



乐舱物流股份有限公司 LC Logistics, Inc.

(Incorporated in the Cayman Islands with limited liability)

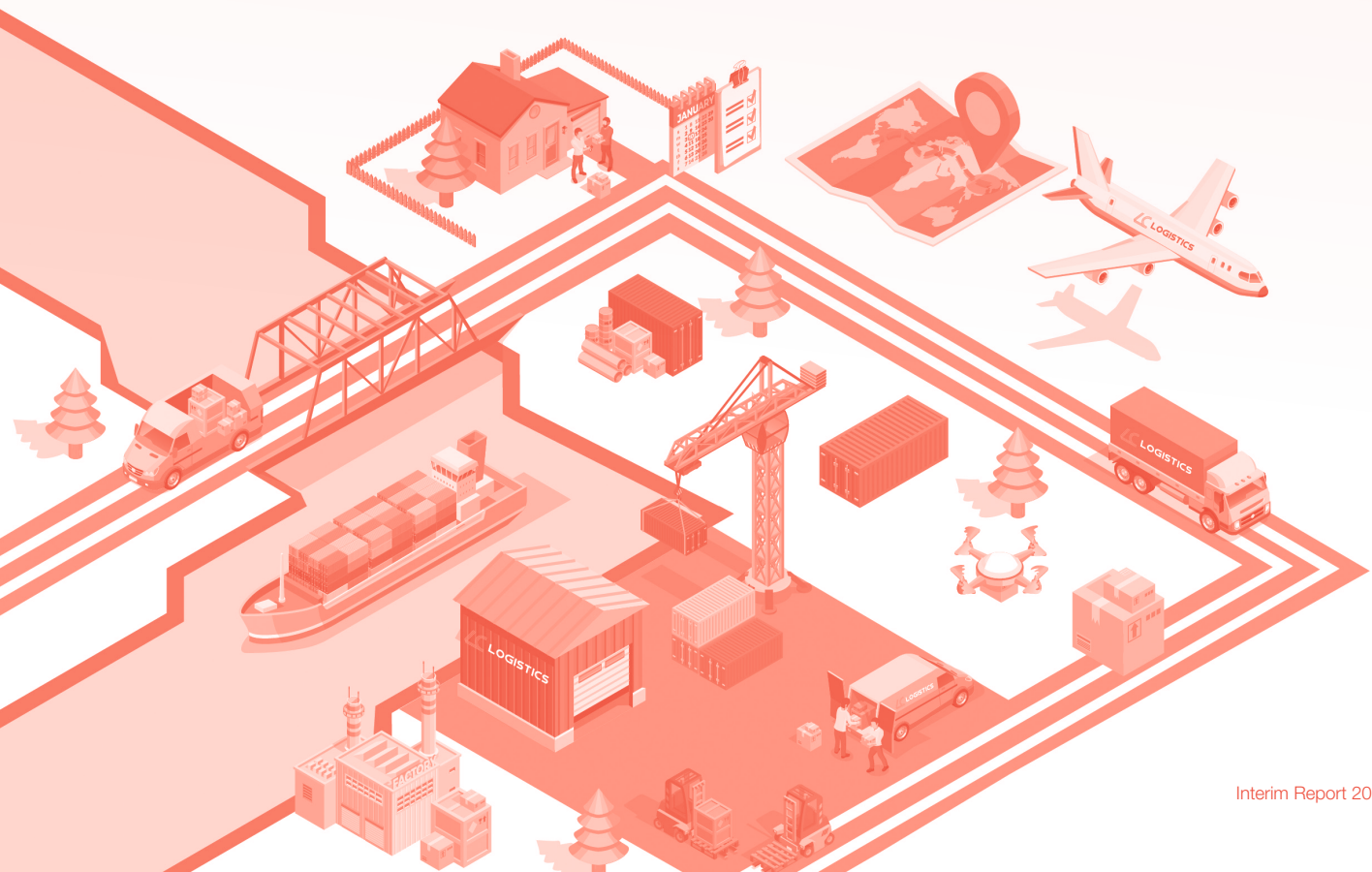
Stock Code : 2490

2024 INTERIM REPORT



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Corporate Information

Board of Directors

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

Board Committees

Audit Committee

Mr. DU Haibo (*Chairman*)
Dr. GU Lin
Mr. QI Yinliang

Remuneration Committee

Mr. QI Yinliang (*Chairman*)
Mr. XU Xin
Dr. GU Lin

Nomination Committee

Mr. XU Xin (*Chairman*)
Mr. QI Yinliang
Dr. GU Lin

Authorized Representatives

Mr. XU Xin
Ms. NG Sau Mei (Appointed on 21 June 2024)
Ms. Ho Yin Kwan (Resigned on 21 June 2024)

Joint Company Secretaries

Ms. DING Sujun
Ms. NG Sau Mei (Appointed on 21 June 2024)
Ms. Ho Yin Kwan (Resigned on 21 June 2024)

Registered Office

Conyers Trust Company (Cayman) Limited
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

Principal Share Registrar in the Cayman Islands

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Hong Kong Share Registrar

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wan Chai, Hong Kong

Auditor

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

Legal Advisers as to Hong Kong Law

Sidley Austin
39/F, Two International Finance Centre
8 Finance Street
Central, Hong Kong



Corporate Information

Compliance Advisor

Dongxing Securities (Hong Kong) Company Limited
6805-6806A, 68/F
International Commerce Center
1 Austin Road West
Kowloon, Hong Kong

Principal Banks

The Bank of East Asia (China) Limited,
Qingdao Branch

Bank of China Limited,
Dalian Lu Sub-Branch

Hong Kong and Shanghai Banking Corporation Limited

Website

www.lcang.com

Stock Code

2490



Corporate Profile

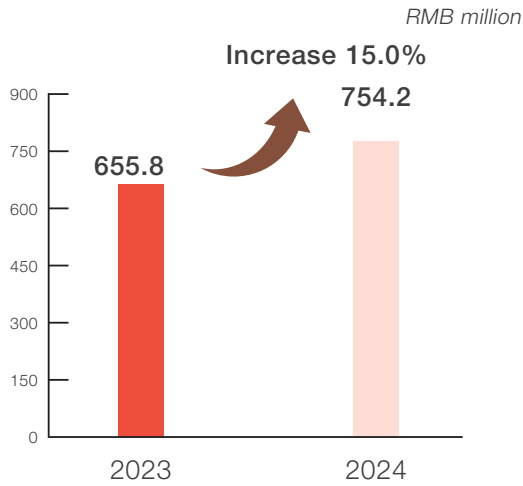
LC Logistics, Inc. (“**LC Logistics**” or the “**Company**” and together with its subsidiaries, the “**Group**”) provides integrated cross-border seaborne logistics services in China covering cargo pick-up and sorting, customs clearance, cross-border seaborne transportation, warehouse transit and last-mile delivery. The Group focuses on cross-border logistics services as its primary business line, and has accumulated vessel operation-related resources and capabilities through its time charter operation to strengthen its ability to provide cross-border logistics services.

Founded in 2004, the Group had grown from a freight forwarding company to an integrated cross-border logistics service provider in China, and had set footprints in key ports in China and established branches in cities on the east coast to carry out its cross-border logistics service business. On September 25, 2023, the shares of the Company (“**Shares**”) was listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing**”), which marked a new chapter of the Company.

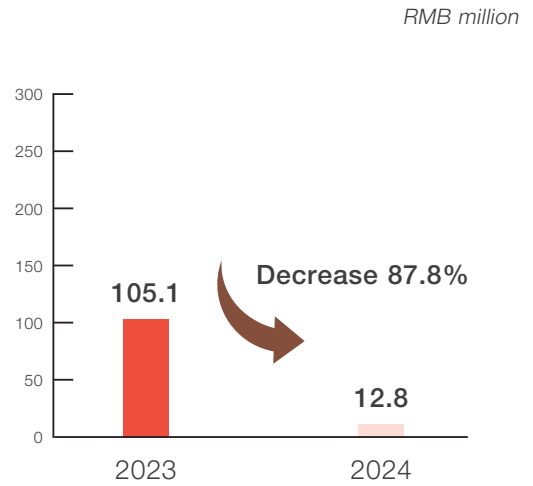


Financial and Operating Highlights

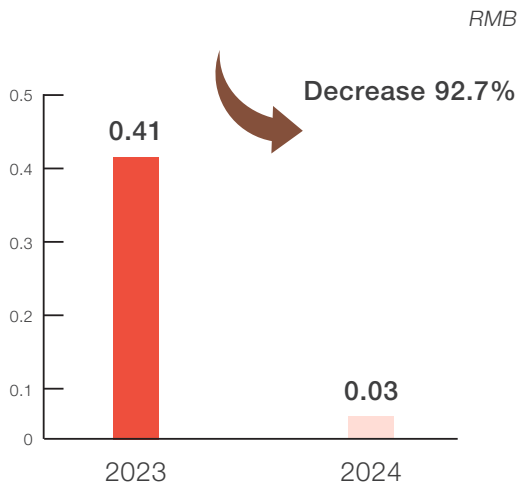
Revenue for the six months ended 30 June



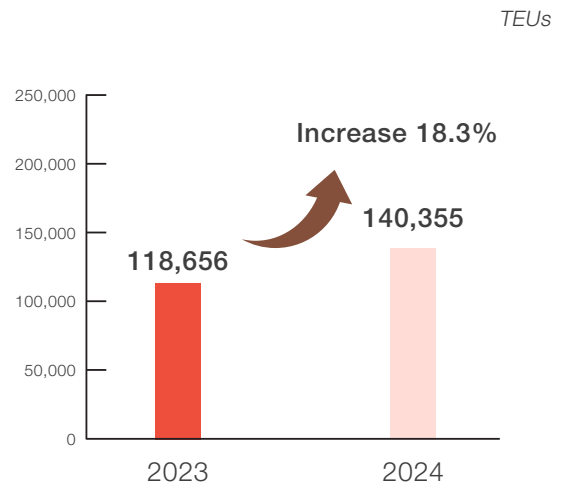
Profit for the six months ended 30 June



Earnings per share attributable to ordinary equity holders of the parent for the six months ended 30 June



Container shipping volume of cross-border logistics services for the six months ended 30 June





Management Discussion and Analysis

Business Review

During the six months ended 30 June 2024 (the “**Period**”), the Group principally operated two business lines, namely cross-border logistics services and time charter services.

Cross-border logistics services

With the experience and industry knowledge of the Group’s management team, the Group is able to promptly adapt its service offering strategy and adjust its business focus to flexibly allocate its shipping resources between the two business lines of cross-border logistics services and time charter services from time to time. In June 2024, the Group commenced self-operated cross-border logistics services when the market freight rate went up to capture market opportunities. During the Period, self-operated cross-border logistics services contributed approximately 12.3% of revenue from cross-border logistics services. The Company’s self-operated cross-border logistics services include container shipping services and break bulk cargo transportation services. The Group’s service volume of self-operated cross-border seaborne transportation was 2,020 twenty-foot equivalent unit (the “**TEUs**”) and 54,452 revenue tons in the six months ended 30 June 2024. The Group’s average price per TEU and revenue ton of self-operated cross-border seaborne transportation was RMB23,043.4 and RMB695.3 in the six months ended 30 June 2024 respectively.

During the Period, the Group provided mainly cross-border logistics services through third party shipping carriers covering destinations across the globe. The Group’s service volume of cross-border seaborne transportation provided by third parties was 138,335 TEUs in the six months ended 30 June 2024, which was higher than the 118,656 TEUs in the same period in 2023, primarily due to favorable prevailing market conditions during the Period. The Group’s average price per TEU of cross-border seaborne transportation provided by third parties increased from approximately RMB3,985.3 in the six months ended 30 June 2023 to approximately RMB4,129.8 in the same period in 2024, primarily due to an increase in market freight rates.

In order to further expand its capacity in respect of cargo pick-up and sorting, customs clearance, warehouse transit and last-mile delivery, the Group has commenced the overseas warehousing business during the Period.

Time charter services

The Group has flexible business plans to utilize its shipping capacity in time charter services with reference to market conditions and charter rates. During the Period, the Group chartered out four vessels and generated revenue of RMB40.3 million. The average daily charter rate was approximately RMB81,865.7 in the six months ended 30 June 2024, which was lower than that of approximately RMB179,100.4 in the same period in 2023. The time charter rate charged by the Group is affected by the overall market rate and demand at the time when the Group contracted with the customers and will therefore often fluctuate. The time charter rate charged by the Group during the six months ended 30 June 2024 was mainly contracted by the Group during the period from May 2023 to April 2024 when the market time charter rate is relatively low while the time charter rate charged by the Group during the six months ended 30 June 2023 is much higher due to the favourable market condition at the time when the time charter rate was contracted by the Group.

Others

During the Period, the Group generated RMB24.9 million of revenue from trading of imported goods under supply chain solutions, which is a natural business extension of cross-border logistics services. During the Period, this service offering was limited to importing paper products from the United States.



Management Discussion and Analysis

Business Outlook

In the first half of 2024, in the face of the environment with both opportunities and challenges, the cross-border logistics service industry continued to advance. In the second half of 2024, the Group will adopt a prudent approach and adjust its service supply strategy according to market conditions.

In the second half of 2024, the performance of cross-border seaborne transportation provided by third parties is expected to improve compared to the first half of the year because the second half of the year is the traditional peak season for China-Americas and China-Europe shipping routes, as overseas countries are to prepare for the Christmas and New Year holidays, and the traditional peak season for the China-Asia shipping routes is the fourth quarter and before Chinese New Year.

For time charter services, with the general increase in market charter rates in 2024, it is expected that the performance of time charter services will improve in the second half of 2024.

The Company will continue to pursue its efforts to develop its business, in order to achieve steady growth in the Company's performance and create greater value for its shareholders (the "Shareholders").

Financial Review

Revenue

During the Period, the Group derived its revenue from (i) cross-border logistics services; (ii) time charter services; and (iii) others, being the trading of imported goods under the Group's supply chain solution services commenced in February 2023. The following table sets forth a breakdown of the Group's revenue by business line for the periods indicated:

	For the six months ended		Change in percentage
	30 June		
	2024	2023	
	RMB'000	RMB'000	
Revenue			
Cross-border logistics services ¹	689,020	498,196	38.3%
Time charter services	40,343	152,230	-73.5%
Others	24,875	5,417	359.2%
Total	754,238	655,843	15.0%

Note¹: including the overseas warehousing business commenced during the Period.



Management Discussion and Analysis

Revenue of the Group increased by approximately 15.0% from RMB655.8 million for the six months ended 30 June 2023 to RMB754.2 million for the six months ended 30 June 2024. This increase was mainly attributable to an increase in revenue generated from cross-border logistics services from RMB498.2 million for the six months ended 30 June 2023 to RMB689.0 million for the six months ended 30 June 2024, due to (a) an increase in average price per TEU from RMB3,985.3 for the six months ended 30 June 2023 to RMB4,402.0 for the six months ended 30 June 2024 as a result of the increase in market freight rates, as well as the increase in provision of self-operated cross-border logistics services during the Period; (b) an increase in service volume from 118,656 TEUs for the six months ended 30 June 2023 to 140,355 TEUs for the six months ended 30 June 2024, favored by the market conditions; (c) the commencement of the overseas warehousing business; and (d) the commencement of the break bulk cargo shipping route between China and Africa.

Cost of sales

Cost of sales increased by approximately 35.2% from RMB507.5 million for the six months ended 30 June 2023 to RMB686.1 million for the six months ended 30 June 2024. This increase was primarily due to the increase in costs in relation to the Group's cross-border logistics services, including bunker costs, vessel chartering costs, port charges, freight fees etc.

Gross profit and gross profit margin

Gross profit represents revenue less cost of sales. As a result of the foregoing, gross profit decreased by approximately 54.1% from RMB148.3 million for the six months ended 30 June 2023 to RMB68.1 million for the six months ended 30 June 2024.

Gross profit margin decreased from 22.6% for the six months ended 30 June 2023 to 9.0% for the six months ended 30 June 2024, as the average daily charter rate charged by the Group for the time charter services decreased from RMB179,100.4 for the six months ended 30 June 2023 to RMB81,865.7 for the six months ended 30 June 2024.

Other income and gains

Other income and gains primarily include foreign exchange gains, interest income and government grants. Other income and gains increased by approximately 354.5% from RMB1.1 million for the six months ended 30 June 2023 to RMB5.0 million for the six months ended 30 June 2024, primarily due to the increase in interest income.



Management Discussion and Analysis

Selling and distribution expenses

Selling and distribution expenses primarily include salaries and welfare of the Group's sales and marketing team and travel expenses. Selling and distribution expenses remained relatively stable at RMB8.3 million and RMB9.1 million for the six months ended 30 June 2023 and 2024, respectively.

Administrative expenses

Administrative expenses primarily include (i) salaries and welfare of the Group's administrative staff; (ii) consulting fees; (iii) depreciation and amortization; and (iv) office expenses and travel expenses. Administrative expenses increased by approximately 57.0% from RMB29.1 million for the six months ended 30 June 2023 to RMB45.7 million for the six months ended 30 June 2024, primarily due to the increase in consulting fees, salaries and welfare expenses.

Other expenses

Other expenses primarily represent losses on disposal of non-current assets in relation to the disposal of containers. Other expenses increased by approximately 152.4% from RMB2.1 million for the six months ended 30 June 2023 to RMB5.3 million for the six months ended 30 June 2024, primarily due to the increase in losses on disposal of non-current assets in relation to the disposal of containers of the Group.

Finance costs

Finance costs include interest expense on bank and other borrowings and interest expense on lease liabilities. Finance costs increased from RMB3.3 million for the six months ended 30 June 2023 to RMB4.2 million for the six months ended 30 June 2024, primarily due to the increase in interest expense on lease liabilities as the Group rented a warehouse.

Impairment losses on financial assets, net

Impairment losses on financial assets primarily consist of impairment on trade receivables and other receivables. The Group recorded impairment losses on financial assets of RMB3.6 million for the six months ended 30 June 2023 and reversal of impairment losses of RMB4.2 million for the six months ended 30 June 2024, primarily due to the recovery of long outstanding trade receivables during the Period.

Share of losses of an associate

Share of loss of an associate is related to Lecang International Logistics (Wuxi) Co., Ltd, in which the Group held a 40.0% equity interest.

Profit before tax

As a result of the foregoing, profit before tax decreased by approximately 87.4% from RMB103.1 million for the six months ended 30 June 2023 to RMB13.0 million for the six months ended 30 June 2024.



Management Discussion and Analysis

Income tax expense/credit

Income tax expense primarily consists of PRC corporate income tax and Hong Kong profits tax. The Group recorded income tax credit of RMB1.9 million for the six months ended 30 June 2023 and income tax expense of RMB0.2 million for the six months ended 30 June 2024, as the Group did not recognize certain deferred tax assets after considering the decline of operating results.

Profit for the Period

As a result of the foregoing, the Group’s profit for the period decreased by approximately 87.8% from RMB105.1 million for the six months ended 30 June 2023 to RMB12.8 million for the six months ended 30 June 2024.

Liquidity, Financial and Capital Resources

The Group met and expects to continue meeting its operating capital, capital expenditure and other capital needs with proceeds from the Listing on the Stock Exchange and cash generated from operations. The Group plans to obtain additional bank borrowings and other borrowings for working capital purposes and will continue to evaluate potential financing opportunities based on its need for capital resources and market conditions.

Net current assets

As at 30 June 2024, the Group’s net current assets amounted to RMB177.4 million (31 December 2023: RMB139.9 million). Specifically, the Group’s total current assets increased by approximately 20.0% from RMB418.7 million as at 31 December 2023 to RMB502.5 million as at 30 June 2024. The Group’s total current liabilities increased by approximately 16.6% from RMB278.7 million as at 31 December 2023 to RMB325.1 million as at 30 June 2024.

Cash position

As at 30 June 2024, the Group had cash and bank balances of RMB181.8 million (31 December 2023: RMB207.9 million). The following table sets forth the currencies in which the Group’s cash and bank balances were denominated as at 30 June 2024:

	As at 30 June 2024 RMB'000
Denominated in RMB	15,929
Denominated in United States dollars (“USD”)	90,735
Denominated in Malagasy ariaries	384
Denominated in Hong Kong dollars	74,759
Denominated in Australian dollars	1
Denominated in Japanese yen	2
Total cash and bank balances	181,810



Management Discussion and Analysis

Borrowings

As at 30 June 2024, the Group had borrowings of RMB22.8 million (31 December 2023: RMB51.3 million), which comprised interest-bearing bank and other borrowings.

The following table sets forth the maturity profiles of the Group's interest-bearing bank and other borrowings as at the dates indicated:

	As at 30 June 2024 RMB'000	As at 31 December 2023 RMB'000
Bank loans and overdraft repayable:		
– Within one year	10,000	10,000
Other borrowings repayable:		
– Within one year	12,783	41,266
Subtotal	12,783	41,266
Total	22,783	51,266

As at 30 June 2024, except for the borrowings in the amounts of RMB12.8 million denominated in USD (31 December 2023: RMB41.3 million), the remaining borrowings of the Group were denominated in RMB. All of the Group's bank and other borrowings bear interest at fixed interest rates ranging from 3.2% to 9.6% as at 30 June 2024 (31 December 2023: 3.25% to 11.81%).

Borrowing costs

The Group's interest on bank and other borrowings decreased from RMB2.9 million for the six months ended 30 June 2023 to RMB1.5 million for the six months ended 30 June 2024, primarily due to the decrease in monthly average borrowing balance during the Period.

Pledge of assets

As at 30 June 2024, the Group had mortgaged the container vessels with carrying amounts of RMB33.4 million (31 December 2023: RMB33.6 million) to secure bank and other borrowings amounting to RMB12.8 million (31 December 2023: RMB20.0 million).

As at 30 June 2024, the Group had pledged deposits of RMB2.6 million (31 December 2023: RMB4.1 million) as security for letters of credit.



Management Discussion and Analysis

Financial risks

The Group's principal financial instruments mainly include financial assets included in trade and notes receivables, the amounts due from related parties, prepayments and other receivables, cash and cash equivalents, financial liabilities included in other payables and accruals, which arise directly from its operations. The Group has other financial assets and liabilities such as interest-bearing other borrowings. The main purpose of these financial instruments is to raise finance for the Group's operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. Generally, the Group introduces conservative strategies on its risk management. To keep the Group's exposure to these risks at a minimum, the Group has not used any derivatives and other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes.

Interest rate risk

The Group's exposure to risk for changes in market interest rates relates primarily to the Group's other borrowings. The Group does not use derivative financial instruments to hedge interest rate risk. The Group manages its interest cost using a fixed rate.

Foreign currency risk

The Group has minimal transactional currency exposure as most of the Group's sales and purchases by operating units are denominated in the functional currencies of the relevant operating units. The Group manages its foreign currency risk by closely monitoring the movement of the foreign currency rates.

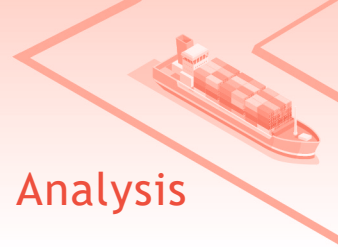
Credit risk

The Group is exposed to credit risk in relation to its trade and notes receivables, financial assets included in prepayments and other receivables, amounts due from related parties, and cash and cash equivalents.

The Group expects that there is no significant credit risk associated with cash and cash equivalents since they are deposited at state-owned banks and other medium or large-sized listed banks. For trade receivables from third parties, the Group has a large number of customers and there was no concentration of credit risk as the customer base of the Group's trade receivables is widely dispersed. In addition, the receivable balances are monitored on an ongoing basis. The Group expected there is no significant credit risk associated with financial assets included in prepayments and other receivables since they have low historical default risk. The Group expected the credit risk associated with non-trade-related amounts due from related parties to be low, since they have a strong capacity to meet the contractual cash flow obligation in the near term.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing other borrowings. Cash flows are closely monitored on an ongoing basis.



Management Discussion and Analysis

Key Financial Ratios

As at 30 June 2024, the current ratio of the Group, being the current assets divided by the current liabilities, was 1.5 times (31 December 2023: 1.5 times).

The Group monitors its capital using a gearing ratio, which is sum of interest-bearing borrowings and due to a related party divided by total equity. The Group's policy is to maintain a healthy gearing ratio. As at 30 June 2024, the gearing ratio of the Group was 1.9% (31 December 2023: 4.4%). The decrease of the Group's gearing ratio was mainly attributable to the settlement of part of interest-bearing borrowings during the Period.

Contingent Liabilities

As at 30 June 2024, the Group had no significant contingent liabilities.

Commitments

As at 30 June 2024, the Group had capital commitments of RMB1,401.8 million (31 December 2023: RMB1,393.2 million). The amount as at 30 June 2024 was related to the purchase of container vessels.

Material Acquisition and Disposal of Subsidiaries, Associates Companies and Joint Ventures

During the Period, the Group did not have any material acquisition or disposal of subsidiaries, associates or joint ventures.

Significant Investments Held by the Group

The Group did not have any significant investments held during the Period.

Future Plans for Material Investments or Capital Assets

The Group intends to utilize the net proceeds from the Listing in accordance with the section headed "Future Plans and Use of Proceeds" in the prospectus of the Company dated 13 September 2023 (the "**Prospectus**"). Save as disclosed, the Company did not have any other future plans for material investments or capital assets as of 30 June 2024.



Management Discussion and Analysis

Use of Proceeds from the Listing

The aggregate net proceeds from the Listing (involving the issue of a total of 28,390,000 ordinary Shares at the offer price of HK\$5.13 per Share and the issue of 2,336,000 additional Shares pursuant to the Over-allotment Option (as defined in the Prospectus) at the offer price of HK\$5.13 per Share), after deducting related underwriting fees and other expenses in connection with the Listing, were approximately HK\$95.1 million (the “**Net Proceeds**”). The Net Proceeds will be utilized for the purposes as set out in the Prospectus. The following table sets forth the status of the use of proceeds from 1 January 2024 to the 30 June 2024:

Use	Percentage of the Net Proceeds as stated in the Prospectus	Net Proceeds	Actual use	Unutilized Net Proceeds as at 30 June 2024	Expected timeframe of full utilization of the Net Proceeds
		as at 31 December 2023 taking into account the partial exercise of the Over-Allotment Option	of the Net Proceeds from 1 January 2024 and up to 30 June 2024		
		HK\$ million	HK\$ million	HK\$ million	
Setting up logistics facilities, including warehouses and container yards, purchasing trucks and investing in software systems for warehouse, order and transportation management	52.0%	47.4	26.6	20.8	2025
Expanding the business coverage and global network	4.0%	3.8	3.8	–	2025
Adopting digital technologies and upgrading internet service systems in providing integrated cross-border logistics services	7.0%	6.7	1.5	5.2	2025
Strategic investments and/or acquisitions in businesses or assets that complement the Group’s business	20.0%	19.0	15.5	3.5	2025
Establishing a trucking service matching platform	7.0%	6.7	–	6.7	2025
General corporate purposes and working capital needs	10.0%	1.0	1.0	–	2025
Total	100.0%	84.6	48.4	36.2	



Management Discussion and Analysis

Employee and Remuneration Policy

As at 30 June 2024, the Group had a total of 331 full-time employees. For the six months ended 30 June 2024, the staff cost relating to the Group's own employees recognized as expenses amounted to RMB30.1 million.

The Group offers its own employees remuneration packages that include a fixed salary, allowances and a performance-based bonus. In general, the Group determines an employee's salary based on each employee's qualifications, experience and capability as well as the prevailing market remuneration rate. The Group is required to make contributions to mandatory social insurance funds for its employees to provide retirement, medical, work-related injury, maternity and unemployment benefits, as well as housing provident funds, under the applicable PRC laws and regulations. During the Period, there was no labour union established by the Group's employees and the Group had not experienced any significant disputes with its employees or any disruption to its operations due to labour disputes nor had we experienced any difficulties in the recruitment and retention of experienced staff or skilled personnel.

The Group provides orientation training to its newly recruited employees to help them understand the corporate culture of the Company. The Group also organizes a mentorship program where its more experienced employees would help its newly recruited employees to enhance their skills and knowledge in relation to the daily operation. From time to time, the Group also holds training meetings to enhance the skills of its employees.

Subsequent Events

In July 2024, the Group entered into agreements to sell two vessels under construction at the price of USD133.3 million to two purchasers (the "**Purchasers**") controlled by Mediterranean Shipping Company S.A., pursuant to which, the Purchasers will take over all of the Group's rights and obligations under the corresponding shipbuilding agreements. The Group had received the consideration as at the date of this report. For details, please refer to the announcement and circular of the Company dated 3 July 2024 and 26 July 2024 respectively. On 2 September 2024, the Group has entered into heads of agreements with Lecang Fantasy Limited and novation agreements with Lecang Fantasy Limited, Jiangnan Shipyard (Group) Co., Ltd. and China Shipbuilding Trading Co., Ltd. for the purpose of acquisition of two vessels subject to the independent shareholders' approval, details of which has been disclosed in the announcement of the Company dated 2 September 2024.

Saved as disclosed above, there has been no other material events affecting the Company since 30 June 2024 and up to the date of this report.



Corporate Governance and Other Information

Corporate Governance

The Group is committed to achieving high standards of corporate governance practices to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company had adopted the corporate governance code (the “**Corporate Governance Code**”) as set out in the Part 2 of Appendix C1 to the Listing Rules as its own code on corporate governance.

Under code provision C.2.1 of Part 2 of the Corporate Governance Code, the role of chairman and chief executive should be separate and should not be performed by the same individual. The role of chairman of the Board and chief executive officer of the Company are both performed by Mr. Xu Xin. The Board believes that vesting the roles of both the chairman of the Board and the chief executive officer of the Company in Mr. Xu would enable the Company to achieve higher responsiveness, efficiency and effectiveness when formulating business strategies and executing business plans. Furthermore, in view of Mr. Xu’s extensive industrial experience and significant role in the historical development of the Group, the Board believes that it is beneficial to the business prospects of the Group that Mr. Xu continues to act as both the chairman of the Board and chief executive officer after Listing, and the balance of power and authority is sufficiently maintained by the operation of the Board, comprising the executive Directors and independent non-executive Directors.

Save as disclosed above, the Board considered that the Company has complied with all applicable code provisions set out in the Corporate Governance Code during the Period.

Compliance with the Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as the guidelines for the Directors’ dealings in the securities of the Company. After making specific enquiries to all the Directors and relevant employees of the Company, each of them has confirmed that they have complied with the required standards set out in the Model Code during the Period.

Share Incentive Scheme

On 23 August 2023, the Company adopted a share scheme (the “**Post-IPO Share Scheme**”) pursuant to the written resolutions of its then Shareholders passed the same date. For further details of the Post-IPO Share Scheme, please refer to the section headed “Statutory and general information – D. Post-IPO Share Scheme” in Appendix IV to the Prospectus. Since the adoption of the Post-IPO Share Scheme and up to the date of this report, no option was granted or agreed to be granted, exercised, lapsed or cancelled by the Company pursuant to the Post-IPO Share Scheme. There was no outstanding share option under the Post-IPO Share Scheme as at the date of this report. As at 1 January 2024 and 30 June 2024, the number of options available for grant under the Post-IPO Share Scheme are 28,393,315.



Corporate Governance and Other Information

Directors' and Chief Executives' Interests and Short Positions in Shares, underlying Shares

As at 30 June 2024, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong, the "SFO")) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred therein, or which were notified to the Company and the Stock Exchange, pursuant to the Model Code, are set out below.

Name of Director	Nature of Interest	Number of Shares or underlying Shares ^(Note 1)	Approximate percentage of shareholding ^(Note 1)
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 30 June 2024, 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 of 30 June 2024, none of the Directors and chief executives of the Company had any interests or short positions in any Shares, underlying Shares and debenture of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.



Corporate Governance and Other Information

Substantial Shareholders' and Other Persons' Interests and Short Positions in the Shares and Underlying Shares of the Company

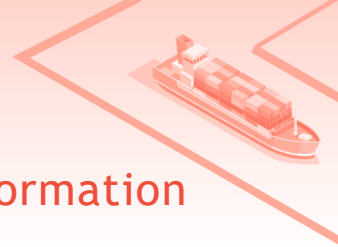
So far as is known to the Company, as at 30 June 2024, as recorded in the register required to be kept by the Company under section 336 of the SFO, the following persons, other than a Director or chief executive of the Company, had an interest of 5% or more in the Shares or underlying Shares:

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

Notes:

- (1) As at 30 June 2024, 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.



Corporate Governance and Other Information

- (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 above and so far as is known to the Directors, as at 30 June 2024, no other interests or short positions in the Shares or underlying Shares which were required to be notified to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or were recorded in the register required to be kept by the Company under section 336 of the SFO.

Interim Dividend

The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2024.

Purchase, Sale or Redemption of listed Securities of the Company

The Company and its subsidiaries did not purchase, sell or redeem any of the listed securities of the Company (including sale of treasury shares) during the Period.

Review of the Interim Results by the Audit Committee

As at the date of this report, the audit committee of the Company (the “**Audit Committee**”) comprised three independent non-executive Directors, namely Mr. Du Haibo (chairman), Dr. Gu Lin and Mr. Qi Yinliang. The Audit Committee has reviewed the unaudited interim results of the Group for the six months ended 30 June 2024. The Audit Committee and the Company’s management have also reviewed the accounting principles and practices adopted by the Group and discussed matters in relation to risk management, internal control and financial reporting. The Audit Committee has agreed with the management of the Company on the unaudited interim results of the Group for the six months ended 30 June 2024.



Interim Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2024

	Notes	30 June 2024 (Unaudited) RMB'000	30 June 2023 (Unaudited) RMB'000
REVENUE	4	754,238	655,843
Cost of sales		(686,134)	(507,509)
GROSS PROFIT		68,104	148,334
Other income and gains	4	5,021	1,114
Selling and distribution expenses		(9,127)	(8,257)
Administrative expenses		(45,730)	(29,092)
Other expenses		(5,270)	(2,065)
Finance costs	6	(4,198)	(3,255)
Impairment losses on financial assets, net		4,205	(3,587)
Share of losses of associates		–	(73)
PROFIT BEFORE TAX	5	13,005	103,119
Income tax (expense)/credit	7	(199)	1,936
PROFIT FOR THE PERIOD		12,806	105,055
Attributable to:			
Owners of the parent		9,393	104,126
Non-controlling interests		3,413	929
		12,806	105,055
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted		RMB0.03	RMB0.41

Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2024



	30 June 2024 (Unaudited) RMB'000	30 June 2023 (Unaudited) RMB'000
PROFIT FOR THE PERIOD	12,806	105,055
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	8,808	12,723
	8,808	12,723
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	8,808	12,723
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	628	644
Income tax effect	–	(161)
	628	483
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	628	483
OTHER COMPREHENSIVE INCOME FOR PERIOD, NET OF TAX	9,436	13,206
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	22,242	118,261
Attributable to:		
Owners of the parent	16,239	117,192
Non-controlling interests	6,003	1,069
	22,242	118,261



Interim Condensed Consolidated Statement of Financial Position

30 June 2024

	Notes	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
NON-CURRENT ASSETS			
Prepayments and other receivables		572,405	580,869
Property, plant and equipment	10	402,054	424,911
Right-of-use assets		85,885	6,984
Goodwill		8,572	8,572
Intangible assets		1,718	1,867
Investment in an associate		135	135
Equity investments designated at fair value through other comprehensive income		2,928	2,300
Deferred tax assets		1,315	1,175
Total non-current assets		1,075,012	1,026,813
CURRENT ASSETS			
Inventories		14,038	5,383
Assets held for sales		66,256	74,859
Trade receivables	11	155,598	89,260
Due from related parties		834	52
Prepayments and other receivables		73,141	30,355
Income tax recoverable		849	908
Financial assets at fair value through profit or loss		9,936	9,970
Cash and bank balances		181,810	207,887
Total current assets		502,462	418,674
CURRENT LIABILITIES			
Trade payables	12	195,216	172,398
Other payables and accruals		77,348	50,465
Interest-bearing bank and other borrowings		22,783	51,266
Tax payable		241	24
Lease liabilities		29,518	4,579
Total current liabilities		325,106	278,732
NET CURRENT ASSETS		177,356	139,942
TOTAL ASSETS LESS CURRENT LIABILITIES		1,252,368	1,166,755

Interim Condensed Consolidated Statement of Financial Position

30 June 2024



	Notes	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
NON-CURRENT LIABILITIES			
Lease liabilities		63,736	2,196
Deferred tax liabilities		244	156
Total non-current liabilities		63,980	2,352
Net assets		1,188,388	1,164,403
EQUITY			
Equity attributable to owners of the parent			
Share capital	13	205	205
Reserves		1,150,925	1,134,686
		1,151,130	1,134,891
Non-controlling interests		37,258	29,512
Total equity		1,188,388	1,164,403



Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2024

	Attributable to ordinary equity holders of the parent									
	Share capital RMB'000 Note 13	Share premium account RMB'000	Capital reserve* RMB'000	Fair value reserve of financial assets at fair value through other comprehensive income* RMB'000	Statutory surplus reserve* RMB'000	Exchange fluctuation reserve* RMB'000	Retained profits* RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2024 (Audited)	205	143,323	(26,967)	(197)	2,154	80,673	935,700	1,134,891	29,512	1,164,403
Profit for the period	-	-	-	-	-	-	9,393	9,393	3,413	12,806
Other comprehensive income for the period										
Changes in fair value of equity investments at fair value through other comprehensive income	-	-	-	621	-	-	-	621	7	628
Exchange differences on translation of foreign operations	-	-	-	-	-	6,225	-	6,225	2,583	8,808
Total comprehensive income for the period	-	-	-	621	-	6,225	9,393	16,239	6,003	22,242
Capital contribution from a non-controlling shareholder of a subsidiary	-	-	-	-	-	-	-	-	1,743	1,743
As at 30 June 2024 (unaudited)	205	143,323	(26,967)	424	2,154	86,898	945,093	1,151,130	37,258	1,188,388

	Attributable to ordinary equity holders of the parent									
	Share capital RMB'000 Note 13	Share premium account RMB'000	Capital reserve* RMB'000	Fair value reserve of financial assets at fair value through other comprehensive income* RMB'000	Statutory surplus reserve* RMB'000	Exchange fluctuation reserve* RMB'000	Retained profits* RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2023 (Audited)	29	8,390	(26,967)	(79)	2,154	78,559	816,823	878,909	12,270	891,179
Profit for the period	-	-	-	-	-	-	104,126	104,126	929	105,055
Other comprehensive income for the period										
Changes in fair value of equity investments at fair value through other comprehensive income	-	-	-	478	-	-	-	478	5	483
Exchange differences on translation of foreign operations	-	-	-	-	-	12,588	-	12,588	135	12,723
Total comprehensive income for the period	-	-	-	478	-	12,588	104,126	117,192	1,069	118,261
Capital contribution from a non-controlling shareholder of a subsidiary	-	-	-	-	-	-	-	-	347	347
As at 30 June 2023 (unaudited)	29	8,390	(26,967)	399	2,154	91,147	920,949	996,101	13,686	1,009,787

* As at 30 June 2024, these other reserve accounts comprised the total consolidated reserves of RMB1,150,925,000 (30 June 2023: RMB996,072,000) in the interim condensed consolidated statement of financial position.



Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2024

	Notes	30 June 2024 (Unaudited) RMB'000	30 June 2023 (Unaudited) RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		13,005	103,119
Adjustments for:			
Finance costs	6	4,198	3,255
Interest income	4,5	(3,295)	(324)
Share of (profit)/loss of an associate		–	73
Losses on disposal of property, plant and equipment	5	5,115	1,199
Exchange loss		834	907
Fair value losses/(gains) on financial assets at fair value through profit or loss	4	34	(286)
Depreciation of property, plant and equipment	5	22,906	20,820
Depreciation of right-of-use assets	5	15,085	2,598
Amortisation of intangible assets	5	200	197
Impairment of prepayments and other receivables	5	–	770
Impairment of trade receivables	5	(4,205)	2,818
		53,877	135,146
(Increase)/decrease in inventories		(8,655)	4,677
(Increase)/decrease in trade receivables		(62,133)	52,931
(Increase)/decrease in prepayments and other receivables		(42,786)	5,869
(Increase)/decrease in trade payables		22,818	(79,842)
Increase in amounts due from related parties		(782)	(14)
Decrease/(increase) in other payables and accruals		26,049	(47,554)
Cash generated from operations		(11,612)	71,213
Interest received		3,295	324
Tax paid		224	(1,645)
Net cash flows from operating activities		(8,093)	69,892



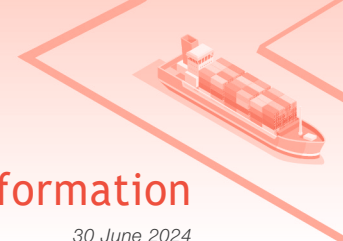
Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2024

	30 June 2024 (Unaudited) RMB'000	30 June 2023 (Unaudited) RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of items of property, plant and equipment	(26,494)	(248,755)
Purchase of intangible assets	(51)	(68)
Disposal of items of property, plant and equipment	32,182	11,973
Purchases of financial assets at fair value through profit or loss	(1,500)	(10,030)
Disposals of financial assets at fair value through profit or loss	1,500	10,030
Repayment of advances to related parties	–	512
Net cash flows used in investing activities	5,637	(236,338)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from interest-bearing bank and other borrowings	3,000	3,000
Repayment of interest-bearing bank and other borrowings	(29,974)	(10,041)
Interest paid	(4,198)	(2,442)
Principal portion of lease payments	(21,845)	(3,222)
Decrease/(increase) in pledged deposits	1,576	(3,048)
Capital contribution from non-controlling shareholders of subsidiaries	1,743	347
Deemed distribution arising from the reorganisation	–	(9,711)
Net cash flows used in financing activities	(49,698)	(25,117)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(52,154)	(191,563)
Cash and cash equivalents at beginning of period	203,673	339,991
Effect of foreign exchange rate changes, net	27,653	5,247
CASH AND CASH EQUIVALENTS AT END OF PERIOD	179,172	153,675
ANALYSIS OF BALANCE OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	181,810	156,723
Less: Restricted cash	2,638	3,048
CASH AND CASH EQUIVALENTS AS STATED IN THE STATEMENT OF CASH FLOWS	179,172	153,675

Notes to Interim Condensed Consolidated Financial Information

30 June 2024



1. Corporate Information

The Company is an exempted company incorporated in the Cayman Islands. The Company's shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 25 September 2023. The registered address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company is an investment holding company. During the period, the Company's subsidiaries were principally engaged in the provision of integrated cross-border logistics services.

In the opinion of the directors, the ultimate controlling shareholders are Mr. Xu Xin, Ms. Li Yan and Ms. Liu Quanxiang by virtue of the acting in concert deed.

2.1 Basis of Preparation

The interim condensed consolidated financial information for the six months ended 30 June 2024 has been prepared in accordance with IAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2023.

2.2 Changes in Accounting Policies and Disclosures

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of the following revised International Financial Reporting Standards (“**IFRSs**”) for the first time for the current period's financial information.

Amendments to IFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current</i> <i>(the “2020 Amendments”)</i>
Amendments to IAS 1	<i>Non-current Liabilities with Covenants (the “2022 Amendments”)</i>
Amendments to IAS 7 and IFRS 7	<i>Supplier Finance Arrangements</i>

The nature and impact of the revised IFRSs are described below:

- (a) Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of IFRS 16, the amendments did not have any impact on the financial position or performance of the Group.



Notes to Interim Condensed Consolidated Financial Information

30 June 2024

2.2 Changes in Accounting Policies and Disclosures (continued)

The nature and impact of the revised IFRSs are described below: (continued)

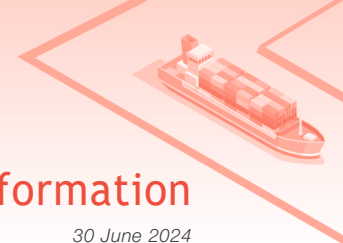
- (b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

- (c) Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure of relevant information for supplier finance arrangements is not required for any interim reporting period during the first annual reporting period in which an entity applies the amendments. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the interim condensed consolidated financial information.

Notes to Interim Condensed Consolidated Financial Information

30 June 2024



3. Operating Segment Information

For management purposes, the Group is organised into business units based on their products and services and only has one reportable operating segment. Management monitors the results of the Group's operating segments as a whole for the purpose of making decisions about resource allocation and performance assessment.

Geographical information

(a) Revenue from external customers

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Greater China	697,642	500,918
Others	56,596	154,925
Total	754,238	655,843

The revenue information above is based on the outbound cargoes of each geographical territory.

(b) Non-current assets

The vessels and containers (included in property, plant and equipment) are primarily utilised across geographical markets for shipment of cargoes around the world. Accordingly, it is impractical to present the locations of the vessels and containers by geographical areas. Therefore, the vessels and containers are presented as unallocated non-current assets.

Information about a major customer

No revenue from a major customer accounted for 10% or more of the Group's revenue during the six months ended 30 June 2024 (six months ended 30 June 2023: RMB65,788,000).



Notes to Interim Condensed Consolidated Financial Information

30 June 2024

4. Revenue, Other Income and Gains

An analysis of revenue is as follows:

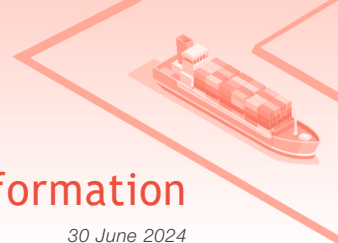
	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Revenue from contracts with customers	713,895	503,613
Revenue from other sources		
Time charter income	40,343	152,230
Total	754,238	655,843

Disaggregated revenue information for revenue from contracts with customers

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Types of goods or services		
Cross-border logistics services	675,633	498,196
Sale of goods	24,875	5,417
Overseas warehousing	13,387	–
Total	713,895	503,613
Timing of revenue recognition		
Services transferred over time	689,020	498,196
Goods transferred at a point in time	24,875	5,417
Total	713,895	503,613
Geographical markets		
Greater China	677,647	426,740
Others	36,248	76,873
Total	713,895	503,613

Notes to Interim Condensed Consolidated Financial Information

30 June 2024



4. Revenue, Other Income and Gains (continued)

Disaggregated revenue information for revenue from contracts with customers (continued)

An analysis of other income and gains is as follows:

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Other income and gains		
Government grants	21	190
Interest income	3,295	324
Fair value (losses)/gains on financial assets at fair value through profit or loss	(34)	286
Foreign exchange gains	1,173	–
Others	566	314
Total	5,021	1,114



Notes to Interim Condensed Consolidated Financial Information

30 June 2024

5. Profit Before Tax

The Group's profit before tax from continuing operations is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Cost of service provided	641,769	502,575
Cost of inventories sold	24,726	4,934
Depreciation of property, plant and equipment	22,906	20,820
Depreciation of right-of-use assets	15,085	2,598
Amortisation of intangible assets	200	197
Impairment loss of financial assets, net		
– Trade receivables	(4,205)	2,818
– Other receivables	–	770
Foreign exchange (gains)/losses	(1,173)	907
Interest income	(3,295)	(324)
Losses on disposal of property, plant and equipment	5,115	1,199

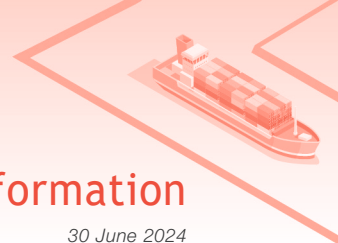
6. Finance Costs

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Interest on bank and other borrowings	1,509	2,886
Interest expense on lease liabilities	2,689	369
Total	4,198	3,255

Notes to Interim Condensed Consolidated Financial Information

30 June 2024



7. Income Tax (Expense)/Credit

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Pursuant to the rules and regulations of the Cayman Islands, the Company is not subject to any income tax in this jurisdiction.

The Group's subsidiary incorporated in Hong Kong was subject to Hong Kong profits tax at the rate of 16.5% on any estimated assessable profits arising in Hong Kong for the period.

Except for certain subsidiaries of the Group which were entitled to a preferential income tax rate of 20% for small and micro enterprises during the period with the first RMB1,000,000 of annual taxable income eligible for a 75% reduction, the provision for Chinese Mainland current income tax is based on the statutory rate of 25% of the assessable profits of the subsidiaries in Chinese Mainland as determined in accordance with the Corporate Income Tax Law.

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Current tax:		
Chinese Mainland	87	291
Hong Kong	–	1,037
Deferred tax	112	(3,264)
Total tax credit/(charge) for the period	199	(1,936)

8. Dividends

No dividends have been paid or declared by the Company during the period.



Notes to Interim Condensed Consolidated Financial Information

30 June 2024

9. Earnings Per Share Attributable to Ordinary Equity Holders of the Parent

The calculation of the basic earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of 286,269,156 (six months ended 30 June 2023: 255,543,156) ordinary shares in issue during the period, as adjusted to reflect the rights issue during the period.

The Group had no potentially dilutive ordinary shares in issue during the period ended 30 June 2024 and 2023.

The calculation of the basic earnings per share is based on:

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	9,393	104,126
Number of shares		
	2024	2023
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	286,269,156	255,543,156

10. Property, Plant and Equipment

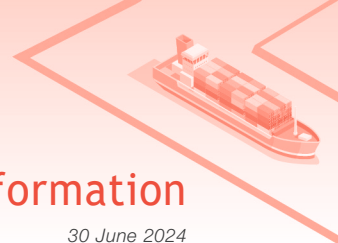
During the six months ended 30 June 2024, the Group acquired assets at cost of RMB26,494,000 (30 June 2023: RMB8,529,000).

Assets with net book value of RMB28,694,000 were disposed of by the Group during the six months ended 30 June 2024 (30 June 2023: RMB7,882,000).

During the six months ended 30 June 2024, there was no impairment recognised for property, plant and equipment (30 June 2023: Nil).

Notes to Interim Condensed Consolidated Financial Information

30 June 2024



11. Trade Receivables

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Within 1 month	120,269	41,509
1 to 3 months	26,537	14,595
3 to 6 months	5,161	7,857
6 to 12 months	3,631	1,395
Over 1 year	–	23,904
Total	155,598	89,260

12. Trade Payables

An ageing analysis of the Group's trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Within 1 year	152,787	147,842
Over 1 year	42,429	24,556
Total	195,216	172,398

The trade payables are non-interest-bearing and are normally settled on the terms of 30 to 60 days.



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30 June 2024

13. Share Capital

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Issued and fully paid: 286,269,156 (2023: 286,269,156) ordinary shares of USD0.0001 (2023: USD0.0001)	205	205

On the date of the Company's incorporation, one share, which was allotted and issued at par to an initial subscriber, an independent third party, was then transferred at par to Lecang Shining Limited, a company ultimately controlled by Ms. Li Yan. For the purpose of reflecting the then shareholding structure of Shandong Lcang before the reorganisation at the offshore level, on the same date, the Company allotted and issued 42,164,521 shares to the offshore holding vehicles of each of the then shareholders of Shandong Lcang corresponding to their respective shareholdings in Shandong Lcang.

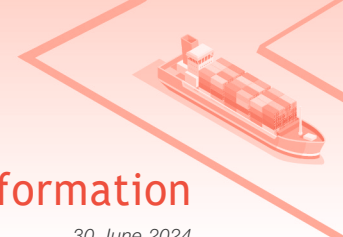
On 7 October 2022, PCW Limited ("**PCW**") entered into a share swap agreement with the Company, pursuant to which PCW transferred one share of PCW Investment, representing the entire issued share capital of PCW Investment, to the Company in consideration of the issuance of 426,004 shares, representing approximately 1.00% of the Company's issued share capital, by the Company to PCW. Upon completion of such share swap, PCW Investment became a wholly-owned subsidiary of the Company and PCW (HK), the wholly-owned subsidiary of PCW Investment, became an indirect wholly-owned subsidiary of the Company.

In connection with the listing of the shares of the Company on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), 28,390,000 ordinary shares of USD0.0001 each were issued at a price of HKD5.13 per share for a total cash consideration, before expenses, of approximately HKD145,641,000 (equivalent to RMB133,633,000). In addition, 212,952,630 shares were issued by way of capitalisation. Dealings in the shares of the Company on the Stock Exchange commenced on 22 September 2023.

On 18 October 2023, the Company issued 2,336,000 ordinary shares of USD0.0001 each at an offer price of HKD5.13 per share pursuant to the partial exercise of the over-allotment option in connection with the Company's initial public offering.

Notes to Interim Condensed Consolidated Financial Information

30 June 2024



14. Contingent Liabilities

During the six months ended 30 June 2024, there are no contingent liabilities in the financial statements (30 June 2023: nil).

15. Commitments

The Group had the following contractual commitments at the end of the reporting period:

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Contracted but not provided for Container vessels	1,401,842	1,393,167
Total	1,401,842	1,393,167

16. Related Party Transactions

(a) The Group had the following transactions with related parties during the period:

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Repayment of advances to related parties		
Qingdao Lecang Technology Co., Ltd.	–	462
Ms. Zhu Jiali	–	50
Total	–	512
Income from Lecang International Logistics (Wuxi) Co., Ltd.	881	85

These transactions were carried out in accordance with the terms and conditions mutually agreed by the parties involved.



Notes to Interim Condensed Consolidated Financial Information

30 June 2024

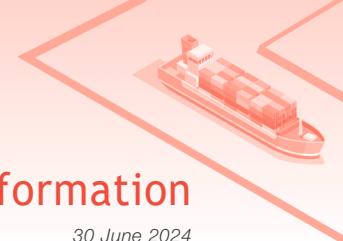
16. Related Party Transactions (continued)

(b) Outstanding balances with related parties:

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Due from related parties:		
Trade-related		
Lecang International Logistics (Wuxi) Co., Ltd.	834	52
Total	834	52

(c) Compensation of key management personnel of the Group:

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Salaries, allowances and benefits in kind	2,688	1,691
Performance-related bonuses	–	168
Pension scheme contributions and social welfare	247	300
Total compensation paid to key management personnel	2,935	2,159



17. Fair Value and Fair Value Hierarchy of Financial Instruments

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Unaudited)
Financial assets				
Financial assets at fair value through profit or loss	9,936	9,970	9,936	9,970
Equity investments designated at fair value through other comprehensive income	2,928	2,300	2,928	2,300
Total	12,864	12,270	12,864	12,270

Management has assessed that the fair values of cash and cash equivalents, trade receivables, trade payables, financial assets included in prepayments and other receivables, deposits, financial liabilities included in other payables and accruals, interest-bearing other borrowings, and amounts due from/to related parties approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of unlisted equity investments classified as financial assets at fair value through profit or loss have been estimated by using asset-based approach, the significant unobservable inputs of which is adjusted carrying amount of net assets. A significant increase in adjusted carrying amount of net assets would result in a significant increase in the fair value of the financial assets at fair value through profit or loss. If the fair value of the equity investments classified as financial assets at fair value through profit or loss held by the Group had been 10% higher/lower, the profits for the six months ended 30 June 2024 would have been approximately RMB994,000 lower/higher (31 December 2023: RMB996,000). The fair values of other unlisted investments are based on quoted market prices.

The fair value of the unlisted equity investment designated at fair value through other comprehensive income has been estimated by using the market approach, using the ratio of price to book value ("PB ratio") of certain comparable companies in the same industry, in arriving at an indicated value of the unlisted equity interest. The valuation takes account of a discount for lack of marketability on this investment. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable, and that they were the most appropriate values at the end of each of the period.

Notes to Interim Condensed Consolidated Financial Information

30 June 2024

17. Fair Value and Fair Value Hierarchy of Financial Instruments (continued)

Set out below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 30 June 2024:

Description	Unobservable inputs	Range of inputs		Relationship of unobservable inputs to fair value
		30 June 2024	31 December 2023	
Equity investments designated at fair value through other comprehensive income	Discount for lack of marketability (“ DLOM ”)	37.85% (31 December 2023: 37.85%)		The higher the DLOM, the lower the fair value

The DLOM represents the amounts of premiums and discounts determined by the Group that market participants would take into account when pricing the investments.

If the fair value of the equity investments designated at a fair value through other comprehensive income held by the Group had been 10% higher/lower, the total comprehensive income for the six months ended 30 June 2024 would have been approximately RMB293,000 higher/lower (31 December 2023: RMB230,000).

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group’s financial instruments:

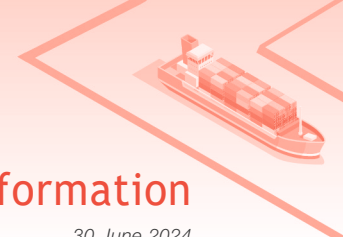
Assets measured at fair value:

30 June 2024

	Fair value measurement using			Total RMB’000
	Quoted prices in active markets (Level 1) RMB’000	Significant observable inputs (Level 2) RMB’000	Significant unobservable inputs (Level 3) RMB’000	
Financial assets at fair value through profit and loss	–	–	9,936	9,936
Equity investments designated at fair value through other comprehensive income	–	–	2,928	2,928
Total	–	–	12,864	12,864

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17. Fair Value and Fair Value Hierarchy of Financial Instruments (continued)

Fair value hierarchy (continued)

Assets measured at fair value: (continued)

31 December 2023

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Financial assets at fair value through profit or loss	–	–	9,970	9,970
Equity investments designated at fair value through other comprehensive income	–	–	2,300	2,300
Total	–	–	12,270	12,270

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no other transfers into or out of Level 3 for both financial assets and financial liabilities (six months ended 30 June 2023: there were no transfers of fair value measurements between Level 1 and Level 2 and no other transfers into or out of Level 3 for both financial assets and financial liabilities).

The movements in fair value measurements within Level 3 during the periods are as follows:

	30 June 2024 RMB'000 (Unaudited)	30 June 2023 RMB'000 (Unaudited)
Equity investments at FVTPL and FVOCI:		
At the beginning of the period	12,270	8,759
Total gains recognised in profit	(34)	285
Total gains recognised in other comprehensive income	627	644
At the end of the period	12,863	9,688



Notes to Interim Condensed Consolidated Financial Information

30 June 2024

18. Events Subsequent to the Reporting Periods

In July 2024, the Group entered into agreements to sell two vessels under construction at the price of USD133.3 million to two purchasers (the “**Purchasers**”) controlled by Mediterranean Shipping Company S.A., pursuant to which, the Purchasers will take over all of the Group’s rights and obligations under the corresponding shipbuilding agreements. The Group had received the consideration as at the date of this report. For details, please refer to the announcement and circular of the Company dated 3 July 2024 and 26 July 2024 respectively. On 2 September 2024, the Group has entered into heads of agreements with Lecang Fantasy Limited and novation agreements with Lecang Fantasy Limited, Jiangnan Shipyard (Group) Co., Ltd. and China Shipbuilding Trading Co., Ltd. for the purpose of acquisition of two vessels subject to the independent shareholders’ approval, details of which has been disclosed in the announcement of the Company dated 2 September 2024.

Saved as disclosed above, there has been no other material events affecting the Company since 30 June 2024 and up to the date of this report.

19. Approval of the Unaudited Interim Condensed Consolidated Financial Information

The unaudited interim condensed consolidated financial information was approved and authorised for issue by the board of directors on 20 August 2024.