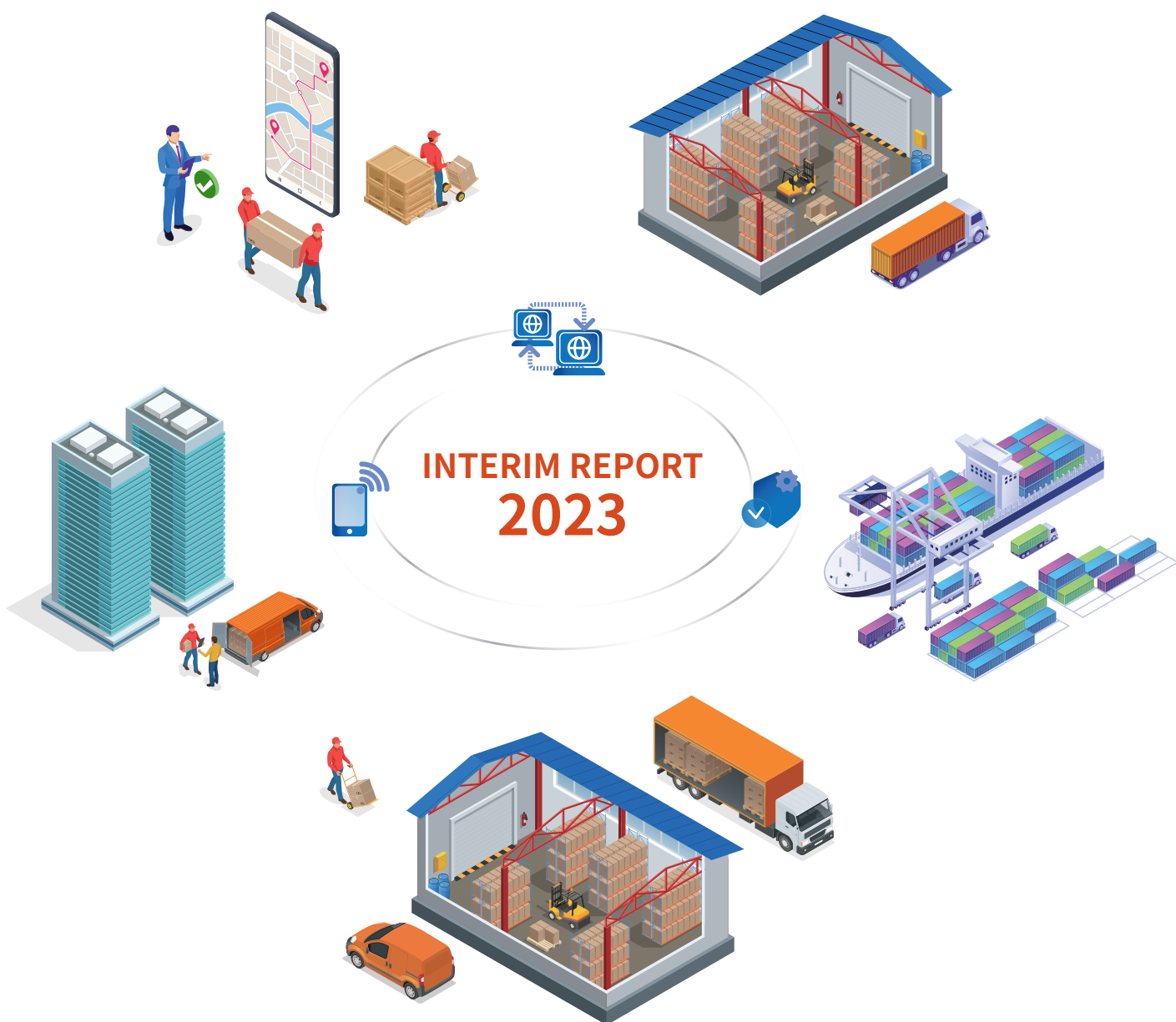




乐舱物流股份有限公司 LC Logistics, Inc.

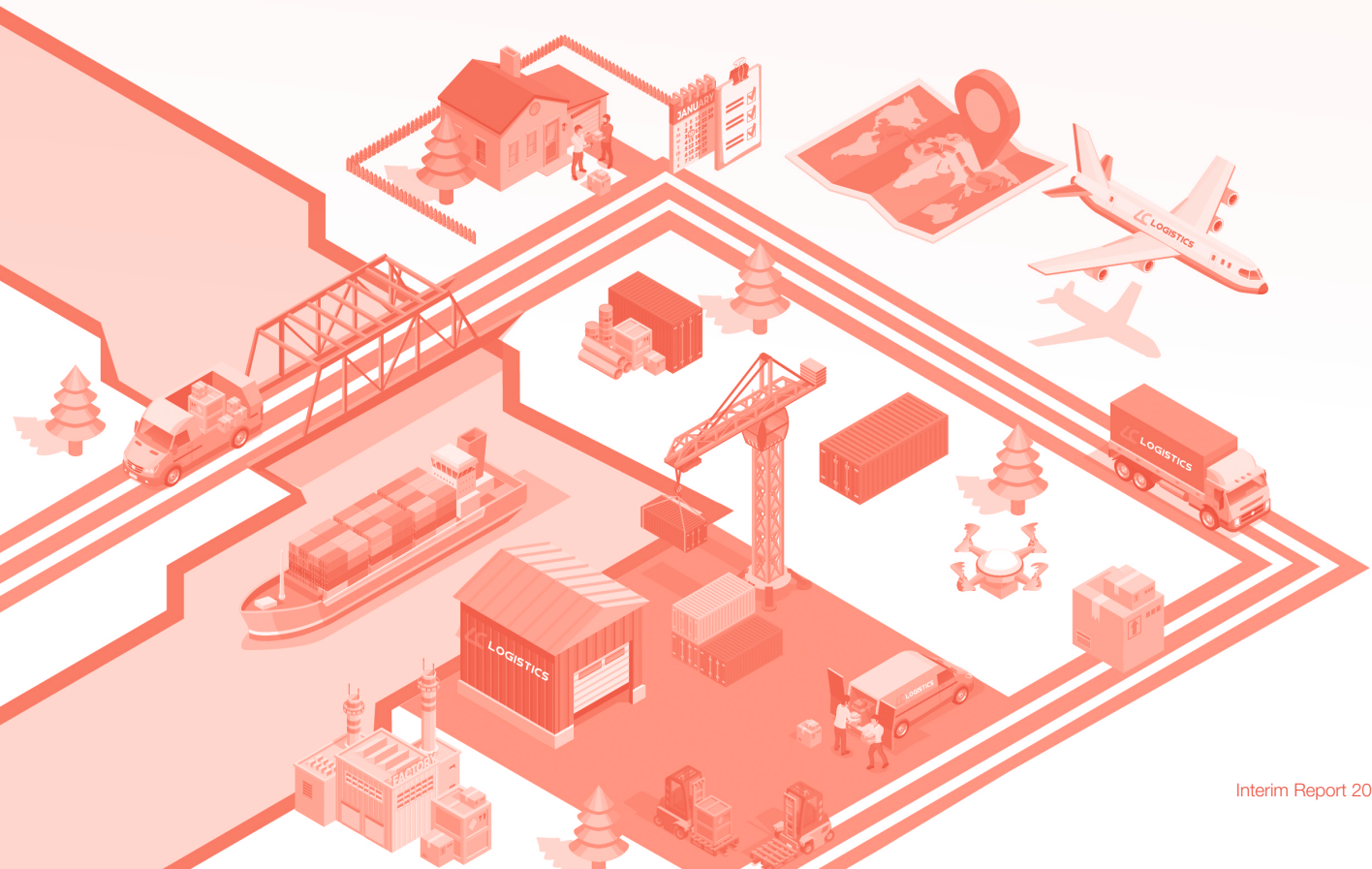
(Incorporated in the Cayman Islands with limited liability)

Stock Code : 2490



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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. HO Yin Kwan

Joint Company Secretaries

Ms. DING Sujun
Ms. HO Yin Kwan

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

40th Floor, Dah Sing Financial Centre
No. 248 Queen's Road East
Wan Chai, 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.

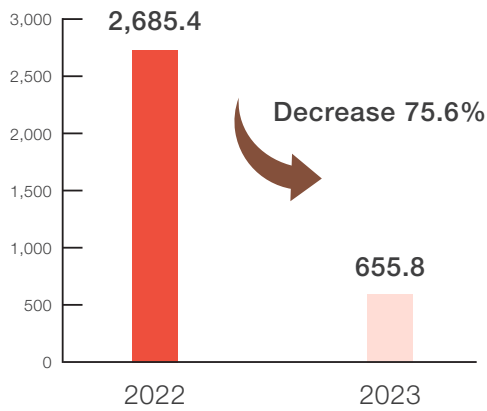
Founded in 2004, the Group had grown from a freight forwarding company to an integrated cross-border logistics service provider in China, and had set footprints in key ports in China and established branches in cities on the east coast to carry out its cross-border logistics service business. On September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



Financial and Operating Highlights

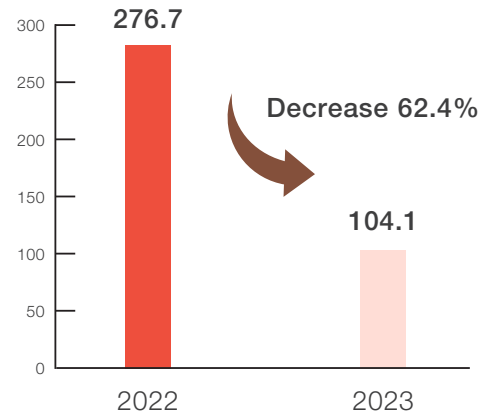
Revenue for the six months ended 30 June

RMB million



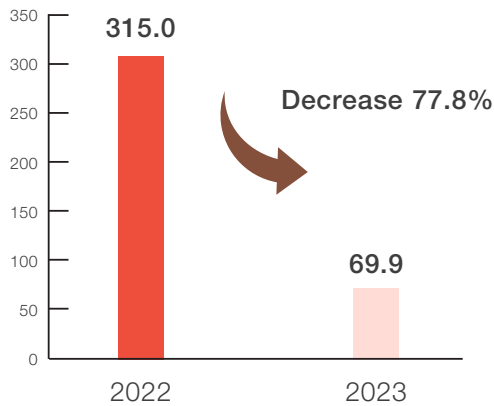
Profit attributable to owners of the parent for the six months ended 30 June

RMB million



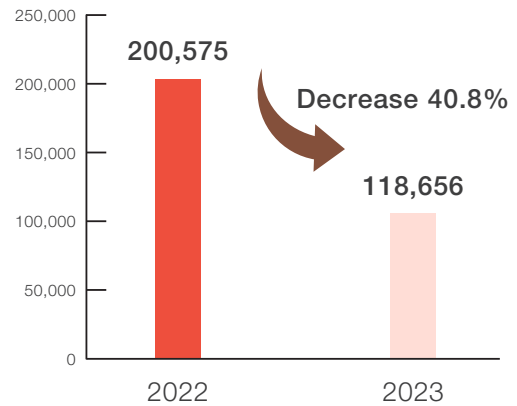
Net cash flows from operating activities for the six months ended 30 June

RMB million



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

TEUs





Management Discussion and Analysis

Business Review

During the six months ended June 30, 2023 the Group principally operated two business lines, namely cross-border logistics services and time charter services. In February 2023, it also commenced its supply chain solutions as the Group proactively leveraged its cumulative cross-border logistics resources and integration capabilities to seek and explore new sources of revenue.

Cross-border logistics services

Since the outbreak of COVID-19 in early 2020, the cross-border logistics service industry has been experiencing a high degree of volatility. 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 2021, the Group commenced self-operated cross-border logistics services when the market freight rate went up to capture market opportunities. During the six months ended June 30, 2022, self-operated cross-border logistics services contributed approximately 64.9% of revenue from cross-border logistics services. However, as market freight rates decreased significantly since the second half of 2022, the Group had paused the offering of self-operated cross-border logistics services during the six months ended June 30, 2023. The management of the Group will continue to monitor the prevailing market freight rates, proactively assess customer demands and remain open to offer its self-operated cross-border seaborne transportation services as and when the conditions are favorable for it to do so.

During the six months ended June 30, 2023, the Group provided only cross-border logistics services provided 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 118,656 TEUs in the six months ended June 30, 2023, which was lower than the 133,363 TEUs in the same period in 2022, primarily due to favorable prevailing market conditions in 2022. The Group's average price per TEU of cross-border seaborne transportation provided by third parties decreased from approximately RMB6,920.0 in the six months ended June 30, 2022 to approximately RMB3,985.3 in the same period in 2023, primarily due to a decrease in market freight rates.

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 six months ended June 30, 2023, the Group chartered out five vessels and generated revenue of RMB152.2 million. The average daily charter rate was approximately RMB179,100.4 in the six months ended June 30, 2023, which was higher than the approximately RMB125,516.3 in the same period in 2022, as the service contracts in effect in the six months ended June 30, 2023 were mainly entered into in 2022, when the market rates were relatively higher.

Others

During the six months ended June 30, 2023, the Group generated RMB5.4 million of revenue from trading of imported goods under supply chain solutions, which is a natural business extension of cross-border logistics services. Since February 2023, the Group has entered into import agency agreements with clients in China to provide import agency services, pursuant to which the Group is engaged to procure goods from foreign suppliers and provide logistics services to import the goods to China. As of June 30, 2023, this new service offering was limited to importing paper products from the United States.



Management Discussion and Analysis

Business Outlook

Since the alleviation of COVID-19 related restrictions in China and across the globe, there has been an increase in available vessel capacity to meet the demand of cross-border seaborne transportation. In the second half of 2023, the Group will remain cautious and adjust its service offering strategy in light of market conditions. The Group expects to continue to deploy its resources to provide cross-border seaborne transportation only through third parties as well as to provide time charter services in the second half of 2023.

Results from providing cross-border seaborne transportation through third parties are expected to improve in the second half of 2023 as compared with the first half of the year, as the second half of the year is a traditional peak season for the China-Americas and the China-Europe shipping routes with overseas preparing 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 a general decrease in market charter rates in 2023, the results from providing time charter services are expected to decline as the Group enters into new charter agreements in 2023 at lower charter rates upon the expiry of former agreements.

Financial Review

Revenue

During the six months ended June 30, 2023, the Group derived its revenue from (i) cross-border logistics services; (ii) time charter services; and (iii) other business, 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 June 30,		Change in percentage
	2023 RMB'000	2022 RMB'000	
Revenue			
Cross border logistics services	498,196	2,632,364	-81.1%
Time charter services	152,230	53,045	187.0%
Others	5,417	–	NA
Total	655,843	2,685,409	-75.6%



Management Discussion and Analysis

Revenue of the Group decreased by approximately 75.6% from RMB2,685.4 million for the six months ended June 30, 2022 to RMB655.8 million for the six months ended June 30, 2023. This decrease was attributable to a decrease in revenue generated from cross border logistics services from RMB2,632.4 million for the six months ended June 30, 2022 to RMB498.2 million for the six months ended June 30, 2023, due to (a) a decrease in average price per TEU from RMB13,124.1 for the six months ended June 30, 2022 to RMB3,985.3 for the six months ended June 30, 2023 as a result of the decrease in market freight rates; and (b) a decrease in service volume from 200,575 TEUs for the six months ended June 30, 2022 to 118,656 TEUs for the six months ended June 30, 2023 primarily due to market conditions, partially offset by

- (i) an increase in revenue generated from time charter services from RMB53.0 million for the six months ended June 30, 2022 to RMB152.2 million for the six months ended June 30, 2023, primarily as we utilized more container vessels for time charter services and higher charter rates for service contracts in effect during the six months ended June 30, 2023; and
- (ii) revenue generated from trading of imported goods amounting to RMB5.4 million for the six months ended June 30, 2023.

Cost of sales

Cost of sales decreased by approximately 78.4% from RMB2,346.9 million for the six months ended June 30, 2022 to RMB507.5 million for the six months ended June 30, 2023. This decrease was primarily due to the decrease 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 services. As a result of the foregoing, gross profit decreased by approximately 56.2% from RMB338.5 million for the six months ended June 30, 2022 to RMB148.3 million for the six months ended June 30, 2023.

Gross profit margin increased from 12.6% for the six months ended June 30, 2022 to 22.6% for the six months ended June 30, 2023, primarily due to the increased revenue contributed by time charter services.

Gross profit margin of cross-border logistics services decreased from 12.1% in the six months ended June 30, 2022 to 8.2% in the six months ended June 30, 2023 as the Group did not provide self-operated cross-border seaborne transportation during the latter period. Gross profit margin of time charter services increased from 39.0% in the six months ended June 30, 2022 to 70.7% in the six months ended June 30, 2023, primarily due to the increased average daily charter rates in the latter period as the service contracts in effect were mainly entered into in 2022, when the market rates were relatively higher.

Net other income and gains

Net other income and gains primarily include fair value gain on financial assets at fair value through profit, interest income and government grants. Net other income and gains decreased by approximately 59.3% from RMB2.7 million for the six months ended June 30, 2022 to RMB1.1 million for the six months ended June 30, 2023, primarily due to the decrease 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 decreased by approximately 12.6% from RMB9.5 million for the six months ended June 30, 2022 to RMB8.3 million for the six months ended June 30, 2023, primarily due to the decrease in salaries and welfare.

Administrative expenses

Administrative expenses primarily include (i) salaries and welfare of the Group's administrative staff; (ii) listing fee; (iii) consulting fees; (iv) depreciation and amortization and (v) office expenses and travel expenses. Administrative expenses decreased by approximately 11.6% from RMB32.9 million for the six months ended June 30, 2022 to RMB29.1 million for the six months ended June 30, 2023, primarily due to the decrease in listing and consulting fees.

Other expenses

Other expenses primarily represent foreign exchange losses and losses on disposal of non-current assets in relation to the disposal of containers. Other expenses decreased by approximately 56.3% from RMB4.8 million for the six months ended June 30, 2022 to RMB2.1 million for the six months ended June 30, 2023, primarily due to the decrease in foreign exchange losses.

Finance costs

Finance costs include interest expense on bank and other borrowings and interest expense on lease liabilities. Finance costs remained relatively stable at RMB3.0 million and RMB3.3 million for the six months ended June 30, 2022 and 2023, respectively.

Impairment losses on financial assets

Impairment losses on financial assets primarily consist of impairment on trade receivables and other receivables. Impairment losses on financial assets increased by approximately 71.4% from RMB2.1 million for the six months ended June 30, 2022 to RMB3.6 million for the six months ended June 30, 2023, primarily due to the increase in allowance made for trade receivables.

Share of losses of associates

Share of losses of associates is primarily 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 64.3% from RMB288.8 million for the six months ended June 30, 2022 to RMB103.1 million for the six months ended June 30, 2023.



Management Discussion and Analysis

Income tax credit/expense

Income tax expense primarily consists of PRC corporate income tax and Hong Kong profits tax.

The Group recorded income tax expense of RMB6.4 million for the six months ended June 30, 2022 and income tax credit of RMB1.9 million for the six months ended June 30, 2023. The income tax credit for the six months ended June 30, 2023 was mainly attributable to the deferred tax assets recognized during the same period arising from the temporary differences from the provision of loss allowances for the Group's financial assets, lease liabilities and the recognition of unutilized tax loss of the Group's subsidiaries.

Profit for the period

As a result of the foregoing, the Group's profit for the period decreased by approximately 62.8% from RMB282.4 million for the six months ended June 30, 2022 to RMB105.1 million for the six months ended June 30, 2023.

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 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 of June 30, 2023, the Group's net current assets amounted to RMB48.9 million (December 31, 2022: RMB133.6 million). Specifically, the Group's total current assets decreased by approximately 40.1% from RMB638.7 million as of December 31, 2022 to RMB382.7 million as of June 30, 2023. The Group's total current liabilities decreased by approximately 33.9% from RMB505.1 million as of December 31, 2022 to RMB333.8 million as of June 30, 2023.

Cash position

As of June 30, 2023, the Group had cash and bank balances of RMB156.7 million (December 31, 2022: RMB340.0 million). The following table sets forth the currencies in which the Group's cash and bank balances were denominated as of June 30, 2023:

	As of June 30, 2023 RMB'000
Denominated in RMB	12,410
Denominated in USD	141,905
Denominated in AUD	2,394
Denominated in HKD	14
Total cash and bank balances	156,723

Management Discussion and Analysis



Borrowings

As of June 30, 2023, the Group had borrowings of RMB60.3 million (December 31, 2022: RMB66.9 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 of June 30, 2023 RMB'000	As of December 31, 2022 RMB'000
Bank loans and overdraft repayable:		
– Within one year or on demand	10,000	10,000
Other borrowings repayable:		
– Within one year	16,145	17,514
– In the second year	34,188	39,416
Subtotal	50,333	56,930
Total	60,333	66,930

As of June 30, 2023, except for the borrowings in the amounts of RMB50.3 million denominated in USD (December 31, 2022: RMB56.9 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 3.65% to 11.81% as of June 30, 2023 (December 31, 2022: 3.65% to 11.81%).

Borrowing costs

The Group's interest on bank and other borrowings remained relatively stable at RMB2.7 million and RMB2.9 million for the six months ended June 30, 2022 and 2023, respectively.

Pledge of assets

As of June 30, 2023, the Group has mortgaged the container vessels with carrying amounts of RMB34.9 million (December 31, 2022: RMB34.0 million) to secure bank and other borrowings amounting to RMB29.1 million (December 31, 2022: RMB36.9 million).



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 of June 30, 2023, the current ratio of the Group, being the current assets divided by the current liabilities, was 1.1 times (December 31, 2022: 1.3 times).

The Group monitors its capital using a gearing ratio, which is sum of interest-bearing borrowings and due to related parties divided by total equity. The Group's policy is to maintain a healthy gearing ratio. As of June 30, 2023, the gearing ratio of the Group was 6.0% (December 31, 2022: 8.6%). The decrease of the Group's gearing ratio was mainly attributable to the settlement of amounts due to related parties during the period.

Contingent Liabilities

As of June 30, 2023, the Group had no significant contingent liabilities.

Commitments

As of June 30, 2023, the Group had capital commitments in relation to the purchase of container vessels of RMB1,421.3 million (December 31, 2022: RMB1,508.7 million) and unlisted equity investment of RMB3.4 million (December 31, 2022: RMB3.4 million).

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

During the six months ended June 30, 2023, 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 six months ended June 30, 2023.

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 September 13, 2023 (the "**Prospectus**"). Save as disclosed, the Company did not have any other future plans for material investments or capital assets as of the date of this report.



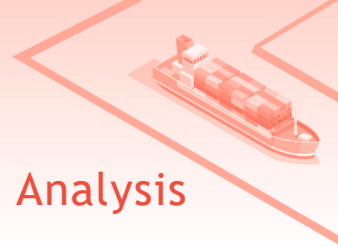
Management Discussion and Analysis

Use of Proceeds from Initial Public Offering

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), after deducting related underwriting fees and other expenses in connection with the Listing, were approximately HK\$83.5 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 the Listing up to the date of this report:

Use	Percentage of the Net Proceeds as stated in the Prospectus <i>% of Net Proceeds</i>	Unutilized Net Proceeds upon the Listing before taking into account the exercise of the over-allotment option	Actual use of the Net Proceeds subsequent to the Listing and up to the date of this report	Unutilized Net Proceeds as of the date of this report	Expected timeframe of full utilization of the Net Proceeds
		<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	
Setting up logistics facilities, including warehouses and container yards, purchasing trucks and investing in software systems for warehouse, order and transportation management	52.0%	43.4	-	43.4	2025
Expanding the business coverage and global network	4.0%	3.3	-	3.3	2025
Adopting digital technologies and upgrading internet service systems in providing integrated cross-border logistics services.	7.0%	5.9	-	5.9	2025
Strategic investments and/or acquisitions in businesses or assets that complement the Group's business	20.0%	16.7	-	16.7	2025
Establishing a trucking service matching platform	7.0%	5.9	-	5.9	2025
General corporate purposes and working capital needs	10.0%	8.3	-	8.3	2025
Total	100.0%	83.5	-	83.5	



Management Discussion and Analysis

Employee and Remuneration Policy

As of June 30, 2023, the Group had a total of 318 full-time employees. For the six months ended June 30, 2023, the staff cost relating to the Group's own employees recognized as expenses amounted to RMB26.0 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 six months ended June 30, 2023, there was no labor 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 labor 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.

Important Events after the Reporting Period

In July 2023, the Group entered into a memorandum of agreement to purchase another second-hand vessel with a capacity of 13,802 tons at the price of USD8,650,000.

On August 23, 2023, the Company adopted a share option scheme (the "**Share Option Scheme**"). The Share Option Scheme is a share incentive scheme prepared in accordance with Chapter 17 of the Listing Rules and is established to recognize and acknowledge the contributions that the eligible participants (as defined in the Prospectus) have or may have made to the Group. The maximum number of Shares in respect of which options may be granted under the Share Option Scheme must not in aggregate exceed 10% of the total number of Shares in issue on the day on which trading of the Shares commences on the Stock Exchange, being 28,393,315 Shares, representing approximately 10.0% of the total number of Shares in issue as at the date of this interim report.

In connection with the Listing, 28,390,000 new Shares with a nominal value of US\$0.0001 each were issued at a price of HK\$5.13 per Share for a total cash consideration of HK\$145.6 million, before deducting underwriting fees, commissions and related expenses. In addition, 212,952,630 Shares were issued by way of capitalization. Dealing in the shares of the Company on the Stock Exchange commenced on September 25, 2023.



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 holders (the “**Shareholders**”) of the Shares and to enhance corporate value and accountability. The Company had adopted the corporate governance code (the “**Corporate Governance Code**”) as set out in Part 2 of Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) as its own code on corporate governance since the Listing.

As the Shares were listed on the Stock Exchange on September 25, 2023 (the “**Listing Date**”), and the Company was not a listed company during the six months ended June 30, 2023, the Corporate Governance Code was not applicable to it during that period, but has been applicable to the Company since the Listing Date. Save as disclosed below, the board of Directors of the Company (the “**Board**”) considered that the Company has complied with all applicable code provisions set out in the Corporate Governance Code since the Listing Date.

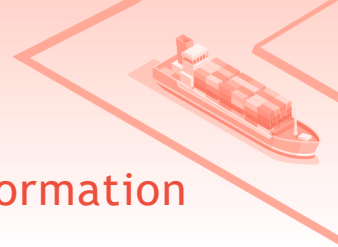
Under code provision C.2.1 of Part 2 of the Corporate Governance Code, the role of chairman and chief executive should be separate and should not be performed by the same individual. The role of chairman of the Board and chief executive officer of the Company are both performed by Mr. Xu Xin. The Board believes that vesting the roles of both the chairman of the Board and the chief executive officer of the Company in Mr. Xu Xin 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.

Compliance with the Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the “**Model Code**”) as the guidelines for the Directors’ dealings in the securities of the Company since the Listing. As the Shares were not listed on the Stock Exchange as of June 30, 2023, related rules under the Listing Rules concerning the Model Code that Directors shall observe do not apply to the Company for the six months ended June 30, 2023.

Share Option Scheme

The Company adopted a share option scheme (the “**Share Option Scheme**”) on August 23, 2023. The Share Option Scheme is a share incentive scheme prepared in accordance with Chapter 17 of the Listing Rules and is established to recognize and acknowledge the contributions that the eligible participants (as defined in the Prospectus) have or may have made to the Group. The maximum number of Shares in respect of which options may be granted under the Share Option Scheme must not in aggregate exceed 10% of the total number of Shares in issue on the day on which trading of the Shares commences on the Stock Exchange, being 28,393,315 Shares, representing approximately 10.0% of the total number of Shares in issue as at the date of this interim report. As the Share Option Scheme was not adopted as of June 30, 2023, no share option has been granted, or available for grant, under the Share Option Scheme during the six months ended June 30, 2023 and as of January 1, 2023 and June 30, 2023.



Corporate Governance and Other Information

Directors' and Chief Executives' Interests and Short Positions in Shares, underlying Shares and Debentures of the Company or its Associated Corporations

As the Shares were not listed on the Stock Exchange as of June 30, 2023, Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong, the “SFO”), section 352 of the SFO and the Model Code were not applicable to the Directors or chief executive of the Company as of the same date. The Company will disclose the interests or short positions of the Directors and chief executives in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) in the forthcoming annual report of the Company.

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

As the Shares were not listed on the Stock Exchange as of June 30, 2023, Divisions 2 and 3 of Part XV of the SFO and Section 336 of the SFO were not applicable to the Company as of the same date. The Company will disclose the interests or short positions of the persons (not being Directors and chief executives of the Company) in the Shares and underlying Shares in the forthcoming annual report of the Company.

Interim Dividend

The Board resolved not to declare the payment of any interim dividend for the six months ended June 30, 2023.

Purchase, Sale or Redemption of listed Securities of the Company

As the Shares were not listed on the Stock Exchange as of June 30, 2023, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended June 30, 2023.

Audit Committee

The Board has established an audit committee (the “**Audit Committee**”) on August 23, 2023 in compliance with the Listing Rules for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal control. The Audit Committee consists of three independent non-executive Directors, namely Mr. DU Haibo, Dr. GU Lin and Mr. QI Yinliang. The Audit Committee and the Group's management had reviewed the accounting principles and practices adopted by the Group, and discussed internal control and financial reporting matters including the review of interim report for the six months ended June 30, 2023.



Interim Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2023

	Notes	30 June 2023 (Unaudited) RMB'000	30 June 2022 (Unaudited) RMB'000
REVENUE	4	655,843	2,685,409
Cost of sales		(507,509)	(2,346,914)
GROSS PROFIT		148,334	338,495
Other income and gains, net	4	1,114	2,680
Selling and distribution expenses		(8,257)	(9,530)
Administrative expenses		(29,092)	(32,881)
Other expenses		(2,065)	(4,782)
Finance costs	6	(3,255)	(3,002)
Impairment losses on financial assets		(3,587)	(2,086)
Share of losses of associates		(73)	(76)
PROFIT BEFORE TAX	5	103,119	288,818
Income tax credit/(expense)	7	1,936	(6,376)
PROFIT FOR THE PERIOD		105,055	282,442
Attributable to:			
Owners of the parent		104,126	276,735
Non-controlling interests		929	5,707
		105,055	282,442
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted			
For profit for the period		RMB0.41	RMB1.08

Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2023



<i>Notes</i>	30 June 2023 (Unaudited) RMB'000	30 June 2022 (Unaudited) RMB'000
PROFIT FOR THE PERIOD	105,055	282,442
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	12,723	30,389
	12,723	30,389
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	12,723	30,389
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	644	984
Income tax effect	(161)	(246)
	483	738
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	483	738
OTHER COMPREHENSIVE INCOME FOR PERIOD, NET OF TAX	13,206	31,127
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	118,261	313,569
Attributable to:		
Owners of the parent	117,192	307,531
Non-controlling interests	1,069	6,038
	118,261	313,569



Interim Condensed Consolidated Statement of Financial Position

30 June 2023

	Notes	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
NON-CURRENT ASSETS			
Prepayments and other receivables		575,975	377,181
Property, plant and equipment	10	394,860	400,338
Right-of-use assets		9,094	8,028
Goodwill		8,572	8,572
Intangible assets		1,998	2,127
Investment in an associate		108	181
Equity investments designated at fair value through other comprehensive income		3,035	2,391
Deferred tax assets		6,100	3,010
Total non-current assets		999,742	801,828
CURRENT ASSETS			
Inventories		1,921	6,598
Assets held for sale		82,523	86,557
Trade receivables	11	93,391	149,140
Due from related parties		133	631
Prepayments and other receivables		41,381	49,276
Income tax recoverable		–	118
Financial assets at fair value through profit or loss		6,653	6,368
Cash and bank balances		156,723	339,991
Total current assets		382,725	638,679
CURRENT LIABILITIES			
Trade payables	12	256,548	336,390
Other payables and accruals		45,935	126,793
Due to related parties		–	9,711
Interest-bearing bank and other borrowings		26,145	27,514
Tax payable		825	1,263
Lease liabilities		4,332	3,399
Total current liabilities		333,785	505,070
NET CURRENT ASSETS		48,940	133,609
TOTAL ASSETS LESS CURRENT LIABILITIES		1,048,682	935,437

Interim Condensed Consolidated Statement of Financial Position

30 June 2023



	Notes	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		34,188	39,416
Lease liabilities		4,468	4,590
Deferred tax liabilities		239	252
Total non-current liabilities		38,895	44,258
Net assets		1,009,787	891,179
EQUITY			
Equity attributable to owners of the parent			
Share capital	13	29	29
Reserves		996,072	878,880
		996,101	878,909
Non-controlling interests		13,686	12,270
Total equity		1,009,787	891,179

Mr. Xu Xin
Director

Ms. Zhu Jiali
Director



Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2023

	Attributable to ordinary equity holders of the parent									
	Issued 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

	Attributable to ordinary equity holders of the parent									
	Issued 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 2022 (Audited)	-	-	44,571	(184)	1,440	(6,447)	436,608	475,988	5,977	481,965
Profit for the period	-	-	-	-	-	-	276,735	276,735	5,707	282,442
Other comprehensive income for the period:										
Changes in fair value of equity investments at fair value through other comprehensive income	-	-	-	730	-	-	-	730	8	738
Exchange differences on translation of foreign operations	-	-	-	-	-	30,066	-	30,066	323	30,389
Total comprehensive income for the period	-	-	-	730	-	30,066	276,735	307,531	6,038	313,569
As at 30 June 2022 (Unaudited)	-	-	44,571	546	1,440	23,619	713,343	783,519	12,015	795,534

* As at 30 June 2023, these other reserve accounts comprised the total consolidated reserves of RMB996,072,000 (30 June 2022: RMB783,519,000) in the interim condensed consolidated statement of financial position.

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2023



	Notes	30 June 2023 (Unaudited) RMB'000	30 June 2022 (Unaudited) RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		103,119	288,818
Adjustments for:			
Finance costs	6	3,255	3,002
Interest income	4,5	(324)	(1,524)
Share of losses of associates		73	76
Losses/(gains) on disposal of property, plant and equipment	5	1,199	(859)
Exchange loss		907	758
Fair value losses on financial assets at fair value through profit or loss	4	(286)	–
Depreciation of property, plant and equipment	5	20,820	13,862
Depreciation of right-of-use assets	5	2,598	2,087
Amortisation of intangible assets	5	197	167
Impairment of prepayments and other receivables	5	770	275
Impairment of trade receivables	5	2,818	1,811
		135,146	308,473
Decrease/(increase) in inventories		4,677	(17,096)
Increase in trade receivables		52,931	5,889
Decrease/(increase) in prepayments and other receivables		5,869	(28,210)
(Decrease)/Increase in trade payables		(79,842)	48,280
Decrease in amounts due from related parties		(14)	–
(Decrease)/Increase in other payables and accruals		(47,554)	8,673
Cash generated from operations		71,213	326,009
Interest received		324	1,524
Tax paid		(1,645)	(12,537)
Net cash flows from operating activities		69,892	314,996



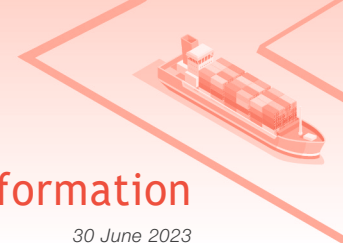
Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2023

Notes	30 June 2023 (Unaudited) RMB'000	30 June 2022 (Unaudited) RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of items of property, plant and equipment	(248,755)	(112,154)
Purchase of intangible assets	(68)	(240)
Disposal of items of property, plant and equipment	11,973	264,179
Advances to related parties	–	(50)
Repayment of advances to related parties	512	–
Purchases of financial assets at fair value through profit or loss	(10,030)	–
Disposal of financial assets at fair value through profit or loss	10,030	–
Purchases of equity investments designated at fair value through other comprehensive income	–	(3,300)
Net cash flows (used in)/from investing activities	(236,338)	148,435
CASH FLOWS FROM FINANCING ACTIVITIES		
Deemed distribution arising from the reorganisation	(9,711)	–
Capital contribution from a non-controlling shareholder of a subsidiary	347	–
Proceeds from interest-bearing bank and other borrowings	3,000	3,000
Repayment of interest-bearing bank and other borrowings	(10,041)	(32,084)
Interest paid	(2,442)	(2,681)
Increase in restricted cash	(3,048)	–
Principal portion of lease payments	(3,222)	(2,321)
Advances from related parties	–	1
Net cash flows used in financing activities	(25,117)	(34,085)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(191,563)	429,346
Cash and cash equivalents at beginning of period	339,991	190,005
Effect of foreign exchange rate changes, net	5,247	17,148
CASH AND CASH EQUIVALENTS AT END OF PERIOD	153,675	636,499
ANALYSIS OF BALANCE OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	156,723	636,500
Less: Restricted cash	3,048	1
CASH AND CASH EQUIVALENTS AS STATED IN THE STATEMENT OF CASH FLOWS	153,675	636,499

Notes to Interim Condensed Consolidated Financial Information

30 June 2023



1. Corporate Information

The Company is a limited liability company incorporated in the Cayman Islands on 27 July 2022. The registered address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company's shares have been listed on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") since 25 September 2023.

The Company is an investment holding company. During the six months ended 30 June 2023, the Group were principally engaged in the provision of integrated cross-border logistics services and other services.

2.1 Basis of Preparation

The interim condensed consolidated financial information for the six months ended 30 June 2023 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 2022.

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 2022, except for the adoption of the following revised International Financial Reporting Standards ("IFRSs") for the first time for the current period's financial information:

Amendment to IFRS 17	<i>Initial Application of IFRS 17 and IFRS 9 – Comparative Information</i>
Amendments to IAS 1 and IFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to IAS 8	<i>Definition of Accounting Estimates</i>
Amendments to IAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to IAS 12	<i>International Tax Reform – Pillar Two Model Rules</i>

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

- (a) Amendments to IAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has applied the amendments since 1 January 2023. The amendments did not have any impact on the Group's interim condensed consolidated financial information but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.



Notes to Interim Condensed Consolidated Financial Information

30 June 2023

2.2 Changes in Accounting Policies and Disclosures (continued)

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

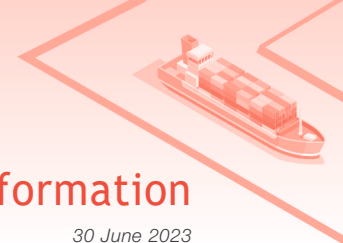
- (b) Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The Group has applied the amendments to changes in accounting policies and changes in accounting estimates that occur on or after 1 January 2023. Since the Group's policy of determining accounting estimates aligns with the amendments, the amendments did not have any impact on the financial position or performance of the Group.
- (c) Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. Since the Group did not apply the initial recognition exception, the amendments did not have any impact on the financial position or performance of the Group.

The adoption of amendments to IAS 12 did not have any impact on the basic and diluted earnings per share attributable to ordinary equity holders of the parent, other comprehensive income and the interim condensed consolidated statements of cash flows for the six months ended 30 June 2023 and 2022.

- (d) Amendments to IAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. Entities are required to disclose the information relating to their exposure to Pillar Two income taxes in annual periods beginning on or after 1 January 2023, but are not required to disclose such information for any interim periods ending on or before 31 December 2023. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

Notes to Interim Condensed Consolidated Financial Information

30 June 2023



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	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Greater China	500,918	2,447,492
Others	154,925	237,917
	655,843	2,685,409

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

(b) Non-current assets

The container 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 container vessels and containers by geographical areas. Therefore, the container vessels, containers and vessels and containers under construction are presented as unallocated non-current assets.

Information about a major customer

During the six months ended 30 June 2023, Revenue from continuing operations of approximately RMB65,788,406 was derived from the time charter income segment to a single customer (six months ended 30 June 2022: nil).



Notes to Interim Condensed Consolidated Financial Information

30 June 2023

4. Revenue, Other Income and Gains

An analysis of revenue is as follows:

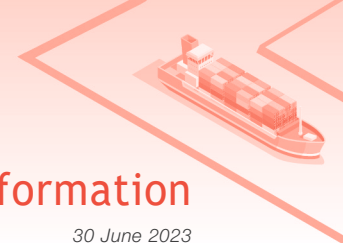
	For the six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Revenue from contracts with customers	503,613	2,632,364
Revenue from other sources		
Time charter income	152,230	53,045
	655,843	2,685,409

(a) Disaggregated revenue information from contracts with customers

	For the six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Types of goods or services:		
Cross-border logistics services	498,196	2,632,364
Sale of goods	5,417	–
Total revenue from contracts with customers	503,613	2,632,364
Timing of revenue recognition:		
Services transferred over time	498,196	2,632,364
Goods transferred at a point in time	5,417	–
Geographical markets		
Greater China	426,740	2,420,803
Others	76,873	211,561
Total revenue from contracts with customers	503,613	2,632,364

Notes to Interim Condensed Consolidated Financial Information

30 June 2023



4. Revenue, Other Income and Gains (continued)

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

The following table shows the amounts of revenue recognised during the period that were included in the contract liabilities at the beginning of each of the period:

	For the six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Revenue recognised that was included in contract liabilities at the beginning of the period:		
Cross-border logistics services	19,585	39,265

(b) Performance obligations

Information about the Group's performance obligations is summarised as below:

Cross-border logistics services

The revenues from the operation of integrated cross-border logistics services business are recognised over time, which is determined on the time proportion of each individual vessel voyage completed at the end of the period.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) for the six months ended 30 June 2022 and 2023 are as follows:

	For the six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Amounts expected to be recognised as revenue:		
In one year:	8,171	47,637

All of the amounts of transaction prices allocated to the performance obligations are expected to be recognised as revenue within one year. The amounts disclosed above do not include variable consideration which is constrained.



Notes to Interim Condensed Consolidated Financial Information

30 June 2023

4. Revenue, Other Income and Gains (continued)

(b) Performance obligations (continued)

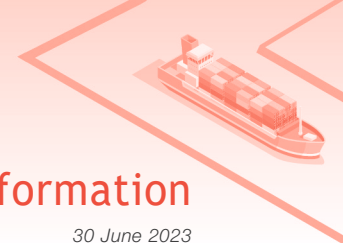
Cross-border logistics services (continued)

An analysis of other income and gains is as follows:

	For the six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Other income and gains		
Gains on disposal of property, plant and equipment	–	859
Government grants	190	267
Interest income	324	1,524
Fair value gains on financial assets at fair value through profit or loss	286	–
Others	314	30
	1,114	2,680

Notes to Interim Condensed Consolidated Financial Information

30 June 2023



5. Profit Before Tax

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

	For the six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Cost of service provided	502,575	2,336,567
Cost of inventories sold	4,934	–
Depreciation of property, plant and equipment	20,820	13,862
Depreciation of right-of-use assets	2,598	2,087
Amortisation of intangible assets	197	167
Impairment of financial assets, net		
– Trade receivables	2,818	1,811
– Other receivables	770	275
Foreign exchange losses	907	4,689
Interest income	(324)	(1,524)
Losses/(gains) on disposal of property, plant and equipment	1,199	(859)

6. Finance Costs

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Interest on bank and other borrowings	2,886	2,681
Interest expense on lease liabilities	369	321
	3,255	3,002



Notes to Interim Condensed Consolidated Financial Information

30 June 2023

7. Income Tax

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 during the period.

Subsidiaries of the Group operating in Mainland China were subject to PRC corporate income tax ("CIT") with a tax rate of 25% for the period except for the following subsidiaries: Shanghai Hanyun, Ningbo Boya, Hainan Yangpu Xingyang, Zhangjiagang Lechang, Shanghai Bowei, Qingdao Boya, Qingdao Wanhao, Jiangsu Xinboya, Shenzhen Lcang Cross Border Supply Chain, Xiamen Lcang, Shanghai Rongcang and Shanghai Leyi. Shanghai Hanyun was accredited as a high and new technology enterprise ("HNTE") with a tax rate of 15%. Ningbo Boya, Hainan Yangpu Xingyang, Zhangjiagang Lechang, Shanghai Bowei, Qingdao Boya, Qingdao Wanhao, Jiangsu Xinboya, Shanghai Sijin, Shenzhen Lcang Cross Border Supply Chain, Xiamen Lcang, Shanghai Rongcang and Shanghai Leyi enjoy the preferential tax rate policy for small and micro enterprises and were entitled to a preferential tax rate of 20% during the period.

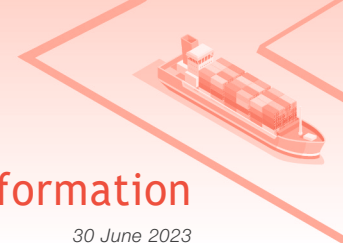
	For the six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax:		
Mainland China	291	5,451
Hong Kong	1,037	905
Deferred tax	(3,264)	20
Total tax charge for the period	(1,936)	6,376

8. Dividends

No dividends have been paid or declared by the Company since the date of incorporation.

Notes to Interim Condensed Consolidated Financial Information

30 June 2023



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

For the purpose of computing basic and diluted earnings per share, the number of ordinary shares has been adjusted retrospectively for the effect of the reorganisation and the capitalisation issue as described in note 18 as if the reorganisation and capitalisation issue had been completed on 1 January 2022.

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 of RMB104,126,000 (six months ended 30 June 2022: RMB276,735,000), and the weighted average number of ordinary shares of 255,543,156 (six months ended 30 June 2022: 255,543,156) in issue during the period.

No adjustment has been made to the basic earnings per share amount presented for the six months ended 30 June 2023 and 2022 in respect of a dilution as the Group had no potential dilutive ordinary shares in issue during the periods.

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

	For the six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	104,126	276,735
	Number of shares	
	2023	2022
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	255,543,156	255,543,156

10. Property, Plant and Equipment

During the six months ended 30 June 2023, the Group acquired assets at cost of RMB8,529,000 (30 June 2022: RMB285,643,000).

Assets with net book value of RMB7,882,000 were disposed of by the Group during the six months ended 30 June 2023 (30 June 2022: RMB16,797,000).

During the six months ended 30 June 2023, there was no impairment recognised for property, plant and equipment (30 June 2022: nil).



Notes to Interim Condensed Consolidated Financial Information

30 June 2023

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 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Within 1 month	46,735	41,789
1 to 3 months	6,778	57,803
3 to 6 months	11,805	28,395
6 to 12 months	13,445	21,153
Over 1 year	14,628	–
	93,391	149,140

12. Trade Payables

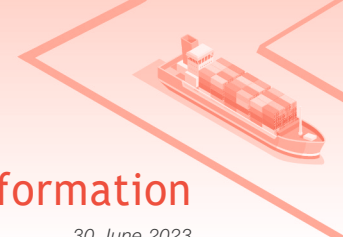
An ageing analysis of the Group's trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Within 1 year	256,199	335,838
Over 1 year	349	552
	256,548	336,390

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 2023



13. Share Capital

Shares

	30 June 2023 USD (Unaudited)	31 December 2022 USD (Audited)
Authorised: 500,000,000 ordinary shares of USD0.0001	50,000	50,000
	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Issued and fully paid: 42,590,526 (2022: 42,590,526) ordinary shares of USD0.0001 (2022: USD0.0001)	29	29

The Company was incorporated in the Cayman Island on 27 July 2022 with an authorised share capital of USD50,000.00 divided into 500,000,000 shares of USD0.0001 par value each.

On the date of its 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. For the purpose of reflecting the then shareholding structure of Shandong Lcang before the Reorganization 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 our 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.



Notes to Interim Condensed Consolidated Financial Information

30 June 2023

14. Contingent Liabilities

During the six months ended 30 June 2023, there are no contingent liabilities in the financial statements (30 June 2022: nil).

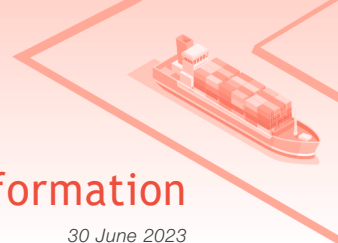
15. Commitments

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

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Contracted but not provided for Container vessels	1,421,315	1,508,722
Unlisted equity investment	3,400	3,400
	1,424,715	1,512,122

Notes to Interim Condensed Consolidated Financial Information

30 June 2023



16. Related Party Transactions

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

	For the six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Advances to related parties		
Ms. Zhu Jiali	–	50
Repayment of advances to related parties		
Qingdao Lecang Technology Co., Ltd.	462	–
Ms. Zhu Jiali	50	–
	512	–
Advances from related parties		
Mr. Xu Xin	–	1
Income from Lecang International Logistics (Wuxi) Co., Ltd.	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 2023

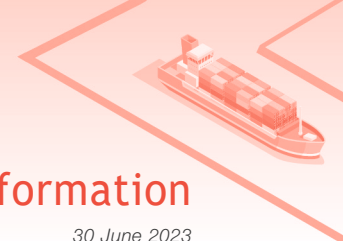
16. Related Party Transactions (continued)

(b) Outstanding balances with related parties

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Due from related parties:		
Trade-related		
Lecang International Logistics (Wuxi) Co., Ltd.	14	–
Non-trade-related		
Qingdao Hongyi Enterprise Management Partnership Limited Partnership	119	119
Qingdao Lecang Technology Co., Ltd.	–	462
Ms. Zhu Jiali	–	50
	133	631
Due to related parties:		
Trade-related		
Qingdao Anjialian Network Technology Co., Ltd.	–	1
Due to related parties:		
Non-trade-related		
Mr. Xu Xin	–	9,711

(c) Compensation of key management personnel of the Group

	For the six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Salaries, allowances and benefits in kind	1,691	2,188
Performance-related bonuses	168	464
Pension scheme contributions and social welfare	300	235
Total compensation paid to key management personnel	2,159	2,887



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 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Financial assets				
Financial assets at fair value through profit or loss	6,653	6,368	6,653	6,368
Equity investments designated at fair value through other comprehensive income	3,035	2,391	3,035	2,391
	9,688	8,759	9,688	8,759

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 2023 would have been approximately RMB665,000 lower/higher (31 December 2022: RMB637,000). 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 2023

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 2023:

Description	Unobservable inputs	Range of inputs	
		30 June 2023	Relationship of unobservable inputs to fair value
Equity investments designated at fair value through other comprehensive income	Discount for lack of marketability (" DLOM ")	37.85% (31 December 2022: 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 2023 would have been approximately RMB227,625 higher/lower (31 December 2022: RMB11,000).

Fair value hierarchy

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

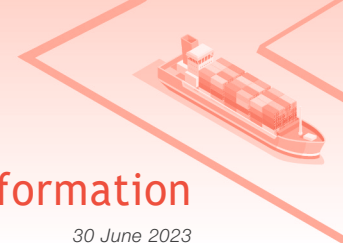
Assets measured at fair value:

31 December 2022

	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	–	–	6,368	6,368
Equity investments designated at fair value through other comprehensive income	–	–	2,391	2,391
	–	–	8,759	8,759

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30 June 2023



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

Fair value hierarchy (continued)

Assets measured at fair value: (continued)

30 June 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 and loss	–	–	6,653	6,653
Equity investments designated at fair value through other comprehensive income	–	–	3,035	3,035
	–	–	9,688	9,688

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 2022: equity investments designated at FVOCI being transferred out of Level 2 and transferred into Level 3 with an amount of RMB2,250,000).

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

	30 June 2023 RMB'000 (Unaudited)	30 June 2022 RMB'000 (Unaudited)
Equity investments at FVTPL and FVOCI:		
At the beginning of the period	8,759	3,300
Purchase	–	3,300
Total gains recognised in profit	285	–
Total gains recognised in other comprehensive income	644	984
Transfers out of Level 2 (a)	–	2,250
At the end of the period	9,688	9,834

- (a) Transferred from Level 2 to Level 3 because observable recent transaction became unavailable for the unlisted investments.



Notes to Interim Condensed Consolidated Financial Information

30 June 2023

18. Events Subsequent to the Reporting Periods

In July 2023, the Group entered into a memorandum of agreement to purchase another second-hand vessel with a capacity of 13,802 tons at the price of USD8,650,000.

On 23 August 2023, the Company adopted a share option scheme (the “**Share Option Scheme**”). The Share Option Scheme is a share incentive scheme prepared in accordance with Chapter 17 of the Listing Rules and is established to recognize and acknowledge the contributions that the eligible participants (as defined in the Prospectus) have or may have made to the Group. The maximum number of Shares in respect of which options may be granted under the Share Option Scheme must not in aggregate exceed 10% of the total number of Shares in issue on the day on which trading of the Shares commences on the Stock Exchange, being 28,393,315 Shares, representing approximately 10.0% of the total number of Shares in issue as at the date of this interim report.

In connection with the listing of the shares of the Company on the Stock Exchange, 28,390,000 new ordinary shares with a nominal value of US\$0.0001 each were issued at a price of HK\$5.13 per ordinary share for a total cash consideration of HK\$145,641,000, before deducting underwriting fees, commissions and related expenses. In addition, 212,952,630 shares were issued by way of capitalisation. Dealing in the shares of the Company on the Stock Exchange commenced on 25 September 2023.

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 27 September 2023.