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T.S. Lines Limited
德翔海運有限公司
(Incorporated in Hong Kong with limited liability)
(Stock Code: 2510)

CONTINUING CONNECTED TRANSACTIONS REVISION OF ANNUAL CAPS FOR THE MASTER TSHK SLOT CHARTER AGREEMENT

Reference is made to the Prospectus in relation to, among others, the Master TSHK Slot Charter Agreement entered into between the Company (for itself and on behalf of its subsidiaries) and TEH Shipping on October 22, 2024, for the chartering of slots from TEH Shipping to the Company (or its subsidiaries) for a term commencing from November 1, 2024 to December 31, 2026.

On August 1, 2025, in view of the anticipated increase in the Group's demand for slot chartering, the Company entered into the Amendment Agreement with TEH Shipping to revise the existing annual caps for the years ending December 31, 2025 and December 31, 2026 under the Master TSHK Slot Charter Agreement. Save for the revision of the existing annual caps, all other terms and conditions (including the pricing policies) under the Master TSHK Slot Charter Agreement remain unchanged.

IMPLICATIONS UNDER THE LISTING RULES

TEH Shipping is a majority-controlled company (as defined in the Listing Rules) of Mr. Chen Teh-Sheng and his family members, namely Mrs. Chen Chuang Chuang-Li, Mr. Chen Shao-Hsiang and Ms. Chen I-Chi. As such, TEH Shipping is an associate of the aforesaid Controlling Shareholders and thus a connected person of the Company for the purpose of the Listing Rules. Accordingly, the transactions under the Master TSHK Slot Charter Agreement and the Amendment Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.54 of the Listing Rules, if the Company intends to revise the annual caps for continuing connected transactions, the Company will be required to re-comply with relevant provisions of Chapter 14A of the Listing Rules in respect of the relevant continuing connected transaction.

Since one or more of the applicable percentage ratios under Chapter 14A of the Listing Rules in respect of the revised annual caps under the Master TSHK Slot Charter Agreement as amended by the Amendment Agreement exceed 0.1% but all of them are less than 5%, the transactions under the Master TSHK Slot Charter Agreement as amended by the Amendment Agreement will constitute continuing connected transactions of the Company subject to the reporting, annual review and announcement requirements but is exempted from circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

Reference is made to the Prospectus in relation to, among others, the Master TSHK Slot Charter Agreement entered into between the Company (for itself and on behalf of its subsidiaries) and TEH Shipping on October 22, 2024, for the chartering of slots from TEH Shipping to the Company (or its subsidiaries) for a term commencing from November 1, 2024 to December 31, 2026.

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As disclosed in the Prospectus, the principal terms of the Master TSHK Slot Charter Agreement are as follows:

Date: October 22, 2024

Parties: (1) The Company (for itself and on behalf of its subsidiaries); and

(2) TEH Shipping

Term: From November 1, 2024 to December 31, 2026, which may be renewed as the parties may mutually agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations

Services: Chartering of slots from TEH Shipping to the Company (or its subsidiaries)

Pricing Policies: The charter fees under the individual slot charters entered into under the Master TSHK Slot Charter Agreement are calculated with reference to the standard charter hire index published in an industry report.

THE AMENDMENT AGREEMENT

Date: August 1, 2025 (after trading hours)

Parties: (1) The Company (for itself and on behalf of its subsidiaries); and

(2) TEH Shipping

Term: From August 1, 2025 to December 31, 2026, unless terminated earlier in accordance with the terms of the Master TSHK Slot Charter Agreement

Subject matter:

Pursuant to the Amendment Agreement, the existing annual caps for the years ending December 31, 2025 and December 31, 2026 are revised as follows:

For the year ending December 31, 2025 (US$)		For the year ending December 31, 2026 (US$)	
Existing annual cap	**Revised annual cap**	**Existing annual cap**	**Revised annual cap**
3,000,000	6,000,000	3,000,000	6,000,000

Save for the revision of the existing annual caps for the years ending December 31, 2025 and December 31, 2026, all other terms and conditions under the Master TSHK Slot Charter Agreement, including the annual cap for the year ended December 31, 2024, remain unchanged.

REASONS FOR AND BENEFITS OF THE SLOT CHARTERING UNDER THE MASTER TSHK SLOT CHARTER AGREEMENT

Historically, in line with normal market practice, the Group has been chartering slots from TEH Shipping to meet demands for shipments between Taiwan and destinations to which the Group do not operate any direct trade lanes from Taiwan (such as ports in India). "Slot chartering" refers to an arrangement under which one container shipping company contracts to use and pay for a certain amount of space on a vessel of another carrier for a particular period of time. For such purpose, the Group has been chartering slots from TEH Shipping for connecting trade lanes between Taiwan and certain ports in mainland China (such as Shekou) where shipments are able to be delivered onward to the relevant final destinations. For the same reason, the Company considers it beneficial for the Group to continue with such slot chartering arrangements as part of the Group's normal business operations, enabling the Group to maintain flexibility and competitiveness in its service offerings.

The increase in the revised annual caps for the years ending December 31, 2025 and December 31, 2026 is to ensure that the Group has sufficient capacity to meet anticipated business growth and customer requirements, given the increase in the transaction amounts from US$1,446,000 for the year ended December 31, 2023 to US$2,806,000 for the year ended December 31, 2024. The Company expects that the chartering fees to be incurred in the two years ending December 31, 2026 will remain at a similar level with the anticipated increase in business volume and demand for slot charters for different trade lanes.

HISTORICAL TRANSACTION AMOUNTS AND BASIS FOR THE REVISED ANNUAL CAPS

The revised annual caps for the years ending December 31, 2025 and December 31, 2026 have been determined with reference to, among others:

(i) the actual transaction amounts for the slot chartering services under the Master TSHK Slot Charter Agreement for the year 2024 of US$2,806,000 and for the period from 1 January 2025 up to June 30, 2025 of US$2,228,000;

(ii) the anticipated increase in business volume and demand for slot charters for different trade lanes, particularly in light of recent market developments and customer requirements in the sector, including the commencement of a new service route by the Group to the West Coast of the United States and Mexico, as well as the allocation of additional slot spaces to India, Pakistan, and the Middle East;

(iii) the corresponding expected requirements for slots for the years ending 31 December 2025 and 2026, and particularly, the increased need for slot spaces from TEH Shipping for the medium to long haul routes between Taiwan and the West Coast of the United States, Mexico, India, Pakistan, and the Middle East; and

(iv) a reasonable buffer to accommodate potential fluctuations in demand and charter rates.

The Directors (including the independent non-executive Directors) consider that the terms of the Master TSHK Slot Charter Agreement as amended by the Amendment Agreement, including the revised annual caps, are fair and reasonable, on normal commercial terms or better and in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole.

INTERNAL CONTROL MEASURES

The Company has established the following set of internal control measures to ensure that the transactions contemplated under the Master TSHK Slot Charter Agreement as amended by the Amendment Agreement are conducted in accordance with the terms, the pricing policies set out therein, and the requirements of the Listing Rules:

(i) the finance department of the Company will conduct regular and at least quarterly internal reviews and reporting of the actual transaction amounts incurred under the Master TSHK Slot Charter Agreement as amended by the Amendment Agreement;

(ii) the Company will appoint designated personnel from the relevant business and finance departments to monitor the utilization of the revised annual caps and the terms of the Master TSHK Slot Charter Agreement as amended by the Amendment Agreement on a quarterly basis. These personnel will report to senior management to ensure that any potential exceedance of the revised annual caps is identified in a timely manner and appropriate action is taken;

(iii) the Company will periodically review the terms offered by TEH Shipping and compare them with those offered by independent third-party service providers for similar slot chartering services, where available, to ensure that the relevant continuing connected transactions will be conducted on normal commercial terms and will not be prejudicial to the interests of the Company and the Shareholders as a whole. In particular, the Company will ensure that the charter fees under the individual slot charters entered into under the Master TSHK Slot Charter Agreement as amended by the Amendment Agreement are calculated with reference to the standard charter hire index published in an industry report;

(iv) the Company will engage its independent auditors to report on the transaction amounts at the end of each financial year. The independent auditors of the Company will conduct a review and confirm in the annual reports whether the transactions under the Amendment Agreement have been approved by the Board, are in compliance with the pricing policies and have not exceeded the relevant revised annual caps; and

(v) the independent non-executive Directors will also conduct a review on the transactions annually to confirm that they are conducted on normal commercial terms or better, are fair and reasonable, are in the interests of the Company and the Shareholders as a whole and are carried out pursuant to the terms of the transactions, and to ensure compliance with the Listing Rules.

The Directors consider that the internal control mechanism is effective to ensure that the transactions contemplated under the Master TSHK Slot Charter Agreement as amended by the Amendment Agreement will be conducted on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

GENERAL INFORMATION

The Company is an Asia Pacific Region focused container shipping company. The Group operates a container shipping network independently and also through arrangements with other carriers including joint services, slot exchange and slot chartering with particular emphasis on the Asia Pacific region. The Group also has a strong focus on and provide frequent services originating from the Greater Bay Area in China.

TEH Shipping is a company incorporated in Taiwan and is principally engaged in the provision of container shipping services with a focus on Cross-strait Trade Lanes between designated ports in mainland China and Taiwan. Cross-strait Trade Lanes refer the trade lanes for shipping directly between designated ports in mainland China on one hand and designated ports in Taiwan on the other hand as stipulated under the Measures on the Administration of Cross-strait Shipping Operation (《台灣海峽兩岸間航運管理辦法》) and Hong Kong is not one of such designated ports. TEH Shipping's business is geographically delineated from that of the Group, as it is licensed to operate Cross-strait Trade Lanes, which the Group is not permitted to operate under prevailing PRC regulatory requirements.

LISTING RULES IMPLICATIONS

TEH Shipping is a majority-controlled company (as defined in the Listing Rules) of Mr. Chen Teh-Sheng and his family members, namely Mrs. Chen Chuang Chuang-Li, Mr. Chen Shao-Hsiang and Ms. Chen I-Chi. As such, TEH Shipping is an associate of the aforesaid Controlling Shareholders and thus a connected person of the Company for the purpose of the Listing Rules. Accordingly, the transactions under the Master TSHK Slot Charter Agreement and the Amendment Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.54 of the Listing Rules, if the Company intends to revise the annual caps for continuing connected transactions, the Company will be required to re-comply with relevant provisions of Chapter 14A of the Listing Rules in respect of the relevant continuing connected transaction.

Since one or more of the applicable percentage ratios under Chapter 14A of the Listing Rules in respect of the revised annual caps under the Master TSHK Slot Charter Agreement as amended by the Amendment Agreement exceed 0.1% but all of them are less than 5%, the transactions under the Master TSHK Slot Charter Agreement as amended by the Amendment Agreement will constitute continuing connected transactions of the Company subject to the reporting, annual review and announcement requirements but is exempted from circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. Chen Teh-Shen, Mr. Chen Shao-Hsiang and Mrs. Chen Chuang Chuang-Li (each a Director) had abstained from voting on the Board resolutions concerning the Amendment Agreement and the revised annual caps. Save and except for the aforesaid, no other Director has any material interest in any of the transactions contemplated under the Amendment Agreement and is required to abstain from voting on the Board resolutions to approve the same.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

"Amendment Agreement"	the amended and restated agreement dated August 1, 2025 entered into between the Company and TEH Shipping to revise the Master TSHK Slot Charter Agreement, pursuant to which the Master TSHK Slot Charter Agreement shall be replaced and superseded by such agreement
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of Directors
"Chen Family Group"	Mr. Chen Teh-Sheng, Mrs. Chen Chuang Chuang-Li, Mr. Chen Shao-Hsiang and Ms. Chen I-Chi
"China" or "PRC"	the People's Republic of China
"Company"	T.S. Lines Limited (德翔海運有限公司), a company incorporated in Hong Kong with limited liability and the issued shares of which are listed on the main board of the Stock Exchange (stock code: 2510)
"connected person"	has the meaning ascribed to it under the Listing Rules
"Controlling Shareholders"	has the meaning ascribed to it under the Listing Rules, and unless the context otherwise requires, refers to Mr. Chen Teh-Sheng, Mrs. Chen Chuang Chuang-Li, Mr. Chen Shao-Hsiang and Ms. Chen I-Chi in this announcement
"Director(s)"	the director(s) of the Company
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"majority-controlled company"	has the meaning ascribed to it under the Listing Rules
"Master TSHK Slot Charter Agreement"	the agreement entered into between the Company and TEH Shipping on October 22, 2024 for the chartering of slots from TEH Shipping to the Company for a term commencing from November 1, 2024 to December 31, 2026
"Prospectus"	the prospectus of the Company for its global offering dated October 24, 2024

"Shareholder(s)"	holder(s) of the shares of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"TEH Shipping"	TEH Shipping Lines Co., Ltd. (德勝航運股份有限公司), a company limited by shares and incorporated in Taiwan and a company owned as to 88.4% by the Chen Family Group, and a connected person of the Company
"US$"	U.S. dollar(s), the lawful currency of the United States
"United States"	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia

By order of the Board
T.S. Lines Limited
Mr. Chen Teh-Sheng
Chairman of the Board, Chief Executive Officer and Executive Director

Hong Kong, August 1, 2025

As at the date of this announcement, the Board comprises, (i) Mr. Chen Teh-Sheng, Mr. Chen Shao-Hsiang, Mrs. Chen Chuang Chuang-Li, Mr. To Hung-Lin and Mr. Chow Hong Man as executive directors; and (ii) Mr. Wu Youn-Ger, Mr. Chang Shan-Hui and Mr. Yang Li-Yen as independent non-executive directors.