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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)

DISCLOSEABLE TRANSACTION NOVATION OF SHIPBUILDING AGREEMENTS

INTRODUCTION

Reference is made to the Prospectus in relation to the Shipbuilding Agreements and the orders made by Bal Container regarding the construction of the Vessels.

Due to the reason disclosed in the section headed “Reasons for and Benefits of the Novation Agreements”, the Board announces that, on 28 June 2024, Bal Container (a approximately 99%-owned subsidiary of the Company), Lehang Boundless (a wholly-owned subsidiary of the Company), Jiangnan Shipyard and China Shipbuilding entered into the Novation Agreements, pursuant to which, Bal Container (as original buyer under the Shipbuilding Agreements), Lehang Boundless (as the proposed new buyer to substitute for Bal Container in the Shipbuilding Agreements), Jiangnan Shipyard (the shipbuilder under the Shipbuilding Agreements) and China Shipbuilding (the seller under the Shipbuilding Agreements) agree that Lehang Boundless shall be substituted in place of Bal Container and take over all rights, responsibilities and liabilities of Bal Container under the Shipbuilding Agreements.

In light of the Novation Agreements, Lehang Boundless will separately pay Bal Container an amount of US\$84.3 million for the Novation, 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 date of this announcement (i.e. 30% of the Vessels price) within 6 months upon the execution of Novation Agreements.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Bal Container is a approximately 99%-owned subsidiary of the Company while Lehang Boundless is a wholly-owned subsidiary of the Company. As the entering into of the Novation Agreements will increase the interest of the Company in the Vessels from approximately 99% to 100%, the Novation will constitute an acquisition of approximately 1% interest in the Vessels.

As one or more of the applicable percentages ratios calculated in accordance with the Listing Rules in respect of the Novation exceeds 5% but are all of which are less than 25%, the Novation constitutes a discloseable transaction for the Company which is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

Reference is made to the Prospectus in relation to the Shipbuilding Agreements and the orders made by Bal Container regarding the construction of the Vessels.

Due to the reason disclosed in the section headed “Reasons for and Benefits of the Novation Agreements”, the Board announces that, on 28 June 2024, Bal Container (a approximately 99%-owned subsidiary of the Company), Lehang Boundless (a wholly-owned subsidiary of the Company), Jiangnan Shipyard and China Shipbuilding entered into the Novation Agreements, pursuant to which, Bal Container (as original buyer under the Shipbuilding Agreements), Lehang Boundless (as the proposed new buyer to substitute for Bal Container in the Shipbuilding Agreements), Jiangnan Shipyard (the shipbuilder under the Shipbuilding Agreements) and China Shipbuilding (the seller under the Shipbuilding Agreements) agree that Lehang Boundless shall be substituted in place of Bal Container and take over all rights, responsibilities and liabilities of Bal Container under the Shipbuilding Agreements.

In light of the Novation Agreements, Lehang Boundless will separately pay Bal Container an amount of US\$84.3 million for the Novation, 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 date of this announcement (i.e. 30% of the Vessels price) within 6 months upon the execution of Novation Agreements.

NOVATION AGREEMENTS

The principal terms of the Novation Agreements are as follows:

- Date:** 28 June 2024
- Parties:** Bal Container (as original buyer under the Shipbuilding Agreements);
Lehang Boundless (as the proposed new buyer to substitute for Bal Container in the Shipbuilding Agreements);
Jiangnan Shipyard (as shipbuilder under the Shipbuilding Agreements); and
China Shipbuilding (as seller under the Shipbuilding Agreements).
- Subject matter:** Pursuant to the Novation Agreements, Bal Container, Lehang Boundless, Jiangnan Shipyard and China Shipbuilding agree that Lehang Boundless shall be substituted in place of Bal Container and take over all rights, responsibilities and liabilities of Bal Container under the Shipbuilding Agreements. Jiangnan Shipyard and China Shipbuilding agree that the first two instalments in the amount of US\$84.3 million paid by Bal Container under the Shipbuilding Agreements shall be deemed as being paid by Lehang Boundless. Remaining balance for the construction of the Vessels under the Shipbuilding Agreements together with any other costs and expenses shall be borne by Lehang Boundless.
- Effectiveness:** The Novation Agreements shall only become effective upon the duly execution of the Novation Agreements by all of the parties thereto.

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 Bal Container (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 Bal Container: Bal Container 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 Bal Container at its own cost and expenses at the time of delivery and acceptance thereof.

Payment: Bal Container shall pay the price for the Vessels to Jiangnan Shipyard and China Shipbuilding in four instalments, with (i) the first instalment of 20% of the price to be paid within three banking days (i.e. days on which banks are open in the PRC) after Bal Container's receipt of the refund guarantee as described in the Shipbuilding Agreements; (ii) the second instalment of 10% of the price to be paid on or before 31 December 2022; (iii) the third instalment of 10% of the price to be paid within three banking days after keel-laying of the first section of the Vessels; and (iv) the fourth and last instalment of 60% of the price to be paid concurrently with delivery of the Vessels.

As at the date of this announcement, Bal Container had paid a total of US\$84.3 million for the purchase of the Vessels, representing the first two instalments under the Shipbuilding Agreements (i.e. 30% of the Vessels price).

Delivery: The Vessels shall be delivered safely afloat by Jiangnan Shipyard and China Shipbuilding to Bal Container at Jiangnan Shipyard's shipyard on or before 30 August 2025 (for the Vessel with Hull No. H2789) and 31 October 2025 (for the Vessel with Hull No. H2790), which may be extended in accordance with the Shipbuilding Agreements.

Cancellation and rescission by Bal Container:

Bal Container is entitled to exercise its right of cancellation 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, Bal Container 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.

THE TWO VESSELS

As the Vessels are still under construction pursuant to the Shipbuilding Agreements, no net profits were attributable to the Vessels. The book value of the Vessels as at 31 May 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 date of this announcement.

In light of the Novation Agreements, Lehang Boundless will separately pay Bal Container an amount of US\$84.3 million for the Novation, 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 date of this announcement (i.e. 30% of the Vessels price) within 6 months upon the execution of Novation Agreements. As both Bal Container and Lehang Boundless are subsidiaries of the Company, the payment of US\$84.3 million by Lehang Boundless to Bal Container will constitute intra-group liabilities and will be offset within the consolidated financial statement of the Group.

REASONS FOR AND BENEFITS OF THE NOVATION AGREEMENTS

The Group is an integrated cross-border seaborne logistics service provider in the PRC. The Novation is intended to serve the purpose of internal assets reorganization of the Group. As Lehang Boundless is a wholly-owned subsidiary of the Company incorporated in British Virgin Islands, holding of the Vessels by a British Virgin Islands company will enable the Group to have a better tax planning to accommodate different circumstances.

The Directors consider that the terms of the Novation Agreements are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE GROUP AND THE PARTIES TO THE NOVATION AGREEMENTS

Information on the Group, 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.

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 a approximately 99%-owned subsidiary of the Company and the remaining approximately 1% equity interests of Bal Container 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 Bal Container as at the date of this announcement.

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 date of this announcement, Lehang Boundless is a wholly-owned subsidiary of the Company.

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

As at the date of this announcement, Bal Container is a approximately 99%-owned subsidiary of the Company while Lehang Boundless is a wholly-owned subsidiary of the Company. As the entering into of the Novation Agreements will increase the interest of the Company in the Vessels from approximately 99% to 100%, the Novation will constitute an acquisition of approximately 1% interest in the Vessels.

As one or more of the applicable percentages ratios calculated in accordance with the Listing Rules in respect of the Novation exceeds 5% but are all of which are less than 25%, the Novation constitutes a discloseable transaction for the Company which is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

Unless the context requires otherwise, capitalized terms used in this announcement shall have the meanings as follows:

“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
“connected person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	individual(s) or company(ies) which, to the best of the 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
“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 of Hong Kong Limited
“Novation”	the novation of all rights and obligations under the Shipbuilding Agreements to Lehang Boundless pursuant to the Novation Agreements
“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

“PRC”	the People’s Republic of China, and for the purpose of this announcement only, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Prospectus”	the prospectus of the Company dated 13 September 2023
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	the shares of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“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
“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
“Vessel(s)”	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

By Order of the Board
LC Logistics, Inc.
Mr. Xu Xin
Chairman of the Board

Hong Kong, 28 June 2024

As at the date of this announcement, the Board comprises Mr. Xu Xin, Ms. Li Yan, Ms. Zhu Jiali, and Mr. Yu Zhenrong as executive Directors, Dr. Gu Lin, Mr. Du Haibo, and Mr. Qi Yinliang as independent non-executive Directors.