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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)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO CONTINUING CONNECTED TRANSACTIONS VESSEL CHARTERING FROM THE TEH GROUP

Reference is made to the announcement of the Company dated April 29, 2026, in relation to the entering into the New Master Vessel Charter Agreement for the Vessel Chartering, for a term commencing from May 1, 2026 to December 31, 2028 (the "**Announcement**"). Unless otherwise defined, capitalised terms used in this supplemental announcement shall have the same meanings as those defined in the Announcement.

Further to the details disclosed in the Announcement, the Company would like to provide further information in relation to (i) the basis of the determination of the annual caps; and (ii) the internal control procedures for monitoring the transactions contemplated under the New Master Vessel Charter Agreement.

DETERMINATION OF THE CHARTER FEES AND THE ANNUAL CAPS

As disclosed in the Announcement, the maximum charter fee amounts payable from the Group to the TEH Group were determined with reference to (i) the prevailing daily market rate for the comparable type of vessels based on the standard charter hire index published in industry reports (the "**Reports**") and the anticipated market rate movements; (ii) the anticipated business volume for different trade lanes; and (iii) the corresponding anticipated requirements of the Group for vessels to be chartered from the TEH Group for the three years ending December 31, 2026, 2027 and 2028.

The Reports refer to (i) the Monday Morning Container Briefing published by Braemar, an independent international provider of shipping and marine advisory services; and (ii) the Container Market Report published by Martini Chartering, an independent chartering broker. Both Reports are updated and published on a weekly basis, and disclose, among others, representative fixtures of vessels in different TEU. In determining the annual caps, the Company has made reference to, among others, the representative fixtures of vessels with similar TEU as the vessels contemplated to be chartered under the New Master Vessel Charter Agreement as published in the Reports.

Pursuant to HKFRS 16, in respect of each Vessel Chartering, the Company is required to recognize a right-of-use asset (which is measured at the present value of the total charter fee payable, discounted using the lessee's incremental borrowing rate) in respect of such charter fee payments for the term of that Vessel Chartering. By estimating the total amount of value of the right-of-use asset expected to be recognized by the Company as aforesaid, the Company proposes that the annual caps for the Vessel Chartering under the New Master Vessel Charter Agreement for the years ending December 31, 2026, 2027 and 2028 to be US$18,000,000 (equivalent to approximately HK$140,400,000), US$19,000,000 (equivalent to approximately HK$148,200,000) and US$19,000,000 (equivalent to approximately HK$148,200,000), respectively. The annual cap for the year ending December 31, 2026 has already taken into account the short term Vessel Chartering under the January Vessel Charter Agreement.

INTERNAL CONTROL PROCEDURES

The Group has adopted the following internal control measures and procedures for monitoring the transactions contemplated under the New Master Vessel Charter Agreement to ensure that such transactions will be conducted in accordance with the terms of the New Master Vessel Charter Agreement, on normal commercial terms and are fair and reasonable, and that the relevant annual caps will not be exceeded:

(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 New Master Vessel Charter Agreement;

(ii) the Company will designate personnel from the relevant business and finance departments to monitor the utilization of the annual caps and the terms of the New Master Vessel Charter Agreement on a quarterly basis. These personnel will report to senior management of the Company to ensure that any potential exceedance of the annual caps is identified in a timely manner and appropriate action is taken, including to consider the need to revise the annual caps;

(iii) the Company will review the terms offered by the TEH Group, whenever extension or renewal is required, by comparing them with those offered by at least two Independent Third Parties for similar vessel chartering service (including the size of the relevant vessels, charter period and market charter fees), 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 each separate vessel charter contract entered into under the New Master Vessel Charter Agreement are calculated with reference to the standard charter hire index published in the Reports, by checking the standard charter hire index available in the most recently published Reports prior to the entry into each separate vessel charter contract;

(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 New Master Vessel Charter Agreement have been approved by the Board, are in compliance with the pricing policies and have not exceeded the relevant 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 (including the independent non-executive Directors) consider that the above internal control measures and procedures are adequate and effective to ensure that the transactions contemplated under the New Master Vessel Charter Agreement will be conducted on normal commercial terms and are fair and reasonable, and that the relevant annual caps will not be exceeded.

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, May 11, 2026

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.

In this announcement, HK$ to US$ is calculated based on an exchange rate (for illustration purpose only) of 7.8:1.