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## **THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in LC Logistics, Inc., you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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**LC Logistics, Inc.**

**乐舱物流股份有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2490)**

### **MAJOR TRANSACTION NOVATION OF SHIPBUILDING AGREEMENTS**

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Capitalised terms on this cover page shall have the same meanings as those defined in “Definitions” in this circular, unless the context requires otherwise.

A letter from the Board is set out on pages 5 to 16 of this circular.

In lieu of holding a general meeting, the Company has obtained a written shareholders’ approval pursuant to Rule 14.44 of the Listing Rules for the Novation from Lecang Altitude Limited, Lecang Fantasy Limited, Glorious Sailing Limited, Lecang Shining Limited and Lecang Flourishing Limited, a closely allied group of Shareholders pursuant to the Acting in Concert Deed. This circular is being despatched to the Shareholders for information only.

26 July 2024

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## DEFINITIONS

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*In this circular, the following expressions have the following meanings unless the context indicates otherwise:*

“Acting in Concert Deed”	the acting in concert deed dated 15 October 2022 and executed by Mr. Xu Xin (許昕), Ms. Li Yan (李艷) and Ms. Liu Quanxiang (劉泉香), details of which have been disclosed in the Prospectus
“Aludra Oceanway”	Aludra Oceanway Limited, a corporation organized and existing under the laws of Liberia having its registered office at 80 Broad Street, Monrovia, Liberia
“Bal Container”	Bal Container Line Co., Limited, a company incorporated in Hong Kong with limited liability
“Board”	the board of directors of the Company
“China Shipbuilding”	China Shipbuilding Trading Co., Ltd. (中國船舶工業貿易有限公司), a corporation organized and existing under the laws of the PRC
“Company”	LC Logistics, Inc. (乐舱物流股份有限公司), an exempted company incorporated in the Cayman Islands with limited liability
“Conglomerate Maritime”	Conglomerate Maritime Limited S.A., a company incorporated and existing under the laws of Guernsey and having its registered office at Sarnia House, Le Truchot, St Peter Port, Guernsey
“connected person”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Heads of Agreements”	the two heads of agreements dated 3 July 2024, which are identical in all material respect, entered into among (i) Lehang Boundless, Shandong Lcang, Conglomerate Maritime and Laudine Oceanway; and (ii) Lehang Boundless, Shandong Lcang, Conglomerate Maritime and Aludra Oceanway, respectively, in relation to the Novation

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## DEFINITIONS

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“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Parties”	individual(s) or company(ies) which, to the best of our Directors’ knowledge, information, and belief, having made all reasonable enquiries, is/are independent of the Company and its connected persons
“Jiangnan Shipyard”	Jiangnan Shipyard (Group) Co., Ltd. (江南造船(集團)有限責任公司), a corporation organized and existing under the laws of the PRC
“Latest Practicable Date”	24 July 2024, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular
“Laudine Oceanway”	Laudine Oceanway Limited, a corporation organized and existing under the laws of Liberia having its registered office at 80 Broad Street, Monrovia, Liberia
“Lehang Boundless”	Lehang Boundless Logistics Limited, a corporation organized and existing under the laws of the British Virgin Islands
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MSC”	Mediterranean Shipping Company S.A., a company incorporated under the laws of Switzerland, which is principally engaged in global container shipping and logistics services
“Novation”	the novation of all rights and obligations under the Shipbuilding Agreements to Laudine Oceanway and Aludra Oceanway pursuant to the Novation Agreements
“Novation Agreements”	the two novation agreements dated 3 July 2024, which are identical in all material respect, entered into among (i) Lehang Boundless, Laudine Oceanway, Jiangnan Shipyard and China Shipbuilding; and (ii) Lehang Boundless, Aludra Oceanway, Jiangnan Shipyard and China Shipbuilding, respectively, in relation to the Novation

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## DEFINITIONS

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“PRC”	the People’s Republic of China, and for the purpose of this circular only, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Previous Novation Agreements”	the two novation agreements dated 28 June 2024, entered into among Bal Container, Lehang Boundless, Jiangnan Shipyard and China Shipbuilding in relation to the novation of all rights and obligations under the Shipbuilding Agreements to Lehang Boundless
“Prospectus”	the prospectus of the Company dated 13 September 2023
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shandong Lcang”	Shandong Lcang International Logistics Inc. Corp. Ltd (山東樂艙網國際物流股份有限公司), a company established in the PRC with limited liability
“Shareholder(s)”	shareholder(s) of the Company
“Shares”	ordinary shares of the Company
“Shipbuilding Agreement(s)”	the two shipbuilding agreements dated 10 June 2022, entered into among the Bal Container, China Shipbuilding and Jiangnan Shipyard in relation to the construction of the Vessels which were novated by the Previous Novation Agreements
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TEU(s)”	twenty-foot equivalent unit, a standard unit of measurement of the volume of a container with a length of 20 feet, height of eight feet six inches and width of eight feet
“US\$”	United States dollar, the lawful currency of the United States of America

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## DEFINITIONS

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“Vessels” the two large container vessels, with Hull No. H2789 and Hull No. H2790 respectively, each with a capacity of 14,000 TEUs under construction as contemplated under the Shipbuilding Agreements

“%” per cent

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## LETTER FROM THE BOARD

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**LC Logistics, Inc.**

**乐舱物流股份有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2490)**

*Executive Directors:*

Mr. Xu Xin  
Ms. Li Yan  
Ms. Zhu Jiali  
Mr. Yu Zhenrong

*Independent Non-executive Directors:*

Dr. Gu Lin  
Mr. Du Haibo  
Mr. Qi Yinliang

*Registered office:*

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman  
KY1-1111  
Cayman Islands

*Headquarters and principal place  
of business in the PRC:*

9/F, China Stone Building  
37 Hong Kong Middle Road  
Shinan District  
Qingdao, Shandong Province  
PRC

*Principal place of business  
in Hong Kong:*

31/F., Tower Two  
Times Square  
1 Matheson Street  
Causeway Bay  
Hong Kong

26 July 2024

*To the Shareholders,*

Dear Sir or Madam,

### **MAJOR TRANSACTION NOVATION OF SHIPBUILDING AGREEMENTS**

#### **INTRODUCTION**

Reference is made to the announcement of the Company dated 3 July 2024 in relation to the Novation. Due to the reason disclosed in the section headed “Reasons for and Benefits of the Novation”, on 3 July 2024, Lehang Boundless, a wholly-owned subsidiary of the Company (as the original buyer under the Shipbuilding Agreements), Shandong Lcang (as the original performance guarantor under the Shipbuilding Agreements) and Conglomerate Maritime (as

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## LETTER FROM THE BOARD

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the proposed new performance guarantor to substitute for Shandong Lcang in the Shipbuilding Agreements) have separately entered into the Heads of Agreements with Laudine Oceanway (as the proposed new buyer to substitute for Lehang Boundless in the Shipbuilding Agreement for the Vessel with Hull No. H2789) and Aludra Oceanway (as the proposed new buyer to substitute for Lehang Boundless in the Shipbuilding Agreement for the Vessel with Hull No. H2790), pursuant to which, Lehang Boundless shall novate the Shipbuilding Agreements to Laudine Oceanway and Aludra Oceanway respectively pursuant to the Novation Agreements while Laudine Oceanway and Aludra Oceanway shall pay to Lehang Boundless a consideration in the aggregate amount of US\$133.3 million (each of Laudine Oceanway and Aludra Oceanway shall pay US\$66.65 million).

In light of the Heads of Agreements, on the same date, Lehang Boundless, Jiangnan Shipyard and China Shipbuilding have separately entered into the Novation Agreements with Laudine Oceanway (as the proposed new buyer to substitute for Lehang Boundless in the Shipbuilding Agreement for the Vessel with Hull No. H2789) and Aludra Oceanway (as the proposed new buyer to substitute for Lehang Boundless in the Shipbuilding Agreement for the Vessel with Hull No. H2790), pursuant to which, Laudine Oceanway and Aludra Oceanway shall be substituted in place of Lehang Boundless and take over all rights, responsibilities and liabilities of Lehang Boundless under the respective Shipbuilding Agreement.

As the Group is more familiar with the construction status of the Vessels, on 3 July 2024, Laudine Oceanway and Aludra Oceanway has separately entered into a shipbuilding supervision agreement with Bal Container, pursuant to which, Bal Container has been appointed by Laudine Oceanway and Aludra Oceanway as their representative to act on their behalf in respect of certain articles in Shipbuilding Agreements (as novated by the Novation Agreements) including overseeing duly performance of the counterparties and following up the construction and delivery of the Vessels until the duly delivery of the Vessels by Jiangnan Shipyard and China Shipbuilding.

### HEADS OF AGREEMENTS

The principal terms of the Heads of Agreements are identical in all material respect, which are summarized as follows:

<b>Date:</b>	3 July 2024
<b>Parties:</b>	Lehang Boundless (as the original buyer under the Shipbuilding Agreements)
	Shandong Lcang (as the original performance guarantor under the Shipbuilding Agreements)



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## LETTER FROM THE BOARD

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Laudine Oceanway (as the proposed new buyer to substitute for Lehang Boundless in the Shipbuilding Agreement for the Vessel with Hull No. H2789) and Aludra Oceanway (as the proposed new buyer to substitute for Lehang Boundless in the Shipbuilding Agreement for the Vessel with Hull No. H2790)

Conglomerate Maritime (as the proposed new performance guarantor to substitute for Shandong Lcang in the Shipbuilding Agreements)

**Subject Matter:** Pursuant to the Heads of Agreements, Lehang Boundless shall novate the Shipbuilding Agreements to Laudine Oceanway and Aludra Oceanway respectively pursuant to the Novation Agreements while Laudine Oceanway and Aludra Oceanway shall pay to Lehang Boundless a consideration in the aggregate amount of US\$133.3 million (each of Laudine Oceanway and Aludra Oceanway shall pay US\$66.65 million)

**Purchase Price:** Laudine Oceanway and Aludra Oceanway shall pay US\$330 million in aggregate for the Vessels which is distributed as follows:

- (i) US\$133.3 million in aggregate shall be paid to Lehang Boundless as the novation consideration (the “**Novation Consideration**”) for the Vessels, which shall be remitted into the bank account designated by Lehang Boundless within one banking day after the conditions precedent indicated below are satisfied;
- (ii) The remaining US\$196.7 million in aggregate shall be paid to Jiangnan Shipyard and China Shipbuilding (who are the shipbuilder and seller under the Shipbuilding Agreements) pursuant to the Shipbuilding Agreements (as novated by the Novation Agreements).

Conglomerate Maritime shall warrant to pay the Novation Consideration on behalf of Laudine Oceanway and Aludra Oceanway. The above mentioned purchase price shall not include any extra costs under the Shipbuilding Agreements.

**Buyer-Furnished Equipment:** The Group has ordered certain equipment (the “**Equipment**”) from suppliers who are Independent Third Parties which are to be assembled on the Vessels. Laudine Oceanway and Aludra Oceanway have agreed to pay the cost of the Group for ordering the Equipment being approximately US\$3.3 million (each of Laudine Oceanway and Aludra Oceanway shall pay approximately US\$1.65 million) upon one banking day after delivery of the Vessels.

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## LETTER FROM THE BOARD

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**Conditions Precedent:** The payment of Novation Consideration and the respective obligations of the parties to the Heads of Agreements are conditional upon the following conditions precedent being satisfied or expressly waived by the parties:

- (i) the execution of the Heads of Agreements;
- (ii) the due execution and effectiveness of the Novation Agreements; and
- (iii) the receipt by Laudine Oceanway (or Aludra Oceanway, where applicable) of effective refund guarantee provided by the refund guarantor designated by Jiangnan Shipyard and China Shipbuilding under the Shipbuilding Agreements for the purpose of guaranteeing the refund of the instalments paid or to be paid for the purchase of the Vessels pursuant to the Shipbuilding Agreements.

As at the Latest Practicable Date, condition (i) has been fulfilled. To the best knowledge of the Directors and having made all reasonable enquiries and as at the Latest Practicable Date, the parties to the Heads of Agreements did not intend to waive any of the conditions precedent above. It is expected that the Heads of Agreements will be completed by 31 July 2024.

**Long Stop Date:** If the Novation Agreements shall not be duly executed prior to 31 August 2024, the Heads of Agreements shall become null and void and none of the parties shall have any kinds of claims against or any kinds of liabilities to the others.

### NOVATION AGREEMENTS

The principal terms of the Novation Agreements are identical in all material respect, which are summarized as follows:

**Date:** 3 July 2024

**Parties:** Lehang Boundless (as original buyer under the Shipbuilding Agreements)

Laudine Oceanway (as the proposed new buyer to substitute for Lehang Boundless in the Shipbuilding Agreement for the Vessel with Hull No. H2789) and Aludra Oceanway (as the proposed new buyer to substitute for Lehang Boundless in the Shipbuilding Agreement for the Vessel with Hull No. H2790)

Jiangnan Shipyard (as shipbuilder under the Shipbuilding Agreements)

China Shipbuilding (as seller under the Shipbuilding Agreements)

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## LETTER FROM THE BOARD

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**Subject**  
**Matter:** Pursuant to the Novation Agreements, Laudine Oceanway and Aludra Oceanway shall be substituted in place of Lehang Boundless and take over all rights, responsibilities and liabilities of Lehang Boundless under the respective Shipbuilding Agreement. Jiangnan Shipyard and China Shipbuilding agree that the first two instalments in the amount of US\$84.3 million for the Vessels paid by Bal Container (which were treated as being paid by Lehang Boundless pursuant to the Previous Novation Agreements) under the Shipbuilding Agreements shall be deemed as being paid by Laudine Oceanway and Aludra Oceanway. Remaining balance for the construction of the Vessels under the Shipbuilding Agreements together with any other costs and expenses shall be borne by Laudine Oceanway and Aludra Oceanway respectively.

In light of the Novation, the original performance guarantor, Shandong Lcang shall be unconditionally and irrevocably fully released from the performance guarantee in favour of Lehang Boundless while Conglomerate Maritime shall unconditionally and irrevocably guarantee the due and punctual performance (the “**Performance Guarantee**”) of Laudine Oceanway (or Aludra Oceanway, where applicable) under the Shipbuilding Agreements.

**Effectiveness:** The Novation Agreements shall only become effective upon the satisfaction of the following conditions:

- (i) duly execution of the Novation Agreements by all of the parties thereto;
- (ii) the refund guarantor (the “**Refund Guarantor**”) designated by Jiangnan Shipyard and China Shipbuilding under the Shipbuilding Agreements for the purpose of guaranteeing the refund of the instalments (the “**Refund Guarantee**”) paid by Bal Container (which were treated as being paid by Lehang Boundless pursuant to the Previous Novation Agreements) or to be paid by the purchaser of the Vessels shall receive the notice of Novation sent by Lehang Boundless and Laudine Oceanway (or Aludra Oceanway, where applicable);
- (iii) the Refund Guarantor shall provide a new Refund Guarantee in favour of Laudine Oceanway (or Aludra Oceanway, where applicable); and
- (iv) Jiangnan Shipyard and China Shipbuilding shall receive the Performance Guarantee from Conglomerate Maritime in favour of Laudine Oceanway (or Aludra Oceanway, where applicable).

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## LETTER FROM THE BOARD

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If, due to any reason whatsoever, any of the aforesaid conditions fail to be fulfilled on or by 4:00 p.m. of 31 August 2024 (Beijing time), the Novation Agreements shall become null and void and shall have no effect whatsoever and no party shall be liable to the other for any loss or damage (if any) whether under the Novation Agreements or under any applicable law.

As at the Latest Practicable Date, condition (i) has been fulfilled. To the best knowledge of the Directors and having made all reasonable enquiries and as at the Latest Practicable Date, the parties to the Novation Agreements did not intend to waive any of the conditions precedent above. It is expected that the Novation Agreements will be completed by 31 July 2024.

### SHIPBUILDING AGREEMENTS

The principal terms of the Shipbuilding Agreements are as follows:

Scope of the service:	Jiangnan Shipyard (as shipbuilder) and China Shipbuilding (as seller) shall build, launch, equip and complete the Vessels with specifications as fully described in the Shipbuilding Agreements, and sell and deliver to Lehang Boundless (as buyer) the Vessels after their completion and trial.
Responsibilities of the shipbuilder and seller:	The Vessels shall be constructed in accordance with the rules and regulations issued, having become effective and compulsorily applicable to the Vessels up to and on the signing date of the Shipbuilding Agreements, by Lloyd's Register and in compliance with the rules and regulations as fully described in the specifications in the Shipbuilding Agreement.
Responsibilities of Lehang Boundless:	Lehang Boundless agrees to purchase and take delivery of the aforesaid Vessels from Jiangnan Shipyard and China Shipbuilding at a price as stipulated in the Shipbuilding Agreements.
Registration of the vessel:	The Vessels shall be registered by Lehang Boundless at its own cost and expenses at the time of delivery and acceptance thereof.

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## LETTER FROM THE BOARD

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**Payment:** Lehang Boundless shall pay the price for the Vessels to Jiangnan Shipyard and China Shipbuilding in four instalments. As at the Latest Practicable Date, Bal Container had paid a total of US\$84.3 million for the purchase of the Vessels (which were treated as being paid by Lehang Boundless pursuant to the Previous Novation Agreements), representing the first two instalments under the Shipbuilding Agreements (i.e. 30% of the Vessels price).

The remaining third Instalment of 10% of the price shall be paid within three banking days after keel-laying of the first section of the Vessels; and the fourth and last instalment of 60% of the price to be paid concurrently with delivery of the Vessels.

**Delivery:** The Vessels shall be delivered safely afloat by Jiangnan Shipyard and China Shipbuilding to Lehang Boundless at Jiangnan Shipyard's shipyard pursuant to the Shipbuilding Agreements.

**Cancelation and rescission by Lehang Boundless:** Lehang Boundless is entitled to exercise its right of cancelation and/or rescission under and pursuant to the provisions of the Shipbuilding Agreements, and shall notify the Jiangnan Shipyard and China Shipbuilding by telefax or email. In particular, Lehang Boundless may cancel or rescind the Shipbuilding Agreements if (i) there is a deficiency in the actual speed of the Vessels that is more than 1 knot below the guaranteed speed of 22 knots; (ii) the actual fuel consumption of the main engine of the Vessels is more than 10% in excess of the guaranteed fuel consumption, i.e., the fuel consumption exceeds 169.29 grams/kW; (iii) there is a deficiency in the Vessels' actual deadweight that exceeds 2,500 metric tons below the guaranteed deadweight of 155,000 metric tons at set conditions; (iv) there is a deficiency in capacity for containers that is 280 TEU containers or more; or (v) there have been excessive delays as stipulated in the Shipbuilding Agreement in delivery of the Vessels.

For further details of the Shipbuilding Agreements, please refer to the section headed "Business" in the Prospectus.

### SHIPBUILDING SUPERVISION

As the Group is more familiar with the construction status of the Vessels, on 3 July 2024, Laudine Oceanway and Aludra Oceanway has separately entered into a shipbuilding supervision agreement with Bal Container, pursuant to which, Bal Container has been appointed by Laudine Oceanway and Aludra Oceanway as their representative to act on their behalf in respect of certain articles in Shipbuilding Agreements (as novated by the Novation Agreements) including overseeing duly performance of the counterparties and following up the construction and delivery of the Vessels until the duly delivery of the Vessels by Jiangnan Shipyard and China Shipbuilding.

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## LETTER FROM THE BOARD

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### THE NOVATION CONSIDERATION

The Novation Consideration being US\$133.3 million in aggregate was determined after arms' length negotiation between Lehang Boundless and MSC (the ultimate beneficial controller of Laudine Oceanway and Aludra Oceanway) with reference to (i) the amount of US\$84.3 million paid by Bal Container for the purchase of the Vessels (which were treated as being paid by Lehang Boundless pursuant to the Previous Novation Agreements), representing the first two instalments under the Shipbuilding Agreements (i.e. 30% of the Vessels price); (ii) the valuation of the Vessels being approximately US\$326.9 million in aggregate as at 26 June 2025 (being the expected delivery date for the Vessels) valued by Shanghai Gillion Assets Appraisal Co., Ltd., an independent valuer by using the cost approach; and (iii) the market intelligence gathered by the Company from shipbrokers and its own analysis of recently concluded sale and purchase transactions of vessels of comparable size in the market.

Shanghai Gillion Assets Appraisal Co., Ltd. is a professional appraisal institution approved by Shanghai State Owned Assets Management Office since 1996 and holds an appraisal qualification certificate issued by the Bureau of Finance of Shanghai. It has the qualifications for various appraisal including but not limited to enterprise appraisal, real estate appraisal, intangible assets appraisal, machinery and equipment appraisal.

The market intelligence mentioned above are gathered by the Company from market reports (the “**Market Reports**”) issued from time to time by prestigious shipbrokers with worldwide presence including Clarkson and MB Shipbrokers. The Company has referred to the recent containership newbuilding price assessment data in the Market Reports, according to which, during April 2024 to May 2024, the worldwide newbuilding price for containership with a size of 13,000 TEU to 15,000 TEU are ranging from US\$148.5 million to US\$155 million (the “**Comparable Quotations**”).

The Novation Consideration of US\$133.3 million represents the difference between the valuation of the Vessels being approximately US\$326.9 million (which represents a premium as compared with the Comparable Quotations) and the original purchase prices for the Vessels being US\$281 million as contemplated under the Shipbuilding Agreements plus the amount of US\$84.3 million paid by Bal Container and the administrative expenses for the Novation.

### THE TWO VESSELS

As the Vessels are still under construction pursuant to the Shipbuilding Agreements, no net profits were attributable to the Vessels. The unaudited net book value of the Vessels as at 30 June 2024 was US\$84.3 million, which is equivalent to the first two instalments paid by Bal Container to Jiangnan Shipyard and China Shipbuilding pursuant to the Shipbuilding Agreements as at the Latest Practicable Date (which were treated as being paid by Lehang Boundless pursuant to the Previous Novation Agreements).

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## LETTER FROM THE BOARD

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### REASONS FOR AND BENEFITS OF THE NOVATION

The Group is an integrated cross-border seaborne logistics service provider in the PRC. After considering the cost paid by the Group for the construction of the Vessels and the Novation Consideration, the Company is of the view that the Novation represents a great opportunity for the Group to realize the value of the Vessels in advance which is expected to bring a net income of approximately US\$48.5 million. Such income will supplement the cash flow of the Group, further enhance its financial stability and bring significant financial gains to the Group.

Considering the factors set out in sections headed “The Novation Consideration” and “Reasons for and Benefits of the Novation” above, the Board considers the terms of the the Heads of Agreements and Novation Agreements are fair and reasonable and in the interest of the Shareholders as a whole.

### FINANCIAL EFFECT OF THE NOVATION AND THE INTENDED USE OF PROCEEDS

Based on the unaudited net book value of the Vessels as at 30 June 2024 being US\$84.3 million, the Group would realize a book gain of approximately US\$48.5 million for the Novation (after deducting the administrative expenses) which is the difference between the Novation Consideration being US\$133.3 million in aggregate and the unaudited net book value of the Vessels as at 30 June 2024 being US\$84.3 million. It is expected that upon completion of the Novation, non-current portion of prepayments and other receivables are going to decrease of RMB572,405,000, while cash and bank balance are going to increase of RMB926,705,000 after taking into account the current exchange ratio between RMB and US\$. The current ratio (calculated based on the current assets divided by current liabilities) of the Group would be increased after the Novation.

The Group intends to use the proceeds for the expansion of current business of the Group including investments related to high quality assets and the supplement of working capital of the Group. The Company is actively looking for direct and/or indirect investment opportunity to optimize its industrial layout. The targets shall include container leasing companies, warehouses in the United States of America, vessels management companies in Singapore, multi-purpose vessel assets and other investment opportunities, through direct and/or indirect investment in which, the Group will be able to strengthen its capacity in the global logistic chain, improve the efficiency of warehousing and delivery and expand the Group’s service scope. The Company is currently conducting negotiation on a joint venture which may conduct investments (the “**Investments**”) related to container leasing, warehouse and/or vessels management industry and no legally binding agreement or undertaking which is required to be disclosed pursuant to the Listing Rules or applicable law has been entered into by the Group as at the Latest Practicable Date. As the negotiation is still at the preliminary stage, it is not practicable to estimate the expected timeline for the Group’s substantial commitment in the joint venture or when the joint venture may conduct any Investments and the above may or may not be proceeded after further negotiation. The Company confirms that it will comply with the Listing Rules requirements upon any commitment in the joint venture which triggers the announcement and/or shareholders’ approval requirements under Chapter 14 of the Listing



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## LETTER FROM THE BOARD

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Rules. Save as disclosed above, as at the Latest Practicable Date, the Company has not entered into any arrangement, agreement, undertaking and negotiation for any acquisition and/or disposal. As at the Latest Practicable Date, except for the preliminary negotiation for the Investment, the Company has not formulated any solid plan for any potential acquisition or investment, thus it is not practicable to estimate an expected timeline for the use of proceeds. The proceeds from the Novation will be allocated flexibly between the direct and/or indirect investments related to high quality assets and the supplement of working capital of the Group after considering (i) the size of potential investments (if any); (ii) the availability of opportunities in the market; and (iii) the actual business needs of the Group. The Company confirms it will apply proceeds from the Novation in a prudent way which shall maximize the interests of the Shareholders and the Company as a whole.

### **INFORMATION ON THE GROUP AND THE PARTIES TO THE HEADS OF AGREEMENTS AND NOVATION AGREEMENTS**

#### **Information on the Group, Shandong Lcang, Bal Container and Lehang Boundless**

The Group is an integrated cross-border seaborne logistics service provider in the PRC, the Shares of which are listed on the Main Board of the Stock Exchange.

Shandong Lcang is a company established in the PRC with limited liability and is principally engaged in the provision of cross-border transportation services. Shandong Lcang is an approximately 99%-owned subsidiary of the Company and the remaining approximately 1% equity interests of Shandong Lcang is indirectly held by 40 shareholders, each of whom is an Independent Third Party save for Mr. Zhao Chengbin (趙成斌) who is uncle-in-law of Ms. Zhu Jiali (an executive Director) and indirectly held less than 0.5% of the total equity interests of Shandong Lcang as at the Latest Practicable Date. Bal Container is a company incorporated in Hong Kong with limited liability and is principally engaged in the provision of cross-border transportation services. Bal Container is indirectly wholly-owned by Shandong Lcang.

Lehang Boundless is a corporation organized and existing under the laws of the British Virgin Islands and is principally engaged in the provision of cross-border transportation services. As at the Latest Practicable Date, Lehang Boundless is a wholly-owned subsidiary of the Company.

#### **Information on MSC, Laudine Oceanway, Aludra Oceanway and Conglomerate Maritime**

MSC is a company incorporated under the laws of Switzerland which is a privately-owned organization driven by the Aponte family and it is principally engaged in global container shipping and logistics services.

Laudine Oceanway is a corporation organized and existing under the laws of Liberia having its registered office at 80 Broad Street, Monrovia, Liberia and is principally engaged in holding vessels for global container shipping and logistics services. Laudine Oceanway is ultimately beneficially-controlled by MSC.



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## LETTER FROM THE BOARD

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Aludra Oceanway is a corporation organized and existing under the laws of Liberia having its registered office at 80 Broad Street, Monrovia, Liberia and is principally engaged in holding vessels for global container shipping and logistics services. Aludra Oceanway is ultimately beneficially-controlled by MSC.

Conglomerate Maritime is a company incorporated and existing under the laws of Guernsey and having its registered office at Sarnia House, Le Truchot, St Peter Port, Guernsey and is principally engaged in ships production, repairing, and other services. Conglomerate Maritime is ultimately beneficially-controlled by MSC.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, MSC, Laudine Oceanway, Aludra Oceanway and Conglomerate Maritime and their ultimate beneficial owners are third parties independent of the Company and its connected persons.

### **Information on China Shipbuilding and Jiangnan Shipyard**

China Shipbuilding is a corporation organized and existing under the laws of the PRC and is principally engaged in the trading of ships and related equipment. China Shipbuilding is indirectly wholly-owned by State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會) in the PRC.

Jiangnan Shipyard is a corporation organized and existing under the laws of the PRC and is principally engaged in the construction of ships. Jiangnan Shipyard is a wholly-owned subsidiary of China CSSC Holdings Limited (中國船舶工業股份有限公司), a company listed on Shanghai Stock Exchange (Stock Code: 600150).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, China Shipbuilding, Jiangnan Shipyard and their ultimate beneficial owners are third parties independent of the Company and its connected persons.

### **IMPLICATIONS UNDER THE LISTING RULES**

The Novation will constitute a disposal of the Vessels by the Group. As one or more of the applicable percentage ratios in respect of the Novation exceeds 25% but all of which are less than 75%, the Novation constitutes a major disposal for the Company and is subject to the reporting and announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, no shareholder of the Company is required to abstain from voting if the Company were to convene and hold a general meeting for the approval of the Novation. In lieu of holding a general meeting, the Company has obtained a written shareholders' approval pursuant to Rule 14.44 of the Listing Rules for the Novation from Lecang Altitude Limited (holding 75,896,322 Shares), Lecang Fantasy Limited (holding 8,495,790 Shares), Glorious Sailing Limited

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## LETTER FROM THE BOARD

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(holding 30,252,600 Shares), Lecang Shining Limited (holding 19,616,322 Shares) and Lecang Flourishing Limited (holding 24,292,260 Shares), a closely allied group of Shareholders pursuant to the Acting in Concert Deed, who together directly holds 158,553,294 Shares, representing approximately 55.39% of the entire issued share capital of the Company.

As stated in the preceding paragraphs, the Directors consider that the terms of the Heads of Agreements and Novation Agreements are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Although a general meeting would not be convened by the Company to approve the Novation, if such a general meeting were to be convened by the Company, the Board would recommend the Shareholders to vote in favour of the resolution to approve the Novation.

Your attention is also drawn to the appendix to this circular.

Yours faithfully,  
By order of the Board  
**LC Logistics, Inc.**  
**Mr. Xu Xin**  
*Chairman of the Board*

**(1) FINANCIAL INFORMATION OF THE GROUP**

Financial information of the Group for each of the three financial years ended 31 December 2021, 2022 and 2023 are disclosed in the following documents which have been published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<https://www.lcang.com/>):

- Prospectus of the Company (pages I-1 to I-87) <https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0913/2023091300017.pdf>
- Annual report of the Company for the year ended 31 December 2023 (pages 100 to 190) <https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0423/2024042301216.pdf>

**(2) INDEBTEDNESS**

As at the close of business on 31 May 2024, being the latest practicable date for the purpose of this indebtedness statement, (i) the Group had outstanding interest-bearing bank borrowings of RMB10,000,000 which were guaranteed by a non-controlling shareholder of a subsidiary and independent third parties, and other borrowings of approximately RMB16,424,000 which were secured by mortgages over the container vessels with a net carrying amount of approximately RMB33,397,000; (ii) the Group had outstanding lease liabilities of approximately RMB95,664,000, and the lease liabilities represent the present value of outstanding lease payments under the lease agreements; (iii) the Group did not have any contingent liabilities.

Save as aforesaid, and apart from intra-group liabilities and normal trade payables in the ordinary course of business, at the close of business on 31 May 2024, the Group did not have any material outstanding mortgages, charges, debentures or other loan capital or bank overdrafts or loans or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptance (other than normal trade bills) or acceptance credits, debt securities, guarantees or other material contingent liabilities.

**(3) FINANCIAL AND TRADING PROSPECTS**

The Group continues to operate in the cross-border logistics service and ship leasing sectors, maintaining and operating a fleet of vessels throughout the current fiscal year. The Board expects that, with the available cash on hand, and accessible credit facilities, the Group possesses sufficient financial resources to meet its commitments and working capital requirements. However, the Group recognizes certain special trade factors and risks that may impact its financial and operational performance. These include fluctuations in global trade volumes, changes in international shipping regulations, and volatility in fuel prices, which could affect operating costs and profitability. Additionally, geopolitical tensions and economic uncertainties in key markets pose potential challenges to trade flows and demand for logistics

services. To mitigate these risks, the Group is actively monitoring market conditions and adjusting its strategies accordingly. The Board remains confident in the Group's ability to navigate these challenges and capitalize on opportunities to ensure sustained growth and financial stability in the upcoming fiscal period.

**(4) WORKING CAPITAL**

The Directors are of the opinion that after taking into account its internal resources, the existing available credit facilities, the indebtedness statement of the Group as set out in the section headed "(2) INDEBTEDNESS" above and the Novation, the Group has sufficient working capital for its present requirements for the next twelve-month period from date of this circular.

The Company has obtained a letter from its auditor confirming the statement above has been made by the Directors after due and careful enquiry.

**Appraisal report of value after completion of two ships under construction  
(The Jiangnan Shipyard number is HULL NO. 2789 and HULL NO. 2790)  
of BAL Container Line Co., Limited for transference Text  
HJLPBZ (2024) No. 1063**

BAL Container Line Co., Limited.:

In accordance with the relevant laws, administrative regulations and asset appraisal standards, adhere to the principle of independence, objectivity and justice, adopt the cost approach, in accordance with the necessary appraisal procedures, involving two ships under construction (Jiangnan shipyard number is HULL NO. 2789 and HULL NO. 2790) The market value after completion was assessed. The asset appraisal situation is now reported as follows:

**I. INTRODUCTION TO THE CLIENT, PROPERTY RIGHT HOLDERS AND OTHER USERS OF APPRAISAL REPORT APPOINTED IN ENGAGEMENT LETTER**

**(1) Client**

Name: BAL Container Line Co., Limited

Registration place: Hong Kong, China

Registration Certificate No.: 60222474-000-08-23-0

**(2) Property right holders**

According to the purchase contract and progress payment voucher provided by BAL Container Line Co., Limited., the property holder is confirmed as BAL Container Line Co., Limited.

**(3) Other Users of the Report Designated in the Engagement Letter**

There is not any user other than those provided for in pertinent laws and regulations to the economic behaviors.

**II. PURPOSE OF ASSET APPRAISAL**

BAL Container Line Co., Limited. intends to transfer two ships under construction (Jiangnan Shipyard number is HULL NO. 2789 and HULL NO. 2790), entrusted Shanghai Gillion Assets Appraisal Co., Ltd. to estimate the value of the two ships involved in the economic behavior under construction, and expressed professional opinions.

### III. TARGET AND SCOPE OF APPRAISAL

The target of this appraisal is the value of the two ships built by Jiangnan shipyard after completion; the scope of appraisal is the two 14000 TEU container ships to be transferred (Jiangnan Shipyard number is HULL NO. 2789 and HULL NO. 2790), as of the date of this report, the estimated net book value of the two ships is a total of US \$84.30 million based on the construction schedule agreed in the contract.

The relevant construction parameters of the two ships are as follows:

<b>project</b>	<b>parameter</b>
Ship type	container ship
manufacturer	Jiangnan Shipyard
Principal Dimensions	abt. 335m × 51m × 30m
designed draft	Approximately 117,700 metric tons
scantling draft	About 155,000 metric tons
Material	steel
Service Speed	22.0 knots
Main Engine type	WinGD 8X92-B LLT, LPSCR
Continuous service rating	37,800kW × 74.0RPM
Side Thruster	Tunnel type, with a capacity of approx. 3,000 kW
Auxiliary Engine	3,800 kW x 2 sets, 4,300 kW x 2 sets
Lifeboat with Equipment	Lifeboats, life rafts, life buoy

Construction of the two ships began on 15 March 2024 and 10 May 2024 respectively, and are currently under construction at Jiangnan Shipyard. The planned construction progress is shown in the following table:

<b>Hull No./stage</b>	<b>Steel Cutting</b>	<b>Keel Laying</b>	<b>Launching</b>	<b>Sea Trials</b>	<b>Estimated Delivery</b>
H2789	2024/3/15	2024/10/10	2025/1/20	2025/4/10	2025/5/8
H2790	2024/5/10	2024/12/6	2025/3/28	2025/5/29	2025/6/26

The aforementioned targets and scope of appraisal are the same as the targets and scope of appraisal involved in economic behaviors.

### IV. TYPE AND DEFINITION OF VALUE

Type of value and definition: according to the purposes of this appraisal, the type of value with respect to the appraisal is of market value. Market value refers to an estimated value of the target of appraisal for normal fair trade on the appraisal date provided that both willing buyer and willing seller act rationally, without any force.

This type of value is adopted for the appraisal mainly on the basis of appraisal purposes, market conditions, assumptions and conditions of the appraisal target, etc. It's important to note that the values of the same asset in different markets will be different.

## **V. APPRAISAL DATE**

Considering accounting period and other factors, it is agreed between the asset appraisal agency and Client that the appraisal date is fixed on June 26, 2025 according to asset's specific conditions, in order to exactly reflect the fair value of the appraisal target, facilitate smooth realization of the purposes of this appraisal and approach the finishing date of the appraisal purposes as far as possible.

During the period around the determined appraisal date, there is not any major change in both international and domestic markets, prices for various commodities, means of production and laborers are relatively stable and the exchange rates of RMB against foreign currencies are within normal range of fluctuation; therefore, determination on the appraisal date will not result in material effects on the appraisal conclusions due to changes in different market prices and time.

All pricing standards, interests, exchange rates and tax rates adopted in this appraisal are those in effect on the appraisal date.

## **VI. BASES FOR REFERENCE**

### **(1) Basis of laws and regulations**

1. Asset Appraisal Law of the People's Republic of China (Order of the President of the People's Republic of China promulgated in 2016)
2. The Company Law of the People's Republic of China (Revised by Order No. 15 of the President of the People's Republic of China in 2018)
3. The Civil Code of the People's Republic of China (Order No. 45 of the President of the People's Republic of China on October 15, 2020)
4. Other pertinent laws and regulations.

### **(2) Bases of appraisal standards**

1. The basic Standards for Asset Appraisal (Capital (2017) No. 43)
2. The Assets Appraisal Professional Ethics Standards (China Appraisal Association (2017) No. 30)

3. The Assets Appraisal Standards-Asset Appraisal Procedures (China Appraisal Association (2018) No. 36)
4. The Assets Appraisal Standards-Asset Appraisal Report (China Appraisal Association (2018) No. 35)
5. The Assets Appraisal Standards-Asset Appraisal Entrustment Contract (China Appraisal Association (2017) No. 33)
6. The Assets Appraisal Standards-Asset Appraisal Archives (China Appraisal Association (2018) No. 37)
7. The Assets Appraisal Standards-Machinery and Equipment (China Appraisal Association (2017) No. 39)
8. The Assets Appraisal Standards-Asset Appraisal Method (China Appraisal Association (2019) No. 35)
9. The Guiding Opinions for Types of Value under Asset Appraisal (China Appraisal Association (2017) No. 47)
10. The Guiding Opinions of Certified Assets Appraiser on Legal Authority of Appraisal Object (China Appraisal Association (2017) No. 48)
11. The Guiding Opinions of Business Quality Control of Asset Appraisal Institutions (China Appraisal Association (2017) No. 46)

**(3) Bases of Titles**

1. Purchase contract
2. Payment voucher according to the progress
3. Letter of commitment of the principal and the property right holder
4. Other certificates of property rights

**(4) Basis of Pricing**

1. Local rules and regulations on standards for pricing and charging
2. Statistics materials issued by relevant government authorities
3. Common Methods and Parameter Handbook for Asset Appraisal (China Machine Press)



4. Related price index and related research reports
5. To evaluate effective interest rate, exchange rate and tax rate on the appraisal date
6. Interviews between the assessors and the construction unit
7. Field investigation record done by the appraiser
8. Various evidence materials related to appraisal collected by the appraiser

## VII. METHOD OF APPRAISAL

### (1) Adaptability analysis of Method of Appraisals

Generally, there are three methods for appraisal of enterprise value: market approach, income approach and cost approach. Three basic approaches measure asset value from different angles. Theoretically, in a perfect market, the results of three approaches would be almost the same; but due to market conditions, appraisal purpose, evaluated target, information at hand and varying opinions, the results of three approaches would be different.

Considering that there are few public trading cases in the market, it is difficult to quantify the expected return and the expected return period is difficult to predict reasonably. Therefore, this appraisal does not apply to the market approach and the income approach appraisal.

According to the aforementioned applicability analysis and regulations of asset appraisal principles, as well as the status of the evaluated asset, cost approach is used to assess the value of the evaluated asset.

### (2) Introduction to Appraisal Methods

Through market research, inquire and determine the appraisal date of the ship market price, and consider the other costs associated with the buyer to obtain the full replacement price of the ship.

Calculation formula: appraisal value = appraisal date replacement cost + management cost + capital cost

## VIII. IMPLEMENTATION PROCESS AND CONDITIONS OF APPRAISAL PROCEDURES

1. To know about general information of the appraisal target, appraisal purposes and the conditions of the Project, and to make preliminary risk appraisal.
2. To accept the appraisal entrustment, negotiate about relevant scope and target of appraisal to the appraisal purpose, determine on the appraisal date, enter into the engagement letter on asset appraisal with Client and make relevant covenants.

3. To form an appraisal project team and draw out an appraisal plan.
4. To direct holder to inspect the appraisal target, complete the list of asset inspection, prepare and provide various materials necessary for appraisal.
5. To go to asset site to hear from relevant persons the introduction to history and current conditions of the asset and the appraisal target, verify the data about titles to and cost of main evaluated assets, check and inspect the material objects subject to the contents and quantity listed in various asset appraisal declaration forms which are completed by holder, verify by test the contents and data of various books and statements and original financial vouchers of holder and obtain evidence, if necessary.
6. To, according to appraisal purposes, conditions of the work at the appraisal site, collected materials and holder's detailed information, collect relevant information to market prices and relevant parameter data, and evaluate the appraisal of the appraisal target.
7. The appraisal project team makes collection and analysis according to the preliminary appraisal results made by Appraiser concerning the appraisal target in order to avoid repeat or omission, and then make adjustment, correction and improvement of the preliminary appraisal results.
8. To draft a report on asset appraisal according to the appraisal progress after analyzing the improved appraisal results and, through 3-level internal review and after receiving Client's feedback, issues a formal report on asset appraisal to Client.

## IX. ASSUMPTIONS

According to the requirements of the asset appraisal standards, the Appraiser identifies that the following assumptions exist on the appraisal date. In case of major changes in economic environment thereafter, the Appraiser will not be responsible for different appraisal results to be deduced arising from changes in assumptions.

### (1) Basic assumptions

#### 1. Trading assumptions

The transaction assumption is that all the assets to be evaluated are already in the process of the transaction, and the asset appraiser evaluates the value according to the simulated market such as the trading conditions of the assets to be evaluated. Trading assumption is one of the most basic assumptions for asset appraisal.

## 2. *Open-market assumptions*

The open market assumption is an assumption of the market conditions under which the asset intends to enter and what influence the asset accepts under such market conditions. Open market refers to fully developed and perfect market conditions, refers to a voluntary buyer and seller competitive market, in this market, the buyer and the seller of equal status, have enough opportunity to obtain market information and time, the buyer and seller transactions are voluntary, rational, non-mandatory or unrestricted conditions. The open market assumption is based on the fact that assets can be bought and sold publicly in the market.

### (2) **General assumptions**

1. No material change occurs in pertinent laws, regulations, policies and state macro-economic policies in effect, or in political, economic and social environments where the parties to the transaction stay. There is not any material adverse effect from other unforeseeable factors or force majeure.
2. The appraisal does not take into account the mortgage and guarantee matters that the evaluated assets may be undertaken, as well as the price that may be paid by the special transaction method on the appraisal conclusion.
3. No material change occurs in interest rate, exchange rate, tax base, tax rate and government charges, etc.
4. Various assets subject to appraisal are to be valued on the basis of actual stock on the appraisal date, and current market value of relevant assets shall be subject to the effective prices in China on the appraisal date.

### (3) **Special assumptions**

1. It is assumed that the estimated ship can be completed and delivered within the planned period.
2. The appraisal assumes that the cost standard of the future appraisal date is consistent with the interest rate, exchange rate and tax rate on the same of the report date.

**X. APPRAISAL CONCLUSION**

After appraisal, under the existing assumptions, the appraised value of two ships after completion on appraisal date June 26, 2025 is RMB2,325.34 million, amount to USD326.9004 million (Calculated at the exchange rate on the report date).

Details are as follows:

<b>Jiangnan Shipyard number</b>	<b>Assessed value (RMB ten thousand Yuan)</b>	<b>Assessed value (Ten thousand US dollars)</b>
NO. 2789	116,267.00	16,345.02
NO. 2790	116,267.00	16,345.02
<b>amount to</b>	<b>232,534.00</b>	<b>32,690.04</b>

**XI. EXPLANATORY NOTES ON SPECIAL ISSUES**

- (1) For the purpose of the Report, “Evaluated Value” refers to the market value determined on the principle of public market under external economic environment on the appraisal date, provided that the evaluated assets are being used, and will be used, for existing purposes, regardless of potential mortgage and guarantee in future and the effects on appraisal from contingent additional prices due to special ways of transaction. Meanwhile, the Report has not taken into account the effects on the value of the evaluated assets from material changes in the state macro-economic policies, acts of God and other force majeure events.
- (2) The appraisal results have not taken into consideration the effects from potential taxes and duties imposed on increase or reduction in value of the asset appraisal.
- (3) In case of relevant flaws in the Company which may affect the results of asset appraisal but the Company did not make special instructions, and the Appraiser cannot find according to his working experience, neither the Asset Appraisal Agency nor the Appraiser will assume relevant liabilities arising therefrom.
- (4) The following are relevant matters (including but not limited to) that may affect the appraisal conclusions but are not the ability of the practice level and ability:
  1. Since the appraisal date is the future date, the cost standard, interest rate, exchange rate and tax rate are assumed the same as that on report date. The assumption that the vessels can be completed and delivered within the planned period is not a guarantee for the construction period. The reporting users should pay attention to the above information and make independent judgments.

2. As of the appraisal date, the unit undertaking by the entity has promised that there are no material issues such as mortgage, guarantee, litigation or contingent liability in the assets appraised in this appraisal which may affect the appraisal result.

Up to the date of the Appraisal Report, the Appraiser has not found during appraisal of the Project, and Client have not provided, any special issue which may affect the appraisal conclusions and shall be expressly announced.

**Special issues may affect the appraisal conclusions. Users of the Report are expected to pay attention to special issues.**

## **XII. LIMITS ON USE**

1. The Report may be used by Client and the users designated herein for the purposes of appraisal listed herein only and submitted to the competent authority of property appraisal for review. Client reserves the right to use the Report. Except for required submission of the Report to relevant government authority or necessary disclosure in accordance with law, neither the Asset Appraisal Agency nor Client may extract, quote or disclose to any public media any content hereof, without the other party's permission.
2. The Client or other users of asset appraisal consultation report shall use the asset appraisal consultation report in accordance with the provisions of the laws, administrative regulations and the scope stated in the asset appraisal consultation report; If the Client or other users of asset appraisal consultation report violate the aforementioned provisions in the use of the asset appraisal consultation report, the asset appraisal institution and the asset appraisal professional shall not be held liable.
3. The asset appraisal consultation report shall be used by the Client, other users of the asset appraisal consultation report and the users of the asset appraisal consultation report as prescribed by laws and administrative regulations; In addition, any other institution or individual cannot be the user of the asset appraisal consultation report.
4. The asset appraisal agency and asset appraisal professionals suggest that the user of the asset appraisal consultation report should correctly understand the appraisal conclusions. Appraisal consultation is not the same as evaluating the price of a consulting object. It should not be considered as a guarantee for evaluating the price of a consulting object.
5. The appraisal conclusions shall not be directly applied to major issues which occur within the term hereof. In case of changes in asset quantity within the term hereof, the capitals shall be adjusted according to the original appraisal method; in case of changes in the pricing standard, Client shall make relevant adjustment on the basis

of actual measurement of the assets; however, in case of existing obvious effects upon the appraisal price of the assets, Client shall in time appoint the Appraisal Agency to redetermine on the appraisal price thereof.

6. In the case that policy adjustment takes material effects on the appraisal conclusions, another appraisal date shall be determined for appraisal.
7. The Report remains effective for one year, from June 12, 2024 to June 26, 2025.
8. The Asset Appraisal Agency issuing the Report reserves the right to express and interpret the Report. Unless otherwise specially provided for in laws and regulations, any other unit or department may have no right of interpretation.

### **XIII. REPORT DATE**

The Appraisal report is issued on June 12, 2024.

### **XIV. ASSET APPRAISAL AGENCY**

Shanghai Gillion Assets Appraisal Co., Ltd. supplies the service of asset appraisal.

Office address: 2nd floor, No. 433, Chifeng Road, Hongkou District, Shanghai

Postcode: 200083

Tel.: 021-62601923

Fax: 021-51219296

**EXPLANATIONS ON THE VALUE APPRAISAL TECHNIQUES  
UPON COMPLETION OF HULL NO. 2789 AND HULL NO. 2790 OF  
JIANGNAN SHIPYARD**

Based on the list of the appraised assets provided by the property right holders, the appraisal professionals of the Company conducted a comprehensive check, review and appraisal of the assets using the cost approach. The details of the appraisal are as follows:

**I. INTRODUCTION TO APPRAISAL METHODS**

Through market research, inquire and determine the market price of the vessel on the appraisal date, and consider the other costs associated with the buyer to obtain the full replacement price of the vessel.

Calculation formula: appraisal value = appraisal date replacement price + management cost + capital cost

The appraisal is based on the following special assumptions:

1. It is assumed that the estimated vessel can be completed and delivered within the planned period.
2. The appraisal assumes that the cost standard of the future appraisal date is consistent with the interest rate, exchange rate and tax rate on the same of the report date.

**II. APPRAISAL EXAMPLE**

No. 1 HULL NO. 2789 in the detailed list

**1. Determination of the full replacement price**

***1.1 The purchase price of new vessels***

The main factors affecting the price of vessels are: market supply and demand, steel prices, exchange rate fluctuations and other factors.

In terms of the market: In 2023, shipbuilding completions, new orders and orders on hand in China accounted for 50.2%, 66.6% and 55% of the world's total deadweight tons, respectively, and its leading position of shipbuilding was further consolidated. In 2023, China's orders for such green vessels as LNG and methanol-powered vessels proliferated, and the international market share of new green vessel orders reached 57%. The orders of major shipyards increased sharply, showing a saturation trend.

In terms of materials: The recent price of steel has shown a fluctuating and slightly declining trend.

In terms of the exchange rate: Since the signing date of the vessel contract, the value of RMB has shown a slow decline, and has decreased by 6.2% compared with that on the original signing date.

In summary, the depreciation of the central parity of RMB against the USD has caused the price of vessels and the price of steel (raw materials) to gradually form price scissors, resulting in the continuous growth in the profitability of shipping enterprises and the high prosperity of the vessels market.

The construction contract amount for the appraised vessel is US\$140.50 million, with additions currently identified of US\$1.0686 million, amounting to US\$141.5686 million in total. According to the relevant research report issued by Clarksons (克拉克森), the recent newbuilding price of this size (Neo-Panamax) is approximately US\$148 million. As the prices may vary due to the different components used in the various components of the vessels, the newbuilding price in the appraisal is determined upon revising by applying an index based on the contract price.

After inquiring about the China Newbuilding Price Index, the containership index in June 2022, when the original purchase was made, was 1,066, while the index at the end of May 2024 was 1,085, and upon inquiring, the index was found to be dominated in USD, so the revision was made directly based on the newbuilding price in USD:

Newbuilding price =  $14,150 \times (1,085/1,066) = 14,156.86 \times 1.0178 = 14,408.85$  (ten thousand of USD)

Based on the central parity rate of RMB against USD, which was 7.1111 on May 30, 2024, the index date, the newbuilding price was RMB1,024.6277 million.

### ***1.2 Other relevant costs and expenses of the buyer (shipowner)***

As researched, the other costs and expenses of the buyer are management costs and capital costs.

#### **① Management costs**

Management costs are mainly related to docking with shipyards, coordination details and supervision, and the proportion of this part of the amount can be neglected in view of the large size of the vessels.



② *Capital costs*

Capital costs are related to the capital return transferred from prepayments at the earlier stage by the buyer.

The payment nodes and payment percentages pursuant to the originally signed contract are that: 20% of the instalment shall be paid within three days after signing the contract, 10% of the instalment shall be paid by the end of 2022, 10% of the instalment shall be paid during the keel-laying phase, and the remaining 60% of the instalment shall be paid upon final delivery.

In view of the high total shipbuilding price, the long shipbuilding cycle, and as the financial leverage is generally not available for prepayments, the buyer bears great financial pressure at the earlier stage. Meanwhile, the order volume of major shipyards has currently increased significantly and the schedule is long. Based on market research and interviews with shipyards, it currently takes at least 4 years from the signing of the contract to the delivery of the vessel. Therefore, the appraisal of the capital costs is determined as follows based on a reasonable market cycle and the current return on invested capital (or ROIC) (9.77%, TTM data for the first quarter of 2024) of the shipping industry:

Unit: RMB ten thousand

Payment nodes	Total shipbuilding price	Percentage	Amounts	Reasonable period before delivery (years)	Capital costs
Initial payment		20%	20,492.55	4.00	9,261.84
The second installment		10%	10,246.28	3.50	3,953.34
Keel laying	102,413.14	10%	10,246.28	0.600	589.48
Delivery		60%	61,477.66	0	–
Total					13,804.66

In summary, the total value of the vessel upon completion is:

$$\begin{aligned} \text{Full replacement price} &= 102,462.77 + 13,804.66 \\ &= 116,267.00 \text{ (RMB ten thousand rounded)} \end{aligned}$$

The amount was converted to US\$163,450,200 at the exchange rate of 7.1133 of USD against RMB as at the date of the issuance of the report.

The appraisal methods and results of another vessel HULL NO. 2790 within the scope of the appraisal are the same.

**RESPONSIBILITY STATEMENT**

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

**DISCLOSURE OF INTERESTS**

As at the Latest Practicable Date, the interests and short positions of each Director and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its specified undertakings, and associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he or she is taken or deemed to have under such provisions of the SFO) or which are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or are required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers were as follows:

<b>Name of Director</b>	<b>Nature of Interest</b>	<b>Number of Shares or underlying Shares<sup>(Note 1)</sup></b>	<b>Approximate percentage of shareholding<sup>(Note 1)</sup></b>
Mr. Xu Xin	Interest in controlled corporations	158,553,294 (L)	55.39%
Ms. Li Yan	Interest in controlled corporations	158,553,294 (L)	55.39%

*Note 1:* As at the Latest Practicable Date, the Company issued 286,269,156 Shares. The letter (L) denotes the entity's long position in the relevant Shares.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its specified undertakings, and associated corporations (within the meaning of Part XV of the SFO) which is required to be recorded and kept in the register in accordance with Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

As at the Latest Practicable Date, (i) none of the Directors has any existing or proposed service contracts with any member of the Group not determinable by the Company within one year without payment of compensation (other than statutory compensation); (ii) none of the Directors or their respective associates has any interests in any company or business which competes or may compete with the businesses of the Group; (iii) none of the Directors has or has had direct or indirect interest in any assets acquired or disposed of by or leased to or by or proposed to be acquired or disposed of by or leased to or by any member of the Group since the date to which the latest published audited annual financial statements of the Group were made up; and (iv) there is no contract or arrangement subsisting at the date of this circular in which any of the Directors is materially interested and which is significant in relation to the business of the Group.

### SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as was known to any Director or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) have, or were deemed or taken to have interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name of shareholders	Nature of Interest	Number of Shares or underlying Shares <sup>(Note 1)</sup>	Approximate percentage of shareholding <sup>(Note 1)</sup>
Grand Sailing Limited <sup>(Notes 2, 3)</sup>	Interest in controlled corporation	75,896,322 (L)	26.51%
Lecang Altitude Limited <sup>(Notes 2, 3)</sup>	Beneficial owner	75,896,322 (L)	26.51%
Peace Seaworld Limited <sup>(Notes 2, 4)</sup>	Interest in controlled corporation	19,616,322 (L)	6.85%
Lecang Shining Limited <sup>(Notes 2, 4)</sup>	Beneficial owner	19,616,322 (L)	6.85%
Ms. Liu Quanxiang <sup>(Notes 2, 5)</sup>	Interest in controlled corporation	158,553,294 (L)	55.39%
Spring Wealth Limited <sup>(Notes 2, 5)</sup>	Interest in controlled corporation	24,292,260 (L)	8.49%
Lecang Flourishing Limited <sup>(Notes 2, 5)</sup>	Beneficial owner	24,292,260 (L)	8.49%
Glorious Sailing Limited <sup>(Note 6)</sup>	Beneficial owner	30,252,600 (L)	10.57%

*Notes:*

1. As at the Latest Practicable Date, the Company issued 286,269,156 Shares. The letter (L) denotes the entity's long position in the relevant Shares.
2. Pursuant to an acting in concert deed dated 15 October 2022 and executed by the Group's ultimate controlling shareholders (being Mr. Xu Xin, Ms. Li Yan and Ms. Liu Quanxiang) (the "**Acting in Concert Deed**"), each of Mr. Xu Xin, Ms. Li Yan and Ms. Liu Quanxiang had agreed and confirmed that from the date they became the registered owners and/or beneficial owners of the equity interests in the Group to the date when any of them ceases to be the controlling shareholder of the Company: (a) they had been and would continue to be parties acting in concert and they had agreed to consult with each other and reach a unanimous consensus among themselves before the decision, implementation and agreement on all material management affairs, voting and/or commercial decisions, including but not limited to financial and operational matters, of any member of the Group; (b) they had casted and would continue to cast their votes as directors and/or shareholders (as the case may be) unanimously for or against all resolutions in all board and shareholders' meetings and discussions of any member of the Group; and (c) they had cooperated and would continue to cooperate with one another to acquire, maintain and consolidate the control and management of the Group. By virtue of the SFO, each of the ultimate controlling shareholders of the Company together with investment holding companies held or controlled by them (being Lecang Boundless Limited, Lecang Fantasy Limited, Grand Sailing Limited, Lecang Altitude Limited, Peace Seaworld Limited, Lecang Shining Limited, Spring Wealth Limited, Lecang Flourishing Limited and Glorious Sailing Limited) are all deemed to be interested in the total Shares directly held by Lecang Fantasy Limited, Lecang Altitude Limited, Lecang Shining Limited, Lecang Flourishing Limited and Glorious Sailing Limited.

Lecang Fantasy Limited is wholly owned by Lecang Boundless Limited, which is in turn wholly owned by Mr. Xu Xin. By virtue of the SFO, each of Mr. Xu Xin and Lecang Boundless Limited is deemed to be interested in the 8,495,790 Shares held by Lecang Fantasy Limited.

3. Lecang Altitude Limited is wholly owned by Grand Sailing Limited, which is in turn wholly owned by Mr. Xu Xin. Accordingly, each of Mr. Xu Xin and Grand Sailing Limited is deemed under the SFO to be interested in the Shares directly held by Lecang Altitude Limited.
4. Lecang Shining Limited is wholly owned by Peace Seaworld Limited, which is in turn wholly owned by Ms. Li Yan. Accordingly, each of Ms. Li Yan and Peace Seaworld Limited is deemed under the SFO to be interested in the Shares directly held by Lecang Shining Limited.
5. Lecang Flourishing Limited is wholly owned by Spring Wealth Limited, which is in turn wholly owned by Ms. Liu Quanxiang. Accordingly, each of Ms. Liu Quanxiang and Spring Wealth Limited is deemed under the SFO to be interested in the Shares directly held by Lecang Flourishing Limited.
6. Glorious Sailing Limited is owned as to approximately 79.53% by Mr. Xu Xin (a Controlling Shareholder and executive Director), 4.96% by Ms. Zhu Jiali (朱佳麗) (an executive Director), 3.97% by Mr. Zhang Feng (張峰) (a senior management member), 0.50% by Ms. Ding Sujun (丁素君) (the joint company secretary) and 11.04% by other 10 existing employees of the Group, each of whom is an Independent Third Party save for being an employee of the Group. By virtue of the SFO, Mr. Xu Xin is deemed to be interested in the Shares held by Glorious Sailing Limited.

Save as disclosed herein, as at the Latest Practicable Date, the Company has not been notified of any person (other than Directors or chief executives of the Company) who had an interest or short position in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

**MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2023, being the date to which the latest published audited accounts of the Group were made up.

**LITIGATION**

As at the Latest Practicable Date, no litigation or claim of material importance is known to the Directors to be pending or threatened against any member of the Group.

**EXPERTS AND CONSENTS**

The qualification of the experts who have given opinions and advice in this circular is as follows:

<b>Name</b>	<b>Qualification</b>
Shanghai Gillion Assets Appraisal Co., Ltd.	Professional valuer

As at the Latest Practicable Date, Shanghai Gillion Assets Appraisal Co., Ltd. had no shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group and had no direct or indirect interest in any assets acquired or disposed of by or leased to any members of the Group or was proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2023, being the date to which the latest published audited accounts of the Company was made up.

Shanghai Gillion Assets Appraisal Co., Ltd. has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its expert's statement included in the form and context in which it appears.

## MATERIAL CONTRACTS

The following contracts have been entered into by members of the Group within two years preceding the date of this circular and each of which is or may be material:

- (1) a share transfer agreement with a deferred closing date (附時間期限的股份轉讓協議) dated 5 August 2022 entered into between Mr. Xu Xin (許昕) as transferor and Shandong Lcang Enterprise Management Service Co., Ltd. (山東樂艙企業管理服務有限公司) as transferee, pursuant to which Mr. Xu Xin agreed to transfer 6,373,171 shares in Shandong Lcang International Logistics Inc. Corp. Ltd (山東樂艙網國際物流股份有限公司) to Shandong Lcang Enterprise Management Service Co., Ltd. (山東樂艙企業管理服務有限公司) at a consideration of RMB9,711,437.97;
- (2) a voting rights entrustment agreement (表決權委託協議) dated 5 August 2022 entered into between Mr. Xu Xin (許昕) and Shandong Lcang Enterprise Management Service Co., Ltd. (山東樂艙企業管理服務有限公司), pursuant to which Mr. Xu Xin agreed to irrevocably entrust Shandong Lcang Enterprise Management Service Co., Ltd. (山東樂艙企業管理服務有限公司) to exercise voting rights as a shareholder of 6,373,171 shares of Shandong Lcang International Logistics Inc. Corp. Ltd (山東樂艙網國際物流股份有限公司) exclusively at nil consideration;
- (3) an income rights vesting agreement (收益權歸屬協議) dated 5 August 2022 entered into between Mr. Xu Xin (許昕) and Shandong Lcang Enterprise Management Service Co., Ltd. (山東樂艙企業管理服務有限公司), pursuant to which Mr. Xu Xin agreed to irrevocably transfer and vest the corresponding rights to dividends, income rights and other economic and property interests of 6,373,171 shares of Shandong Lcang International Logistics Inc. Corp. Ltd (山東樂艙網國際物流股份有限公司) to Shandong Lcang Enterprise Management Service Co., Ltd. (山東樂艙企業管理服務有限公司) at nil consideration;
- (4) a share transfer agreement (股份轉讓協議) dated 5 August 2022 entered into between Qingdao Jiliang Enterprise Management Consulting Co., Ltd. (青島集諒企業管理諮詢有限公司) as transferor and Shandong Lcang Enterprise Management Service Co., Ltd. (山東樂艙企業管理服務有限公司) as transferee, pursuant to which Qingdao Jiliang Enterprise Management Consulting Co., Ltd. (青島集諒企業管理諮詢有限公司) agreed to transfer 12,820,300 shares of Shandong Lcang International Logistics Inc. Corp. Ltd (山東樂艙網國際物流股份有限公司) to Shandong Lcang Enterprise Management Service Co., Ltd. (山東樂艙企業管理服務有限公司) at a consideration of RMB19,535,573.1;

- (5) a share transfer agreement (股份轉讓協議) dated August 5, 2022 entered into between Qingdao Boan Enterprise Management Consulting Partnership (Limited Partnership) (青島博安企業管理諮詢合夥企業(有限合夥)) as transferor and Shandong Lcang Enterprise Management Service Co., Ltd. (山東樂艙企業管理服務有限公司) as transferee, pursuant to which Qingdao Boan Enterprise Management Consulting Partnership (Limited Partnership) (青島博安企業管理諮詢合夥企業(有限合夥)) agreed to transfer 5,145,000 shares of Shandong Lcang International Logistics Inc. Corp. Ltd (山東樂艙網國際物流股份有限公司) to Shandong Lcang Enterprise Management Service Co., Ltd. (山東樂艙企業管理服務有限公司) at a consideration of RMB7,839,951;
- (6) a share transfer agreement (股份轉讓協議) dated 5 August 2022 entered into between Ms. Liu Quanxiang (劉泉香) as transferor and Shandong Lcang Enterprise Management Service Co., Ltd. (山東樂艙企業管理服務有限公司) as transferee, pursuant to which Ms. Liu Quanxiang agreed to transfer 2,087,078 shares of Shandong Lcang International Logistics Inc. Corp. Ltd (山東樂艙網國際物流股份有限公司) to Shandong Lcang Enterprise Management Service Co., Ltd. (山東樂艙企業管理服務有限公司) at a consideration of RMB3,180,289.46;
- (7) a share transfer agreement (股份轉讓協議) dated 5 August 2022 entered into between Ms. Lv Guizhen (呂桂珍) as transferor and Shandong Lcang Enterprise Management Service Co., Ltd. (山東樂艙企業管理服務有限公司) as transferee, pursuant to which Ms. Lv Guizhen agreed to transfer 1,933,700 shares of Shandong Lcang International Logistics Inc. Corp. Ltd (山東樂艙網國際物流股份有限公司) to Shandong Lcang Enterprise Management Service Co., Ltd. (山東樂艙企業管理服務有限公司) at a consideration of RMB2,946,572.06;
- (8) a share transfer agreement (股份轉讓協議) dated 5 August 2022 entered into between Ms. Xu Xiaoling (許曉玲) as transferor and Shandong Lcang Enterprise Management Service Co., Ltd. (山東樂艙企業管理服務有限公司) as transferee, pursuant to which Ms. Xu Xiaoling agreed to transfer 1,283,025 shares of Shandong Lcang International Logistics Inc. Corp. Ltd (山東樂艙網國際物流股份有限公司) to Shandong Lcang Enterprise Management Service Co., Ltd. (山東樂艙企業管理服務有限公司) at a consideration of RMB1,955,073.5;
- (9) a capital increase agreement (增資協議) dated 22 August 2022 entered into between Qingdao Lcang Technology Co., Ltd. (青島樂艙科技有限公司) and Shandong Lcang Enterprise Management Service Co., Ltd. (山東樂艙企業管理服務有限公司), pursuant to which Qingdao Lcang Technology Co., Ltd. (青島樂艙科技有限公司) agreed to inject RMB50,000,000, of which RMB940,000 contributed as the registered capital and RMB49,060,000 contributed as the capital reserve of Shandong Lcang Enterprise Management Service Co., Ltd. (山東樂艙企業管理服務有限公司);



- (10) a capital increase agreement (增資協議) dated 26 September 2022 entered into among Qingdao Lcang Technology Co., Ltd. (青島樂艙科技有限公司), PCW (Hong Kong) International Limited and Shandong Lcang Enterprise Management Service Co., Ltd. (山東樂艙企業管理服務有限公司), pursuant to which PCW (Hong Kong) International Limited agreed to inject USD equivalent of RMB8,132,808, of which USD equivalent of RMB60,000 as the registered capital and the remaining as the capital reserve of Shandong Lcang Enterprise Management Service Co., Ltd. (山東樂艙企業管理服務有限公司), to acquire 1% of the equity interest in Shandong Lcang Enterprise Management Service Co., Ltd. (山東樂艙企業管理服務有限公司);
- (11) a share swap agreement (換股協議) dated 7 October 2022 entered into between PCW Limited and LC Logistics, Inc. (乐艙物流股份有限公司), pursuant to which PCW Limited agreed to transfer 100% issued share capital of PCW Investment Limited to LC Logistics, Inc. in exchange of 426,004 ordinary shares of LC Logistics, Inc. equivalent of RMB8,134,055 as consideration;
- (12) a capital increase agreement (增資協議) dated 9 October 2022 entered into among Qingdao Lcang Technology Co., Ltd. (青島樂艙科技有限公司), PCW (Hong Kong) International Limited, Lcang (Qingdao) Logistics Supply Chain Co., Ltd. (樂艙(青島)物流供應鏈有限公司) and Shandong Lcang Enterprise Management Service Co., Ltd. (山東樂艙企業管理服務有限公司), pursuant to which Lcang (Qingdao) Logistics Supply Chain Co., Ltd. (樂艙(青島)物流供應鏈有限公司) agreed to inject RMB80,000,000 as the registered capital of Shandong Lcang Enterprise Management Service Co., Ltd. (山東樂艙企業管理服務有限公司), to acquire 93.02% of the equity interest in Shandong Lcang Enterprise Management Service Co., Ltd. (山東樂艙企業管理服務有限公司);
- (13) an equity transfer agreement (股權轉讓協議) dated 10 October 2022 entered into between Qingdao Lcang Technology Co., Ltd. (青島樂艙科技有限公司) as transferor and Lcang (Qingdao) Logistics Supply Chain Co., Ltd. (樂艙(青島)物流供應鏈有限公司) as transferee, pursuant to which Qingdao Lcang Technology Co., Ltd. (青島樂艙科技有限公司) agreed to transfer 6.91% equity interest in Shandong Lcang Enterprise Management Service Co., Ltd. (山東樂艙企業管理服務有限公司) to Lcang (Qingdao) Logistics Supply Chain Co., Ltd. (樂艙(青島)物流供應鏈有限公司) at a consideration of RMB62,287,680.3;
- (14) the Deed of Indemnity (as defined in the Prospectus) dated 10 September 2023 and executed by Mr. Xu Xin, Ms. Li Yan, Ms. Liu Quanxiang, Lecang Boundless Limited, Lecang Fantasy Limited, Grand Sailing Limited, Lecang Altitude Limited, Peace Seaworld Limited, Lecang Shining Limited, Spring Wealth Limited, Lecang Flourishing Limited and Glorious Sailing Limited in favor of the Company;



- (15) the Hong Kong Underwriting Agreement (as defined in the Prospectus) dated 11 September 2023 in relation to the offer for subscription of the 2,839,000 offer shares of the Company to the public in Hong Kong, entered into among the Company, Mr. Xu Xin, Ms. Li Yan, Ms. Liu Quanxiang, Lecang Boundless Limited, Lecang Fantasy Limited, Grand Sailing Limited, Lecang Altitude Limited, Peace Seaworld Limited, Lecang Shining Limited, Spring Wealth Limited, Lecang Flourishing Limited, Glorious Sailing Limited, ABCI Capital Limited, CLSA Limited, ABCI Securities Company Limited, Shenwan Hongyuan Securities (H.K.) Limited, CMB International Capital Limited, SPDB International Capital Limited, Guotai Junan Securities (Hong Kong) Limited, BOCOM International Securities Limited, CMBC Securities Company Limited, Livermore Holdings Limited and Valuable Capital Limited;
- (16) the Previous Novation Agreements;
- (17) the Heads of Agreements; and
- (18) the Novation Agreements.

#### DOCUMENTS ON DISPLAY

Copies of the following documents will be published and displayed on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<https://www.lcang.com/>) for a period of 14 days from the date of this circular (both days inclusive):

- (a) the Heads of Agreements;
- (b) the Novation Agreements;
- (c) the Shipbuilding Agreements;
- (d) the shipbuilding supervision agreements dated 3 July 2024 entered into between (i) Bal Container and Laudine Oceanway; and (ii) Bal Container and Aludra Oceanway;
- (e) the valuation report prepared by Shanghai Gillion Assets Appraisal Co., Ltd. in relation to the Vessels, the text of which is set out in Appendix II to this circular;
- (f) the written consents referred to in the paragraph headed “Experts and Consents” in this appendix; and
- (g) the written approval dated 3 July 2024 given by Lecang Altitude Limited, Lecang Fantasy Limited, Glorious Sailing Limited, Lecang Shining Limited and Lecang Flourishing Limited in relation to the Novation.

**GENERAL**

- (a) The joint company secretaries of the Company are Ms. Ng Sau Mei, a fellow member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom and Ms. Ding Sujun.
- (b) The registered office of the Company is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- (c) The head office of the Company is situated at 9/F, China Stone Building, 37 Hong Kong Middle Road, Shinan District, Qingdao, Shandong Province, PRC.
- (d) The principal share registrar and transfer office of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (e) The English text of this circular shall prevail over the Chinese text.