports may severely impact the export of goods, including dry bulk goods such as grains, steel and coal. Militarized action in the Black Sea may also deter shipowners and shipping companies from operating their vessels in the Black Sea owing to greater physical risks such as naval mines and missile attacks. 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.

Recently there have been heightened tensions in cross-strait relations as a result of the visit by Nancy Pelosi, the speaker of the United States House of Representatives to Taiwan in August 2022. In response to the visit, from August 4, 2022 to August 10, 2022, the PRC government conducted a series of military exercises around the ocean surrounding Taiwan including the Taiwan Strait which is a major gateway for vessels to pass between Southeast and Northeast Asia. The military exercises may result in blockades in shipping routes or ports, delays or disrupt shipping to and from Southeast and Northeast Asia, physical threats to shipping in and around the Chinese military drill zones and further disrupt the global supply chain and cause fluctuations in market charter rates. Our shipping services and ship management services may be adversely affected if vessels are forced or failed to take alternative shipping routes to avoid the areas, adding transit time, disrupting schedules and causing further delays and costs. It remains unclear what additional actions, if any, will be taken by China, Taiwan, the U.S. or other governments with respect to tensions in cross-strait relations.

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.

Changes in international trade policies, or the escalation of tensions in international relations, particularly with regard to China, may adversely impact our business and operating results

International market conditions and the international regulatory environment have historically been affected by competition among countries and geopolitical frictions. Changes to trade policies, treaties and tariffs, or the perception that these changes could occur, could adversely affect the global supply chain, global financial and economic conditions. There have been political matters that resulted in increased tensions between the U.S. and China. In addition, China has implemented, and may further implement, measures in response to new trade policies, treaties and tariffs initiated by the U.S. government. Such measures may further escalate the tensions between the countries or even lead to a trade war. Any further escalation in trade tensions between the United States and China or a trade war, or the perception that such escalation or trade war could occur, may have negative impact on the economies of not only the two countries concerned, but the global economy as a whole. We cannot predict how the bilateral relationship between the U.S. and China will further evolve, or anticipate the potential impact that any subsequent development in such relationship may have on our business. We cannot assure you that we can cope with any unfavorable government policies on international trade, such as capital controls or tariffs, or the U.S. dollar payment and settlement system that may affect the demand for our shipping services, impact the competitive position of our shipping services, prevent us from operating in certain countries, or even our participation in the U.S. dollar payment and settlement system. As a result, our business, results of operations and prospects would be adversely affected.

We operate in a competitive industry

The maritime shipping industry is highly competitive, capital intensive and highly fragmented. The competition in the market is based primarily on supply and demand and we compete for charters on the basis of price, vessel location, size, age, the condition of the vessel, our reputation etc. There is also a comprehensive network of supporting services in the market so that new investors may subcontract most business functions and operations of vessels to these service providers, such as ship management companies, chartering brokers, classification societies and shipping agencies. These financing and other supporting services make it easier for newcomers to enter into the industry, and for existing players to expand their maritime shipping capacities.

We face strong competitions in the international and regional markets from both big and small participants in the industry, and our Directors expect that the current competitive pressures in the industry will continue. Our competitors may have more resources than us and may operate vessels that are newer, and therefore more attractive to charterers, than our vessels. Ownership and control of dry bulk carriers is highly fragmented and is divided among a large number of market players. Competitors with greater resources could enter the dry bulk shipping industry and operate larger fleets through consolidations or acquisitions and may be able to offer lower charter rates and higher quality vessels than what we are able to offer. Extensive competition in the industry may adversely affect our market share. If competitive pressure intensifies, it may force us to reduce our charter hire rates result in us having a lower profit margin, which could adversely affect our business, financial condition, and operating results.

We are faced with increasingly intense competition with the major market players within the maritime shipping industry in the PRC.

The maritime shipping industry in China is relatively concentrated in a small group of leading players with strong market reputation and brand awareness, with the top five large players headquartered in the PRC in aggregate accounting for approximately 51.4% of the market share in terms of weight carrying capacity for international shipping routes in 2021. The largest player in China's maritime shipping industry enjoyed a market share of approximately 33.7%, whilst the second and third largest third market players enjoyed a market share of approximately 13.5% and 3.1%, respectively. The fourth largest market player had a market share of approximately 0.6%. We ranked the fifth with a market share of approximately 0.4%.

As the leading players continue to increase their market shares, we are faced with increasingly intense competition with other leading players, and particularly the largest player, in various aspects of our business, including shipping capacity as well as customer acquisition and retention. Since the largest player currently enjoys a more established market position than us, we may fail to effectively compete against, or may be out-competed by it. For example, if we are unable to maintain the quality of our service offerings, offer a wider selection of vessels that address our customers' evolving demands, continuously optimize our customer experience, or continue to enhance brand awareness, among other things, customers may choose to switch from using our services to those provided by the larger players, which may have a material adverse impact on our results of operation, financial condition and business prospects. In addition, even if we are able to remain competitive against the larger players, a significant amount of additional costs may incur, which could result in a reduced level of profitability for our business.

We operate in a highly regulated industry and significant compliance costs and efforts may adversely affect our business and profitability

The ownership, operation and management of vessels is highly regulated. Our operations are subject to compliance of extensive international conventions, treaties, international and local laws, and regulations in force from time to time in the countries and ports where our vessel visit, the jurisdictions in which our vessels are registered, and the international conventions and regulations adopted by the IMO, including the ISM Code, the SOLAS Convention, the MLC Convention and the MARPOL Convention. See "Regulatory Overview" and "Business — Licenses, permits and approvals" for further details.

In addition, our vessels are also subject to compliance of the rules and regulations of the relevant recognised classification societies by which our vessels were classified. In order to maintain their classification status, they are subject to regular and ad hoc surveys by qualified ship surveyors designated by the relevant classification societies to ensure their continuing compliance of these rules and regulations. The classification status is essential for the continued operations of our vessels as most of our insurances are conditional upon such classification status.

We may have to incur extra cost for ship improvements or modifications, maintenance, and inspection for the purpose of compliance with such regulations. There is no assurance that we will be able to comply with the applicable international conventions, treaties, international and local laws, and regulations, or to efficiently control the costs involved. Failure to comply with applicable international conventions, treaties, international and local laws, and regulations may subject us to increased liability, decreased insurance coverage for our vessels, and may result in denial of access to, or detention in, certain ports. Certain jurisdictions may also pass legislation to regulate practices adopted in the maritime shipping industry such as the recent U.S. Ocean Shipping Reform Act approved on March 22, 2022 by the U.S. Senate Commerce Committee which was introduced with the intention of cracking down on international ocean shipping costs and ease supply chain backlogs that are raising prices for consumers and making it harder for U.S. farmers and exporters to transport their goods to the global market. Any future development of international conventions, treaties, codes, international or regional laws and regulations may also increase our compliance costs and efforts, and may result in temporary suspension of operations of the affected vessels pending compliance with the new requirements, which could have an adverse effect on our business and profitability.

Climate change, decarbonisation initiatives, and greenhouse gas restrictions may adversely affect our business

Many governmental bodies have adopted, or are considering the adoption of, international, treaties, national, state and local laws, regulations and frameworks to reduce greenhouse gas emissions due to the concern about climate change. These measures in various jurisdictions include the adoption of carbon taxes, increased efficiency standards, and incentives or mandates for renewable energy.

For instance, in November 2016, the Paris Agreement, which resulted in commitments by 197 countries 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 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 zero-net carbon economy. Further, in October 2018, IMO adopted an initial strategy on the reduction of greenhouse gas emissions from ships with a view to reducing the carbon intensity of international shipping, by at least 40% by 2030, and 70% by 2050; and the total annual greenhouse gas emissions to be reduced by at least 50% by 2050. Under the energy-efficiency regulations rolled out by IMO, it is mandatory for existing ships to have an energy efficiency management plan in place, with factors taken into considerations such as improved voyage planning, cleaning underwater parts of the ship and the propeller more often, introducing technical measures such as waste heat recovery systems and fitting a new propeller.

Compliance with laws, regulations and obligations relating to climate change, including as a result of such international negotiations, as well as the efforts by 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. Accordingly, our strategic growth opportunities, results of operations profitability and financial condition may be adversely affected.

Natural disasters, epidemics, pandemics, acts of war, terrorist attacks and other events could adversely affect the maritime shipping industry

Natural disasters, epidemics, pandemics, acts of war, terrorist attacks, political unrest, strikes and other events which are beyond our control, may lead to global or regional economic instability, which may in turn adversely affect local economies, international trade and terminal or port facilities. These events may also lead to closure of terminal or ports or transportation stoppage and disrupt cargo flows, thereby results in material interruptions in our provision of shipping services and adversely affect our business, financial condition, and results of operations.

In addition, an outbreak of epidemic or pandemic, such as that of COVID-19, could cause general consumption or the demands for specific products to decline, which could result in a corresponding decline in the demands for our shipping services. Owing to the COVID-19 pandemic, measures including the closing of national borders in various countries, lockdowns of a vast number of cities across the world, travel restrictions and extensive suspension of business operations have been imposed from time to time globally since early 2020. Any negative downturn in the maritime shipping industry could adversely affect our business, financial condition, and results of operations.

Further, owing to the threats of terrorist attacks such as suicide bombings and mass shootings in major cities around the world, there has been in place tightened security procedures and requirements at major ports globally. Frequent terrorist attacks have negative impacts on the maritime shipping industry, including but not limited to increased security and insurance costs and port delays. Any threats of future terrorist attack may increase our cost of operations and reduce demands for our services, which may result in adverse impacts on our financial condition and results of operations.

RISKS RELATING TO THE [REDACTED]

Possible setting of the [REDACTED] after making a [REDACTED]

We have the flexibility to make a [REDACTED] to set the final [REDACTED] at up to 10% below the low end of the indicative [REDACTED] range per [REDACTED]. It is therefore possible that the final [REDACTED] will be set at HK$[REDACTED] per [REDACTED] upon the making of a full [REDACTED]. In such a situation, the [REDACTED] will proceed and the [REDACTED] will not apply. If the final [REDACTED] is set at HK$[REDACTED] per [REDACTED], the estimated [REDACTED] we will receive from the [REDACTED] will be reduced to approximately HK$[REDACTED] (equivalent to approximately USD[REDACTED]) and such reduced [REDACTED] will be used as described in the section headed "Future Plans and [REDACTED] section — [REDACTED]" in this document.

There was no public market for our Shares prior to the [REDACTED] and an active [REDACTED] for our Shares may not develop or sustain

Prior to the [REDACTED], there was no [REDACTED] for our Shares. Follow the completion of the [REDACTED], the Stock Exchange will be the only market whereby our Shares are [REDACTED]. We cannot assure you that (i) there will be an active [REDACTED] for our Shares; or (ii) if an active [REDACTED] does develop, it will be sustainable following the completion of the [REDACTED].

Prospective investors should also note that the initial range of the [REDACTED] was determined as a result of negotiations between our Company and the [REDACTED] (for itself and on behalf of the [REDACTED]) and may differ significantly from the market price of our Shares following the completion of the [REDACTED]. If an active [REDACTED] for our Shares does not develop or is not sustainable after the [REDACTED], the market price and the liquidity of our Shares could be materially and adversely affected.

[REDACTED] from the [REDACTED] may be subject to foreign exchange risk

We are exposed to certain foreign exchange risks in respect of depreciation or appreciation amongst the currencies used in our business operations. Our revenue is denominated in USD and the primary functional currencies used in our business operations include USD and RMB, while the [REDACTED] from the [REDACTED] will be denominated in Hong Kong dollars. As such, we may be exposed to fluctuations in exchange rate and any unfavourable fluctuation against our Group may adversely affect the underlying value of our [REDACTED] from the [REDACTED].

The [REDACTED] of the Shares may be volatile, which could result in substantial losses to you

The [REDACTED] of our Shares may be volatile, which could result in substantial losses to you. The [REDACTED] of the Shares may be volatile and could fluctuate widely in response to factors beyond our control, including the general market conditions of the securities markets in Hong Kong and elsewhere in the world. In particular, the [REDACTED] performance of other companies offering services related to ours, such as transport, logistics, shipping, or freight companies, may affect the [REDACTED] of our Shares. In addition to market and industry factors, the price and [REDACTED] 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 [REDACTED] of our Shares to change substantially. Any of these factors may result in large and sudden changes in the [REDACTED] and [REDACTED] of our Shares, and may result in losses on your investment in our Shares.

There will be a gap of several days between [REDACTED] and [REDACTED] of our Shares, and the [REDACTED] of our Shares when [REDACTED] begins could be lower than the [REDACTED]

The [REDACTED] of our Shares is expected to be determined on the [REDACTED]. However, our Shares will not commence [REDACTED] on the Stock Exchange until they are delivered, which is expected to be over 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 when [REDACTED] begins could be lower than the [REDACTED] as a result of adverse market conditions or other adverse developments that may occur between the time of sale and the time [REDACTED] begins.

Any [REDACTED] of a substantial amount of our Shares in the [REDACTED], or the perception that such [REDACTED] may occur in the near future, could materially and adversely affect the [REDACTED] of the Shares

We cannot assure you that, after the expiry of the restrictions in respect of their lock-up undertakings, our Controlling Shareholders will not dispose of any Shares that they may own now or in the future. See "[REDACTED] — [REDACTED] and Expenses — [REDACTED]" for further details as to the lock-up periods. Any [REDACTED] of a substantial amount of our Shares in the [REDACTED] after the completion of the [REDACTED], or the perception that these [REDACTED] may occur in the near future, could negatively affect the [REDACTED] of our Shares. Such sale or perception could also materially impair our ability to [REDACTED] through [REDACTED] of additional Shares in the future.

Prior dividends declaration may not be indicative of our future dividend policy

The declaration of dividends will be subject to the discretion of our Board, our Articles of Association and the applicable laws and regulations. Any declaration of final dividend by our Company will also be subject to the approval of our Shareholders in a Shareholders' meeting. See "Financial Information — Dividend policy" for details of our Company's dividend policy. There is no guarantee that we will declare and distribute dividends in the future whether dividends will be distributed and the amount of any dividend to be declared and distributed in the future will be at the discretion of our Directors and will depend on, among other things, our results of operations, cash flows and financial conditions, operating and capital requirements and future prospects, and our constitutional documents and the laws of the Cayman Islands.

Termination of the [REDACTED]

Prospective investors should note that the [REDACTED] are entitled to terminate their obligations under the [REDACTED] by notice to our Company from the [REDACTED] (for itself and on behalf of the [REDACTED]) and the Sole Sponsor upon the occurrence of certain events as stated in the [REDACTED] at any time prior to 8:00 a.m. on the [REDACTED]. Such events include, without limitation, any series of events in the nature of force majeure. Should the [REDACTED] (for itself and on behalf of the [REDACTED]) and the Sole Sponsor exercise their rights and terminate the [REDACTED], the [REDACTED] will not proceed and will lapse.

We are a Cayman Islands company and, because judicial precedent regarding the rights of shareholders may be more limited under the laws of the Cayman Islands than other jurisdictions, you may have difficulties in protecting your shareholder rights

Our corporate affairs are governed by our Memorandum, our Articles, the Cayman Companies Act and common law of the Cayman Islands. The rights of shareholders to take legal action against our Directors and/or us, actions by minority shareholders and the fiduciary responsibilities of our Directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The laws of the Cayman Islands relating to the protection of the interests of minority shareholders may differ in some respects from those established under statutes and judicial precedent in existence in the jurisdictions where minority shareholders may be located. See "Appendix III — Summary of the Constitution of the Company and Cayman Islands Company Law" for a summary of the applicable Cayman Islands Company Law. As a result, remedies available to minority shareholders of our Company may be different from those they would have under the laws of other jurisdictions.

There can be no assurance of the accuracy or completeness of certain facts, forecasts and other statistics obtained from various government publications, market data providers and other independent third-party sources, including the industry reports, contained in this document

This document contains certain facts, statistics and data that have been derived from official government sources and publications and other sources. Our Company believes the sources of these facts and statistics are reliable and appropriate, and has no reason to believe that such information is false or misleading or is rendered so by any omission of facts. Our Company has taken reasonable care in extracting and reproducing such statistics and facts. However, there is no guarantee as to the quality or reliability of such information. The statistics and facts from these sources have not been prepared nor have they been independently verified by our Company, our Directors, the Sole Sponsor, the [REDACTED], the [REDACTED], the [REDACTED] and the [REDACTED] or any of their respective affiliates or advisers or any other party involved in the [REDACTED] and therefore, our Company makes no representation as to the accuracy or completeness of such facts, statistics, and data. Prospective investors should not place undue reliance on these facts and statistics. Due to possibly flawed or ineffective collection methods or discrepancies between published information, market practice and other problems, the statistics contained in this document may not be accurate or comparable to statistics produced in other publications or for other economies. There is no guarantee that they are stated or compiled on the same basis or with the same degree of accuracy as the case may be elsewhere. In any event, prospective investors should consider how much weight they should attach to such information when making their investment decisions in relation to our Shares.

You should not place any reliance on any information contained in press articles, research analysts' reports or other media regarding us and the [REDACTED]

You should not place any reliance on any information contained in press articles, reports of research analysts or other media regarding us and the [REDACTED]. There has been prior to the date of this document, and there may be, after the date of this document, press, media and research analyst coverage regarding us and the [REDACTED] which cited certain financial information, financial projections, valuations, and other information about us that do not appear in this document. We have not authorised the disclosure of any such information in the press or media. We do not accept any responsibility for any such press or media coverage, any research report or the accuracy or completeness of any such information. We make no representation as to the appropriateness, accuracy, completeness, or reliability of any such information or publication. To the extent that any such information is inconsistent or conflicts with the information contained in this document, we disclaim it. Accordingly, you should not rely on any such information.

Forward-looking statements contained in this document may not be accurate and hence prospective investors should not place undue reliance on such statements

This document contains certain forward-looking statements relating to our Company that are based on the beliefs of our Directors as well as assumptions based on the information currently available to them. When used in this document, the words "anticipate", "believe", "forecast", "estimate", "intend", "plan", "potential" and similar expressions, as they relate to our Directors, our Company, or our Group, are intended to identify forward-looking statements. Such statements reflect the current views of our Directors regarding future events, operations, liquidity, and capital resources. These statements are subject to certain known and unknown risks, uncertainties, and assumptions, including the other risk factors as described in this document, and may not materialise or may change. Prospective investors should not unduly rely on such forward-looking statements.