



乐舱物流股份有限公司 LC Logistics, Inc.

(Incorporated in the Cayman Islands with limited liability)

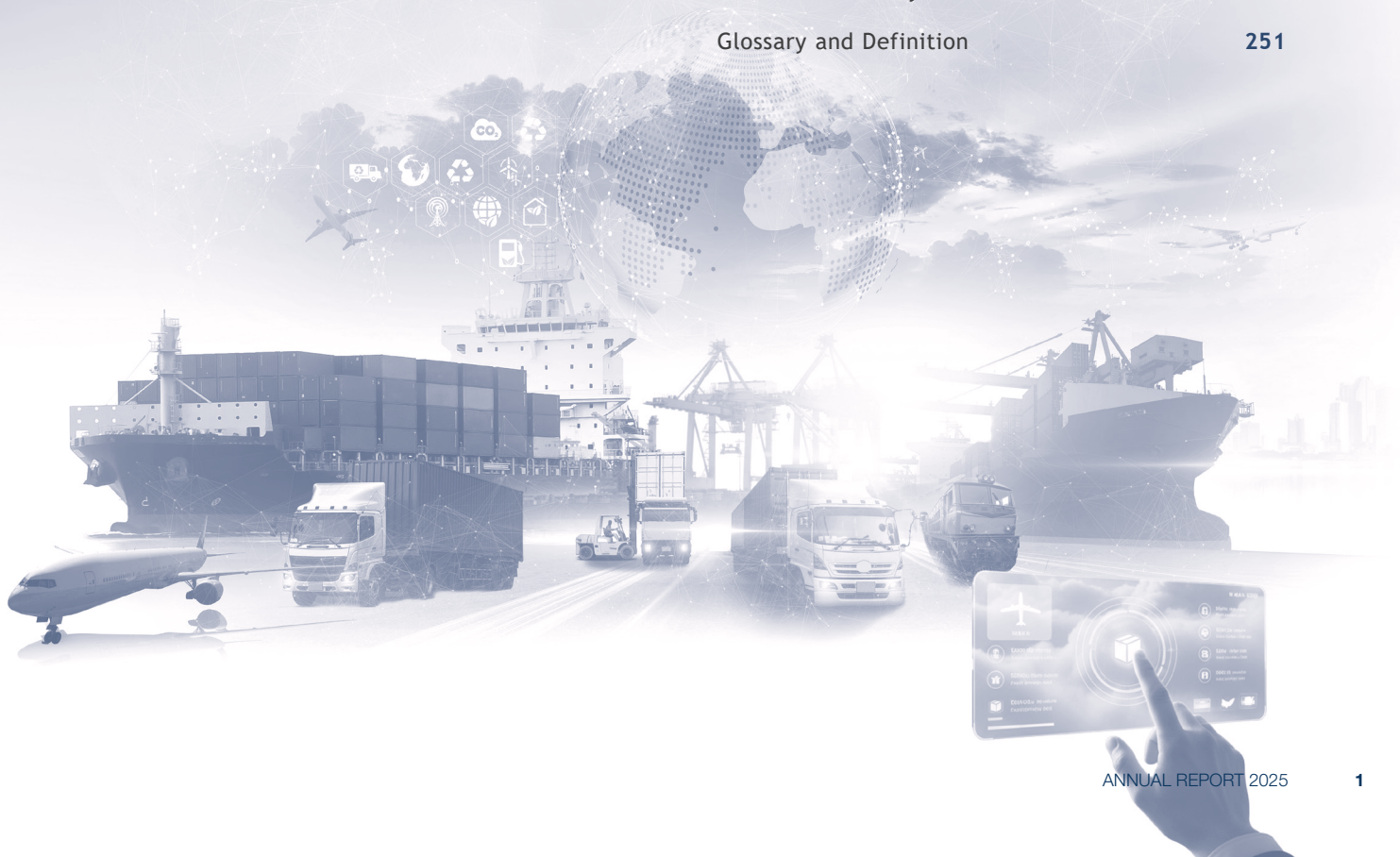
Stock Code : 2490



2025 ANNUAL REPORT

Contents

Corporate Information	2
Corporate Profile	4
Chairman's Statement	5
Management Discussion and Analysis	7
Biographies of Directors and Senior Management	20
Corporate Governance Report	27
Environmental, Social and Governance Report 2025	40
Directors' Report	134
Independent Auditor's Report	148
Consolidated Statement of Profit or Loss	154
Consolidated Statement of Comprehensive Income	155
Consolidated Statement of Financial Position	156
Consolidated Statement of Changes in Equity	158
Consolidated Statement of Cash Flows	160
Notes to Financial Statements	162
Financial Summary	249
Glossary and Definition	251



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. QI Yinliang
Dr. YANG Kequan

Audit Committee

Dr. YANG Kequan (Chairman)
Dr. GU Lin
Mr. QI Yinliang

Remuneration Committee

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

Nomination Committee

Dr. Gu Lin (Chairman)
Mr. QI Yinliang
Ms. ZHU Jiali

Joint Company Secretaries

Ms. DING Sujun
Ms. NG Sau Mei

Authorised Representatives

Mr. XU Xin
Ms. NG Sau Mei

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

DLA Piper Hong Kong
25th Floor
Three Exchange Square
8 Connaught Place
Central
Hong Kong

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

Corporate Information

Principal Place of Business in Hong Kong

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

Cayman Islands Principal Share Registrar and Transfer Office

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
Wanchai, 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. 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 25 September 2023, the shares of the Company were listed on The Stock Exchange of Hong Kong Limited, which marked a new chapter of the Company.

Chairman's Statement

Dear Shareholders,

On behalf of the board of directors of LC Logistics, Inc. ("**LC Logistics**", together with its subsidiaries, collectively the "**Company**"), I am pleased to present the annual results of the Company for the year ended 31 December 2025, and to provide an outlook on the development prospects for 2026.

2025 Market Review

In 2025, the global economic and trade landscape continued to undergo deep adjustments amid multiple challenges. Geopolitical tensions, trade policy uncertainties and intensified volatility in market freight rates posed continuous challenges to the stability of the global supply chain. The Company adhered to the strategy of prudent operation and flexible response, continuously optimized its operating model, strengthened cost control, and actively responded to market changes. Despite the complex environment, the overall operations remained stable and orderly, and the operating quality and efficiency steadily improved.

2025 Performance Overview

In 2025, the Company's operating revenue reached RMB1,872.2 million, with net profit attributable to shareholders of the parent reaching RMB138.0 million and basic earnings per share of RMB0.24. For cross-border logistics services, our annual container shipping volume was 425,335 TEUs. The above achievements reflected the strategic foresight and operational capabilities of the Company amid a complex market environment.

2025 Operational Highlights

1. Robust core business and continued consolidation of market position

In the face of industry-wide headwinds, the Company achieved stable overall operations and continued to consolidate its foundation for market competition by optimizing its operating model and strengthening cost control. The strategy of self-owned assets not only solidified our latitude in service quality, but also established a differentiated cost advantage, providing solid support to the core business.

2. Significant improvement in asset operation capabilities and clear path for value realization

The Company successfully upgraded its assets from operating elements to strategic capital, and realized the strategic value during key market windows through accurate assessment of market cycles and flexible asset allocation. This has not only optimized our financial performance for the current period, but also enhanced our capital strength and risk resilience, injecting strong momentum into our long-term development.

3. Steady progress of the digital platform and continuous enhancement of service capabilities

The Company continued to deepen its digitalization strategy, deeply integrated AI technology, and comprehensively upgraded the "lclog.cn" platform. Building on the original booking engine, the Company expanded full-chain functions and relied on artificial intelligence to achieve dual improvements in both customer service automation and data automation: intelligent customer service responds to high-frequency demands such as inquiries, quotations, and track-and-trace inquiries 24/7, which significantly reduced labor costs and improved service response speed. Data automation enabled the automatic collection, analysis, and early warning of the entire process covering vessel slots, freight rates, container conditions, and transit information, providing precise support for operational decision-making and customer service. Driven by both digitalization and AI, the supply chain response efficiency was significantly improved and the customer service experience was optimized.

Chairman's Statement

Strategy for Future Development

Looking ahead to 2026, the Group will continue to advance the following four major strategic directions:

1. Cross-border logistics: digital empowerment and full-chain collaboration

We will continue to optimize our cross-border logistics operations and plan to launch self-operated shipping routes to expand our service coverage. Meanwhile, the booking engine will be upgraded into an open cross-border logistics collaboration platform, integrating resources such as trucking fleets, customs brokers, and overseas warehouses to provide one-stop, full-chain, and visualized digital services, thereby enhancing the transparency and timeliness of the supply chain.

2. Project logistics: focusing on the “Belt and Road” Initiative and infrastructure in Africa

The Company will rely on the advantages of self-operated vessels and provide door-to-door EPC (Engineering Procurement Construction) logistics solutions for international engineering customers in electric power, construction, petrochemical and other sectors. We will increase the frequency of liner routes from Africa's hub ports to China's ports, expand multi-modal transportation channels, and deepen cooperation with ports and hinterland logistics providers, in order to enhance our market share and profitability.

3. Cross-border e-commerce: continuous optimization of full-chain service capabilities

We will continue to promote the construction of overseas warehouses and create a cross-border e-commerce logistics ecosystem which integrates seaborne transportation, warehousing and last-mile delivery, with the aim of significantly shortening the logistics cycle, providing customers with a more convenient delivery experience and enhancing our competitiveness in overseas markets.

4. Green shipping and vessel operation: optimizing energy efficiency and planning the future

We will proactively put the concept of green shipping into practice by gradually introducing energy-saving vessels, promoting the application of clean energy and reducing carbon emissions. The Company will also optimize its management of vessel technologies, crew management and marine survey services, and flexibly adjust its chartering strategies with the aim of improving vessel utilization rate and profitability, ensuring safe and stable operation.

Acknowledgements

Finally, on behalf of the board of directors, I would like to express my sincere gratitude to all shareholders for their continuous care and support for the Company. I would also like to extend my heartfelt thanks to all directors, members of the senior management and all employees for their hard work and outstanding contributions during the past year.

I firmly believe that, with a clear strategic plan, a highly efficient executive team and the full support of our shareholders, LC Logistics will achieve higher-quality development, create sustainable value for shareholders and stride steadily towards our goals.

Xu Xin

Chairman of the Board and Chief Executive Officer

LC Logistics, Inc.

16 March 2026

Management Discussion and Analysis

Business Review

During the Year, 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. During the Year, self-operated cross-border logistics services contributed approximately 5.6% of revenue from cross-border logistics services. The Company's self-operated cross-border logistics services consisted of break bulk cargo transportation services. The break bulk cargo shipping route was between China and Africa. The Group's service volume of self-operated cross-border seaborne transportation was 153,821 revenue tons in the Year. The Group's average price per revenue ton of self-operated cross-border seaborne transportation was RMB656 in the Year.

During the Year, 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 425,335 TEUs in the Year, which was higher than the 321,542 TEUs in 2024, primarily due to the Company's business expansion in 2025. The Group's average price per TEU of cross-border logistics services through third party shipping carriers decreased from approximately RMB4,343 in the year ended 31 December 2024 to approximately RMB3,676 in the Year, primarily due to a decrease 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 commenced overseas warehousing service in 2024, and continued to deepen its business footprint and operational efficiency during the Year.

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 Year, the Group chartered out four vessels and generated revenue of RMB74.8 million. The average daily charter rate was approximately RMB103,205 in the Year, which was higher than the approximately RMB77,000 in the same period in 2024, primarily due to the disposal of two vessels with lower daily charter rate in 2024. 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.

Management Discussion and Analysis

2026 Business Outlook

Market Environment Analysis:

In 2026, the global economy will demonstrate its new resilience in a complex and volatile landscape, with structural opportunities brought to the logistics industry by the adjustment of global supply chains and the deepening of regional trades. However, unfavorable factors such as tariff shocks, uncertainties in trade policies, geopolitical tension and increasing fiscal vulnerability will continue to affect the global economic and trade landscape.

Industry Trends:

Deep advancement in the “Belt and Road” Initiative: The continuous advancement of infrastructure construction in the countries along the route will drive robust growth in the demand for project logistics, particularly in Africa, South America, and Southeast Asia.

Rapid growth of cross-border e-commerce: The swift growth of the global cross-border e-commerce market continues to drive the demand for overseas warehouses and cross-border logistics services, with European, American, and Southeast Asian markets showing enormous growth potential.

Green shipping becoming a consensus: As the global demand for environmental protection becomes increasingly stringent, green shipping has come to be the key theme of industry development, prompting logistics companies to transition towards a low-carbon and eco-friendly development path.

Corporate Strategies and Plans:

In 2026, in face of a complex and severe global economic environment, the Company will proactively respond to challenges and seize opportunities. Leveraging on its solid experience accumulated in cross-border logistics and time charter operations, the Company will, with “organic growth” as its driving force, continue to enhance its market competitiveness and achieve sustainable business growth by optimizing operations, expanding business scopes and practising the concept of green shipping.

1. Cross-border logistics services: digital empowerment and full-chain collaboration

The Company will continue to optimize its operation management of cross-border logistics services in order to enhance service quality and efficiency. It plans to launch self-operated shipping routes at the ports along the Belt and Road through self-operation or cooperation, so as to expand its service coverage and meet customer needs for cross-border freight transportation.

Management Discussion and Analysis

The Company will step up its digital management and deepen the AI technological empowerment across all business scenarios by upgrading “Lcang.com” from a core booking engine to an open cross-border logistics collaboration platform. By relying on API (Application Programming Interface), this platform is deeply integrated with full-chain operational data from upstream and downstream partners including quality terminals, yards, fleet of trucks, customs brokers and overseas warehouses. Its front end is equipped with an AI-enabled multilingual customer service system to address all needs across the entire process 24/7 on an uninterrupted basis, such as answering inquiries from global customers, order tracking and providing feedback on anomalies. This enables intelligent Q&A, automatic work order circulation and proactive notification of abnormal events, significantly improving our responsiveness to and service experience for cross-border customers. An AI-assisted intelligent operation decision-making module is concurrently deployed in the back end. With in-depth analysis of real-time data derived across the cross-border logistics chain and algorithm modeling, we can accurately predict freight demand, optimize route planning, and achieve intelligent matching between vessel slots and capacity resources. Through the deep integration of AI technology with the cross-border logistics business, we will provide customers with one-stop, full-chain and visual digital service experiences, while comprehensively improving supply chain transparency and operation efficiency, and also ensuring the timeliness and safety of cargo transportation.

II. Project logistics: focusing on the opportunities brought by the “Belt and Road” Initiative and infrastructure in Africa

The Company will rely on the advantages of self-operated vessels and provide door-to-door EPC (Engineering Procurement Construction) project logistics solutions for international engineering customers in electric power, construction, petrochemical, rail transportation, machinery, steel and other sectors.

The Company will increase its investment in project logistics. By focusing on the fixed liner routes between Africa’s core hub ports along its east and west coasts and China’s major ports for engineering materials, the Company will proactively expand multi-modal transportation channels and improve the cargo transit efficiency and transportation timeliness. At the same time, the Company will deepen its strategic cooperation with key ports and hinterland logistics providers to establish a multi-dimensional service network, so as to further increase its market share and profitability.

III. Full-chain services encompassing overseas warehouses and cross-border e-commerce

Based on the optimistic expectations for the global cross-border e-commerce market, the Company will continue to promote the construction of overseas warehouses and offer end-to-end warehousing and delivery services. The Company will create a full-chain cross-border e-commerce logistics ecosystem which integrates seaborne transportation, warehousing and last-mile delivery, with the aim of significantly shortening the logistics cycle, providing customers with a more convenient delivery experience and enhancing its competitiveness in overseas markets.

Management Discussion and Analysis

IV. Green shipping and vessel operation: optimizing energy efficiency and planning the future

The Company will proactively put the concept of green shipping into practice by gradually introducing modern and energy-saving vessels that comply with the new environmental regulations of the International Maritime Organization (IMO) into the existing fleet of large container vessels and bulk carriers, as well as promoting the application of clean energy, enhancing waste treatment and marine protection measures and reducing carbon emissions.

For time charter business, the Company will continue to optimize its management of vessel technologies, crew management, marine survey and supply chain services, and flexibly adjust its chartering strategies with the aim of improving vessel utilization rate and profitability, ensuring safe and stable operation and further consolidating customer satisfaction.

Performance Outlook:

Revenue growth: Through the synergy of the expansion of self-operated shipping routes, the strengthening of project logistics business, the development of overseas warehouse business and vessel operation, the Company expects to achieve steady growth in its top-line performance in 2026.

Profitability: Relying on the cost advantage of self-owned fleet of vessels, the profit margins expansion of full-chain services with high added value, and the continuous optimization of refined cost control system, the Company will continue to consolidate and expand profit growth through differentiated operation and efficient management, in order to create greater value for its shareholders.

Conclusion:

In 2026, the Company will continue to identify new opportunities for business growth in the global seaborne logistics market, and constantly improve market competitiveness through innovation of business model, operation optimization and green transformation, in order to achieve continuous growth of its performance. The Company remains confident in its long-term development and remains committed to providing efficient and reliable logistics services to its customers around the world and securing a more significant role in the global logistics industry.

Management Discussion and Analysis

Financial Review

Revenue

During the Year, the Group derived its revenue from (i) cross-border logistics services; and (ii) time charter services. Revenue from the trading of imported goods under the Group's supply chain solution services (classified as "Others"), which the Group conducted on a limited basis in prior years, was not recorded in 2025 as this business activity was suspended. The following table sets forth a breakdown of the Group's revenue by business line for the years indicated:

	For the year ended 31 December		Change in percentage
	2025 RMB'000	2024 RMB'000	
Revenue			
Cross border logistics services	1,797,400	1,833,626	-2.0%
Time charter services	74,837	77,906	-3.9%
Others	-	34,861	-100.0%
Total	1,872,237	1,946,393	-3.8%

Revenue of the Group decreased by approximately 3.8% from RMB1,946.4 million for the Previous Year to RMB1,872.2 million for the Year. This decrease was mainly attributable to a decrease in revenue generated from cross border logistics services from RMB1,833.6 million for the Previous Year to RMB1,797.4 million for the Year, including a decrease in average price per TEU cross-border logistics services provided by the Group and through third party shipping carriers from RMB4,813 for the Previous Year to RMB3,676 for the Year as a result of the decrease in market freight rates, as well as the decrease in provision of self-operated cross-border logistics services during the Year.

Cost of sales

Cost of sales decreased by approximately 2.2% from RMB1,736.3 million for the Previous Year to RMB1,697.3 million for the Year, which was generally in line with the decrease in revenue. 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, freight fees, port charges 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 16.7% from RMB210.1 million for the Previous Year to RMB175.0 million for the Year.

Gross profit margin decreased from 10.8% for the year ended 31 December 2024 to 9.3% for the Year as a result of the decrease in the provision of self-operated cross-border logistics services during the Year.

Management Discussion and Analysis

Other income and gains

Other income and gains primarily include gains on the disposal of vessels, interest income and foreign exchange gains. Other income and gains decreased by approximately 71.9% from RMB369.8 million for the Previous Year to RMB103.8 million for the Year, primarily due to the Group's asset optimisation in 2024, including the optimisation of the Group's investment strategy for vessel assets.

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 increased by approximately 14.8% from RMB22.9 million for the Previous Year to RMB26.3 million for the Year, primarily due to the increase in salaries and welfare of the Group's sales and marketing team.

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 decreased by approximately 20.0% from RMB98.2 million for the Previous Year to RMB78.6 million for the Year, primarily due to the decrease in consulting fees.

Other expenses

Other expenses primarily represent fair value losses on FVTPL. Other expenses increased by approximately 24.7% from RMB9.3 million for the year ended 31 December 2024 to RMB11.6 million for the Year, primarily due to the increase in fair value losses on FVTPL.

Finance costs

Finance costs include interest expense on bank and other borrowings and interest expense on lease liabilities. Finance costs decreased from RMB8.9 million for the Previous Year to RMB7.6 million for the Year, primarily due to the decrease in interest expense on lease liabilities during the Year.

Reversal of impairment/(impairment) losses on financial assets

Impairment losses on financial assets primarily consist of impairment on trade receivables and other receivables. The Group recorded impairment losses on financial assets of RMB33.7 million for the previous year and reversal of impairment losses of RMB10.9 million for the year, primarily due to the recovery of long outstanding trade receivables during the Year.

Share of loss of associates

Share of loss of associates are related to Lecang International Logistics (Wuxi) Co., Ltd, in which the Group held a 40.0% equity interest, Bal Shipbroking Pte. Ltd, in which the Group held a 40.0% equity interest, and Lcang (Shanghai) Investment Management Co., Ltd, in which the Group held a 40.0% equity interest. Share of loss of associates increased from RMB0.3 million for the year ended 31 December 2024 to RMB2.8 million for the Year.

Management Discussion and Analysis

Profit before tax

As a result of the foregoing, profit before tax decreased by approximately 60.0% from RMB406.5 million for the year ended 31 December 2024 to RMB162.8 million for the Year.

Income tax expense

Income tax expense primarily consists of PRC corporate income tax, Hong Kong profits tax, New Jersey corporation business tax and Madagascar comprehensive tax. The Group's income tax expense was RMB5.6 million and RMB3.0 million for the Previous Year and the Year, respectively.

Profit for the Year

As a result of the foregoing, the Group's profit for the year decreased by approximately 60.1% from RMB401.0 million for the Previous Year to RMB159.9 million for the Year.

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 at 31 December 2025, the Group's net current assets amounted to RMB409.0 million (31 December 2024: RMB713.6 million). Specifically, the Group's total current assets decreased by approximately 28.5% from RMB1,006.7 million as at 31 December 2024 to RMB720.1 million as at 31 December 2025. The Group's total current liabilities were RMB293.1 million and RMB311.1 million as at 31 December 2024 and 2025, respectively.

Cash position

As at 31 December 2025, the Group had cash and bank balances of RMB428.7 million (31 December 2024: RMB779.6 million). The following table sets forth the currencies in which the Group's cash and bank balances were denominated as at 31 December 2025:

	As at 31 December 2025 RMB'000
Denominated in RMB	27,545
Denominated in USD	373,198
Denominated in Malagasy ariary	11,445
Denominated in Hong Kong dollars	16,420
Denominated in Singapore dollars	96
Total cash and bank balances	428,704

Management Discussion and Analysis

Borrowings

As at 31 December 2025, the Group had borrowings of RMB39.8 million (31 December 2024: RMB84.7 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 31 December 2025 RMB'000	As at 31 December 2024 RMB'000
Bank loans and overdraft repayable:		
– Within one year	13,000	41,595
Other borrowings repayable:		
– On demand or within a period not exceeding one year	15,200	15,856
– Within a period of more than one year but not exceeding two years	11,572	15,545
– Within a period of more than two years but not exceeding five years	–	11,659
Subtotal	26,772	43,060
Total	39,772	84,655

As at 31 December 2025, except for the borrowings in the amounts of RMB26.8 million denominated in USD (31 December 2024: RMB43.1 million), the remaining borrowings of the Group were denominated in RMB. All of the Group's bank and other borrowings bear interest at interest rates ranging from 2.75% to 7.71% as at 31 December 2025 (31 December 2024: 2.85% to 9.62%).

Borrowing costs

The Group's interest on bank and other borrowings remained relatively stable at RMB4.0 million and RMB3.9 million for the years ended 31 December 2024 and 2025, respectively.

Pledge of assets

As at 31 December 2025, the Group had mortgaged the dry bulk vessel with carrying amounts of RMB49.9 million (31 December 2024: RMB56.1 million) to secure bank and other borrowings amounting to RMB26.8 million (31 December 2024: RMB43.1 million).

As at 31 December 2025, the Group had pledged deposits of RMB10.4 million (31 December 2024: RMB11.2 million, as security for letters of credit) as security for the bank's payment guarantee.

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 a related party, 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 a related party, 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 expects 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 expects the credit risk associated with non-trade-related amounts due from a related party to be low, since it has 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 31 December 2025, the current ratio of the Group, being the current assets divided by the current liabilities, was 2.3 times (31 December 2024: 3.4 times).

The Group monitors its capital using a gearing ratio, which is interest-bearing borrowings divided by total equity. The Group's policy is to maintain a healthy gearing ratio. As at 31 December 2025, the gearing ratio of the Group was 2.6% (31 December 2024: 5.5%). The decrease of the Group's gearing ratio was mainly attributable to the decrease of interest-bearing borrowings during the Year.

Contingent Liabilities

As at 31 December 2025, the Group had no significant contingent liabilities.

Commitments

As at 31 December 2025, the Group had capital commitments of RMB712.4 million (31 December 2024: RMB1,721.2 million). The amount as at 31 December 2025 was related to purchase of container vessels as disclosed in the announcement and circular of the Company dated 2 September 2024 and 23 September 2024 respectively.

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

During the Year, 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 Year.

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. Furthermore, as disclosed in the announcement of the Company dated 27 February 2026, the Company entered into two shipbuilding agreements to acquire two vessels at a total consideration of USD236 million.

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 the Listing

The Company raised net proceeds from the Global Offering (including the proceeds from the partial exercise of the Over-allotment Option (as defined in the Prospectus)) in the amount of approximately HK\$95.1 million. 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 the Net Proceeds as at 31 December 2025:

Use	Percentage of the Net Proceeds as stated in the Prospectus	Net Proceeds	Actual use	Unutilized Net Proceeds as at 31 December 2025	Expected timeframe of full utilization of the Net Proceeds
		as at 31 December 2024 taking into account the partial exercise of the Over-Allotment Option	of the Net Proceeds from 1 January 2025 and up to 31 December 2025		
		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%	9.7	9.7	-	-
Expanding the business coverage and global network	4.0%	-	-	-	-
Adopting digital technologies and upgrading internet service systems in providing integrated cross-border logistics services	7.0%	5.2	2.5	2.7	2026
Strategic investments and/or acquisitions in businesses or assets that complement the Group's business	20.0%	3.5	3.5	-	-
Establishing a trucking service matching platform	7.0%	6.7	-	6.7	2026
General corporate purposes and working capital needs	10.0%	-	-	-	-
Total	100.0%	25.1	15.7	9.4	

Management Discussion and Analysis

As at 31 December 2025, the Directors are not aware of any material change in the planned use of the Net Proceeds. The remaining Net Proceeds which had not been utilized were placed in short-term demand deposits with licensed financial institutions. The unutilised Net Proceeds and the above timeline of intended utilization will be applied in the manners disclosed by the Company. However, the expected timeline for the unutilised Net Proceeds is based on the Directors' best estimation barring unforeseen circumstances, and would be subject to change based on the future development of the Group's business and the market conditions.

Employee and Remuneration Policy

As at 31 December 2025, the Group had a total of 331 full-time employees. For the year ended 31 December 2025, the staff cost relating to the Group's own employees recognized as expenses amounted to RMB76.7 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 Year, 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

On 30 December 2025, Lehang Boundless entered into (i) a heads of agreement with Blue Anchor Oceanway Limited; and (ii) a novation agreement with Blue Anchor Oceanway Limited, China Shipbuilding Trading Co., Ltd. and Jiangnan Shipyard (Group) Co., Ltd. (for the vessel with Hull No. 2872) in relation to the novation of all rights and obligations under the shipbuilding agreement dated 6 June 2024. Further details are set out in the announcement of the Company dated 30 December 2025 and the circular of the Company dated 20 January 2026.

On 27 February 2026, the Company entered into two shipbuilding agreements with Shanghai Waigaoqiao Shipbuilding Co., Ltd. (上海外高橋造船有限公司) and China Shipbuilding Trading Co., Ltd. (中國船舶工業貿易有限公司) to acquire two vessels at a total consideration of USD236 million. Further details are set out in the announcement of the Company dated 27 February 2026.

Save as disclosed above, there has been no other material events affecting the Company since 31 December 2025 and up to the date of this report.

Management Discussion and Analysis

Final Dividend

The Board did not recommend the payment of a final dividend for the year ended 31 December 2025 (2024: HK\$0.44 per Share).

Annual General Meeting and Closure of Register of Members

The AGM will be convened and held on Friday, 26 June 2026. A notice convening the AGM will be published on the websites of the Company and the Hong Kong Exchanges and Clearing Limited and despatched to the Shareholders in accordance with the requirements of the Listing Rules in due course. For the purpose of determination of eligibility of the Shareholders to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 23 June 2026 to Friday, 26 June 2026 (both days inclusive), during which period no transfer of Shares will be effected. The record date is Friday, 26 June 2026. In order to be entitled to attend and vote at the forthcoming AGM to be held on Friday, 15 May 2026, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. (Hong Kong time) on Monday, 22 June 2026.

Biographies of Directors and Senior Management

Directors

Executive Directors

Mr. Xu Xin (許昕), aged 47, is the executive Director, chief executive officer, president and the chairman of the Board, mainly responsible for the formulation of strategies and decision-making on operation and management of the Group.

Mr. Xu has over 23 years of experience in the global shipping and logistics industry. From October 2002 to December 2007, Mr. Xu served as the legal representative, director and general manager at Qingdao Boan Container Co., Ltd. (青島博安集裝箱有限公司), a company controlled by Mr. Xu and principally engaged in the sales, rental and maintenance of container, where he was primarily responsible for overall management of the company. Mr. Xu founded the Group in 2004 and served as a director and the general manager of Shandong Lcang from November 2004 to August 2022 and the chairman of the board of directors in Shandong Lcang from October 2015 to August 2022. Since February 2023, Mr. Xu has been serving as a director of Shandong Lcang. Since May 2015, Mr. Xu has been serving as the legal representative and director of Qingdao Jiliang, a company principally engaged in management consulting services, where he has been primarily responsible for overall management of the company. Mr. Xu has also been a director of certain subsidiaries of the Company.

Mr. Xu graduated from Qingdao Harbor Vocational & Technical College (青島港灣職業技術學院) in the PRC with diploma in port and ship electrics in June 1998 and from Ocean University of China (中國海洋大學) in the PRC with a diploma in computer in July 2004. He obtained his Executive Master of Business Administration (EMBA) from China Europe International Business School (中歐國際工商學院) in the PRC in September 2010. He has been studying the CKGSB Business Scholar Program (企業家學者項目) at Cheung Kong Graduate School of Business in the PRC since December 2022. In addition, Mr. Xu was awarded with the “8th Shandong Youth Entrepreneurship Nomination Award” (第八屆山東青年創業獎提名獎) by the Ministry of Human Resources and Social Security of Shandong Province (山東省人力資源和社會保障廳) in December 2016.

Ms. Li Yan (李艷), aged 39, is the executive Director and vice president of the Company. Ms. Li is mainly responsible for assisting in the formulation of strategies and decision-making on operation and management of the Group.

Ms. Li has over 18 years of experience in global shipping and logistics industry. Ms. Li has served various positions including the deputy general manager at Shandong Lcang from September 2007 to August 2022, and the general manager and the chairman of the board of directors in Shandong Lcang since August 2022. She has been serving as a director of Shandong Lcang since October 2015, where she has been primarily responsible for assisting the general manager in the formulation of corporate strategies and managing the decisions of the Group. Since May 2015, Ms. Li has been serving as the general manager of Qingdao Jiliang, where she has been primarily responsible for overall management of the company. Ms. Li has also been a director of certain subsidiaries of the Company.

Ms. Li graduated from Qingdao Harbor Vocational & Technical College (青島港灣職業技術學院) in the PRC with a diploma in international freight and customs clearance in July 2007 and from Tongji University (同濟大學) in the PRC with a diploma in business administration in January 2013, and she obtained her Executive Master of Business Administration (EMBA) from China Europe International Business School (中歐國際工商學院) in the PRC in November 2018.

Biographies of Directors and Senior Management

Ms. Zhu Jiali (朱佳麗), aged 45, is the executive Director and chief financial officer and is mainly responsible for the overall supervision and management of financial and accounting affairs of the Group.

Ms. Zhu has approximately 21 years of experience in the global shipping and logistics industry and accounting. Ms. Zhu joined the Group in November 2004. From November 2004 to May 2005, Ms. Zhu worked as a container management operator at the Group where she was responsible for container management work. From June 2005 to May 2011, she successively served as a deputy manager of container management and a manager of the container management department where she was responsible for the management of the container management department at the Group. Ms. Zhu has been serving as the manager of the financial department of Shandong Lcang since June 2011, a director of Shandong Lcang since October 2015, and the financial controller of Shandong Lcang since January 2022, where she is responsible for overseeing and managing of the financial matters of the Shandong Lcang. Ms. Zhu has also been a director of certain subsidiaries of the Company.

Ms. Zhu graduated from Qingdao Harbor Vocational & Technical College (青島港灣職業技術學院) in the PRC in June 2000 with a diploma in electromechanical integration and from Shandong University (山東大學) in the PRC in December 2002 with a diploma in English. She passed the national intermediate accountant exam (國家會計專業技術中級資格考試) of the PRC in 2014.

Mr. Yu Zhenrong (余臻榮), aged 51, is the executive Director. Mr. Yu joined the Group in January 2021 as a director of Shandong Lcang and has been mainly responsible for providing strategic advices on management of the Group.

Mr. Yu has over 29 years of experience in corporate consulting service. Prior to joining the Group, from August 1997 to April 2002, Mr. Yu served at Arthur Andersen (Shanghai) Business Consulting Co., Ltd. (安達信(上海)企業諮詢有限公司), a company principally engaged in consulting service. From May 2002 to November 2006, he served at BearingPoint (Shanghai) Business Consulting Co., Ltd. (畢博(上海)企業管理諮詢有限公司), a company principally engaged in providing enterprise management consulting service. From November 2006 to July 2011, Mr. Yu served as a partner at IBM China Company Limited (國際商業機器(中國)有限公司), a company principally engaged in providing comprehensive corporate information technology services. From July 2011 to December 2014, he served as an executive director at GP Capital Co., Ltd. (金浦產業基金投資管理有限公司), a company principally engaged in capital investment, where he was responsible for overseeing investment and post investment management. From January 2015 to May 2020, Mr. Yu served at Hotwind Investment Co., Ltd. (熱風投資有限公司) and Shanghai Hotwind Fashion Enterprise Development Co., Ltd. (上海熱風時尚企業發展有限公司), with his last position served as a Co-president where he was responsible for overall company management.

Mr. Yu graduated from Shanghai Jiao Tong University (上海交通大學) in the PRC with dual bachelor's degrees in industrial foreign trade and computer science and applications in July 1997. He also obtained his Executive Master of Business Administration (EMBA) from China Europe International Business School (中歐國際工商學院) in the PRC in September 2010.

Biographies of Directors and Senior Management

Independent non-executive Directors

Dr. Gu Lin (顧琳), aged 51, is the independent non-executive Director. He has been serving as an independent director of Shandong Lcang since January 2021 and is primarily responsible for providing independent advice on the operations and management of the Group.

Dr. Gu has over 22 years of experience in the education industry. Dr. Gu served as a lecturer from 2003 to 2006, at Shanghai Jiao Tong University (上海交通大學) in the PRC, where he was engaged in tuition, supervision of graduate students and conducting academic researches. Since 2006, Dr. Gu has been serving as an associate professor at Shanghai Jiao Tong University (上海交通大學) in the PRC, where he has been engaged in tuition, supervision of graduate students and conducting academic researches. From September 2019 to October 2022, Dr. Gu has been serving as an independent director at Suzhou Yimeide Technology Co., Ltd. (逸美德科技股份有限公司), a company whose shares are quoted on the NEEQ (stock code: 873792) and principally engaged in integrating R&D, production, sales and service, where he has been responsible for providing independent advice on the operations and management. Since October 2020, Dr. Gu has been serving as an independent director at Shanghai Bloom Technology Inc. (上海博隆裝備技術股份有限公司), a professional supplier providing pneumatic-conveying-based powder and granular material handling system solutions, where he has been responsible for providing independent advice on the operations and management.

Dr. Gu graduated from Harbin Institute of Technology (哈爾濱工業大學) in the PRC with a master's degree in mechatronic engineering in July 1998 and a doctor's degree in mechanical manufacturing and automation in October 2002. He obtained the independent director qualification certificate granted by the Shanghai Stock Exchange in April 2014.

Dr. Yang Kequan (楊克泉), aged 58, is the independent non-executive Director and is primarily responsible for providing independent advice on the operations and management of the Group.

Dr. Yang has over 16 years of experience in business administration and financial management. From December 2005 to December 2008 and since June 2015 to present, Dr. Yang served and has served as an associate professor at Shanghai Lixin University of Accounting and Finance (上海立信會計金融學院) (an institution formerly known as Shanghai Lixin University of Commerce (上海立信會計學院)). He has served as the independent director at Springsnow Food Group Co., Ltd. (春雪食品集團股份有限公司), a chicken food products manufacturer whose shares are listed on the Shanghai Stock Exchange (stock code: 605567) since May 2020; the independent director at Shanghai Hydee Software Corp., Ltd. (上海海典軟件股份有限公司), a solutions provider for pharmaceutical distribution industry whose shares are listed on the National Equities Exchange and Quotations (全國中小企業股份轉讓系統) (stock code: 831317) since June 2020; the independent director at Eurocrane (China) Co., Ltd. (法蘭泰克重工股份有限公司), a manufacturer and service provider of cranes and material handling products whose shares are listed on the Shanghai Stock Exchange (stock code: 603966) since August 2018; the independent director at Dajia Property & Casualty Insurance Co., Ltd. (大家財產保險有限責任公司), a company principally engaged in the provision of insurance services since June 2023; the independent non-executive director of Pu'er Lancang Ancient Tea Co., Ltd., a comprehensive tea company that integrates research and development, production and sales, whose shares are listed on the Stock Exchange (stock code: 06911) since June 2024.

Biographies of Directors and Senior Management

Dr. Yang graduated from Graduate School of Chinese Academy of Social Sciences (中國社會科學院研究生院) with a Doctor of Philosophy degree in management in July 2004, Capital University of Economics and Business (首都經濟貿易大學) (included the institution formerly known as Beijing Institute of Economics (北京經濟學院)) with a master's degree in economics in July 1994, and Hebei University of Economics and Business (河北經貿大學) (formerly known as Hebei Finance College (河北財經學院)) with a bachelor's degree in economics in July 1991. Dr. Yang was accredited as a Certified Public Accountant by the Treasury Certified Public Accountant Examination Board (財政部註冊會計師考試委員會) in May 1998. He also obtained a Lawyer's Qualification Certificate (律師資格證書) issued by the Lawyer Qualification Examination Committee of the Ministry of Justice of the People's Republic of China (中華人民共和國司法部律師資格審查委員會) in May 1999, a AMAC Fund Practitioner Qualification (AMAC 基金從業資格) in November 2016, a Qualification Certificate of Independent Director (獨立董事資格證書) issued by the Shanghai Stock Exchange in September 2007, and a SAC Securities Industry Qualification (SAC 證券業從業資格) in October 2016. Dr. Yang was awarded the "Yucai Award (育才獎)" by the Shanghai Municipal Education Commission (上海市教育委員會) and Shanghai Education Development Foundation (上海市教育發展基金會) in September 2007.

Mr. Qi Yinliang (齊銀良), aged 42, is the independent non-executive Director. He has been serving as an independent director of Shandong Lcang since January 2022 and is primarily responsible for providing independent advice on the operations and management of the Group.

Mr. Qi has over 20 years of experience in information technology and business management consulting services. He is currently holding several positions and directorships in the following entities:

Name of entity	Principal business	Position(s)	Responsibilities	Period of service
Shanghai Haiji Information Technology Co., Ltd.	Operating a media platform of shipping information and data	Director and general manager	overall business strategy and marketing of the company	March 2012 to present
Zhejiang Free Trade Zone Maritime Consulting Service Co., Ltd.	Information technology and enterprise management consulting services	Director	formulating business plans, investment proposals, annual financial budgets of the company	March 2020 to present
Ningbo Haiji Enterprise Management Consulting Co., Ltd.	Enterprises management, information and financial consulting services	Director and general manager	overall management of the company	August 2021 to present

In addition, Mr. Qi is acting as an independent director in Fujian Highton Development Co., Ltd., a company engaging in cargo shipments in the PRC listed in Shanghai Stock Exchange (Stock code: 603162). Mr Qi is responsible for providing independent advice and judgment to management of the company.

Biographies of Directors and Senior Management

Mr. Qi graduated from College of Arts and Sciences of Shanghai Maritime University (上海海事大學) in the PRC with a bachelor's degree in administrative management in July 2006. Mr. Qi was awarded with the "Shanghai May Fourth Medal Honorary Titles (上海市青年五四獎章)" by China Communist Youth League Shanghai Committee and Shanghai Municipal Bureau of Human Resources and Social Security in April 2016 and the "Lujiazui's 2017 Ten Outstanding Young Person (陸家嘴金融城 2017 年度十大傑出青年)" by the Communist Party of China Shanghai Lujiazui Financial and Trade Zone General Committee and Shanghai Lujiazui Financial City General Working Committee of the Communist Youth League in July 2017 and "Outstanding Young Person in China Shipping Industry (中國航運青年傑出人物)" by the Shanghai International Shipping Institute in September 2018.

Joint Company Secretaries

Ms. Ding Sujun (丁素君), aged 35, was appointed as the joint company secretary on 20 October 2022. Ms. Ding joined the Group in July 2017 as the secretary of the board of Shandong Lcang and has been responsible for the Company's corporate governance matters, information disclosure pursuant to applicable regulatory requirements, investor relationship management and communication with the relevant competent regulatory authorities since then.

Ms. Ding has over 10 years of experience in legal, compliance and company secretarial matters. Prior to joining the Group, from June 2015 to May 2016, she served as the officer in charge of legal and information disclosure matters at Shanghai Time Polytron Technologies Inc. (上海時光科技股份有限公司), a company whose shares were previously quoted on the NEEQ (stock code: 833857) and principally engaged in technology development, consultation and network services, where she was responsible for legal matters and information disclosure matters. From May 2016 to July 2017, she served as a legal officer and the representative in charge of securities related matters at Shanghai Qiyuan Technology Co., Ltd. (上海企源科技股份有限公司), a company whose shares were previously quoted on the NEEQ (stock code: 833132) and principally engaged in software and information technology services, where she was responsible for legal and financing matters.

Ms. Ding graduated from Liaoning Normal University (遼寧師範大學) in the PRC with a bachelor's degree in law (economic law) in June 2015. She also obtained her Master of Business Administration from Shanghai University of Finance and Economics (上海財經大學) in the PRC in June 2024. In August 2015, she obtained the legal professional qualification certificate granted by the Ministry of Justice of the People's Republic of China. She obtained the secretary practitioner qualification certificate granted by Shenzhen Stock Exchange in October 2016 and by Shanghai Stock Exchange in May 2016, respectively. She obtained the Securities Practitioner Qualification Certificate (證券從業資格證) in March 2016 from the Securities Association of China (中國證券業協會) and the Fund Practicing Qualification Certificate (基金從業資格證) from Asset Management Association of China (中國證券投資基金業協會) in November 2016. In April 2017, she obtained the qualification certificate of board secretary of national equities exchange and quotations company granted by the NEEQ. In July 2020, she obtained the independent director qualification certificate granted by the Shanghai Stock Exchange. In November 2021, she was also awarded with the "Gold Medal Board Secretary" by the NEEQ.

Ms. Ng Sau Mei (伍秀薇) was appointed as the joint company secretary on 21 June 2024. Ms. Ng is a director and head of the Listing Services Department of TMF Hong Kong Limited (a global enterprise service provider) and is responsible for provision of corporate secretarial and compliance services to listed company clients. She has over 21 years of professional experience in the company secretarial field. Ms. Ng is a fellow member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

Biographies of Directors and Senior Management

Senior Management

Mr. Sun Hongyang (孫宏陽), aged 45, joined the Group in March 2022 and has been serving as its vice president since then. He is mainly responsible for investing, financing and overall capital operation of the Group.

Prior to joining the Group, Mr. Sun has over 25 years of experience in finance. From 2000 to 2003, Mr. Sun successively served as an accountant and financial supervisor in Shanghai New Focus Auto Parts Co., Ltd. (上海紐福克斯汽車配件有限公司), a company principally engaged in production of automotive parts, where he was mainly responsible for accounting, preparation of consolidated statements and financial analysis reports. From January 2004 to July 2006, he served as a finance manager of Shanghai JFP Power Equipment Co., Ltd. (上海稽富比動力設備有限公司), a company principally engaged in manufacturing of generator set, where he was mainly responsible for finance management and fund management of the company. From August 2006 to April 2012, Mr. Sun served as a finance manager of China area in Baumann Springs (Shanghai) Co., Ltd. (寶馬彈簧(上海)有限公司), a company principally engaged in manufacturing of auto parts, where he was mainly responsible for finance management and fund management of the company. From May 2012 to June 2015, Mr. Sun served as the financial controller of China area in Martin Sprocket & Gear (China) Co., Ltd. (馬丁傳動件(上海)有限公司), a company principally engaged in manufacturing of mechanical transmission parts, where he was mainly responsible for finance management and fund management of companies in China area. From July 2015 to June 2017, he served at KASEN International Holdings Limited (卡森國際控股有限公司), a company principally engaged in manufacturing, property and tourism and listed on the Main Board of the Stock Exchange (stock code: 0496), with his last position being an executive director and the chief financial officer where he was responsible for the group's financial management, investment, financing, mergers and acquisitions as well as decision-making of major events of the company. From August 2017 to May 2020, he served as a vice president at Shanghai Jingyu Garden Construction Development Co., Ltd. (上海景域園林建設發展有限公司), a company principally engaged in landscaping contracting and construction, where he was responsible for financial management, financing and mergers and acquisitions of the company. From May 2020 to March 2022, he served as a deputy general manager at Zhejiang Kasen Industrial Group Co., Ltd. (浙江卡森實業集團有限公司), a company principally engaged in investment holding and import/export trading, where he was responsible for overseeing investment management of the company.

Mr. Sun graduated from Henan Finance & Taxation College (河南財政稅務高等專科學校) in July 2000 in economic information management and computer application and obtained an executive master of professional accountancy from The Chinese University of Hong Kong (香港中文大學) in December 2010. He received his Executive Master of Business Administration (EMBA) from China Europe International Business School (中歐國際工商學院) in the PRC in November 2018. Mr. Sun was accredited as a Chinese certified public accountant by the Chinese Institute of Certified Public Accountants (中國註冊會計師協會) in September 2010 and as an Australian certified practising accountant (CPA Aust.) by the CPA Australia in June 2015.

Mr. Zhang Feng (張峰), aged 57, joined the Group in June 2017 and has been serving as the vice president since then. He is mainly responsible for overseeing short-sea seaborne transportation business of the Group.

Mr. Zhang has over 30 years of experience in the freight logistics industry in the PRC. Prior to joining the Group, from March 1996 to June 2017, Mr. Zhang served at Regional Container Line Shipping Co., Ltd. (宏海箱運船務有限公司), a container shipping line company whose shares are listed on The Stock Exchange of Thailand (stock code: RCL), where his last position was a deputy general manager of Qingdao branch and he was mainly responsible for overseeing sales and marketing in the PRC.

Biographies of Directors and Senior Management

Mr. Zhang obtained a bachelor's degree in economic management from Peking University (北京大學) by way of correspondence program in the PRC in June 1996.

Mr. Ye Tao (葉濤), aged 51, joined the Group in August 2021 and has been serving as the vice president since then. He is mainly responsible for overseeing deep-sea seaborne transportation operation and overall operation and management of self-operated cross-border seaborne transportation of the Group.

Mr. Ye has over 29 years of experience in the freight logistics industry in the PRC. Prior to joining the Group, from July 1997 to February 2000, he served as an operator at American President Lines (China) Co., Ltd. (美國總統輪船(中國)有限公司), a shipping carrier principally engaged in deep-sea container transportation in Europe and America, where he was successively responsible for terminal cargo operations at the Shanghai Port for American President Lines, LLC, the parent company, and container management in Shanghai and Yangtze River basin. From February 2000 to January 2016, he successively served for several positions including a general manager of operation department in Shanghai city, China region and the Greater China region of CSAV Group (China) Shipping Co., Ltd. (南美輪船(中國)船務有限公司), a company principally engaged in providing cargo transportation-related port services and vessel operation for vessels owned or operated by Chilean South American Shipping Company (Compañía Sud Americana de Vapores S.A.) and Norasia Container Lines Limited, two deep-sea shipping brands of the parent group, where he was mainly responsible for the company's overall management of shipping, terminals, cargo and container in the Greater China. From February 2016 to April 2019, he successively served as a senior manager of operation department at Hapag-Lloyd (China) Shipping Ltd. (赫伯羅特船務(中國)有限公司) and Hapag-Lloyd Business Services (Suzhou) Company Limited (赫伯羅特企業管理服務(蘇州)有限公司) respectively, where he was mainly responsible for management of all related business of vessels and cargoes of Hapag-Lloyd AG, the parent company, in the Greater China (including Hong Kong, Macao and Taiwan). From April 2019 to March 2021, he served as an executive deputy general manager at Shanghai Brilliant International Logistics Co., LTD (上海創元集裝箱倉儲有限公司) (formerly known as Shanghai Chuangyuan International Logistics Co., Ltd. (上海創元國際物流有限公司)), a company principally engaged in container storage and transportation, where he was mainly responsible for marketing and promotion, container storage and maintenance, warehouse cargo flow and other related business management work. Since June 2019, he has been serving as a supervisor of Shanghai Fuyuanhong Industrial Development Co., Ltd. (上海馥源鴻實業發展有限公司), a company principally engaged in daily necessities and sporting goods, where he has been responsible for supervising management of the company.

Mr. Ye obtained a bachelor's degree in international transportation management from Shanghai Maritime University (上海海事大學) (formerly known as Shanghai Maritime College (上海海運學院)) in the PRC in June 1997, and completed a master's program in management science and engineering from School of International Business and Management of Shanghai University (上海大學) in the PRC in February 2009.

Save that Ms. Li Yan being the spouse of Mr. Xu Xin, there is no other information relating to the relationship of any of the Directors with other Directors and senior management officers that should be disclosed pursuant to Rule 13.51(2) or paragraph 12 of Appendix D2 of the Listing Rules.

Corporate Governance Report

Corporate Governance Practices

The Board is committed to maintaining high standards of corporate governance.

The Board believes that high corporate governance standards are essential in providing a framework for the Group to safeguard the interests of the Shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company has applied the principles of good corporate governance as set out in the CG Code and, to the best of the Directors' knowledge, the Company has complied with all applicable code provisions under the CG Code during the Year and up to the date of this report, except the following:

Pursuant to code provision C.2.1 of Part 2 of the CG Code to the Listing Rules, the roles 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 chairman of the Board and chief executive officer in the same individual 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, 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.

The Board has resolved to adopt a Board Independence Evaluation Mechanism, to ensure independent view and input are available to the Board. The Board Independence Evaluation Mechanism includes various measures to ensure independent views and input are available to the Board.

The Board shall at all times comprise at least three independent non-executive Directors that represent at least one-third of the Board, such that there is always a strong element of independence on the Board which can effectively exercise independent judgment. Each independent non-executive Director is required to provide an annual confirmation of his/her independence to the Company and the Nomination Committee is responsible to assess the independence of each independent non-executive Director at least annually.

All the Directors, including the independent non-executive Directors, are given equal opportunity and channels to communicate and express their views to the Board and have separate and independent access to the management of the Group in order to make informed decisions. All Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The chairman of the Board will hold meetings with the independent non-executive Directors without the involvement of other Directors at least annually to discuss any issues and concerns. Any Director or his/her associate who has a conflict of interest in a matter to be considered by the Board will be dealt with by a physical Board meeting rather than by written resolutions. Such Director will be required to declare his/her interests before the meeting and abstain from voting and not counted towards the quorum on the relevant resolutions. Independent non-executive Directors who, and whose associates, have no interest in the matter should attend the Board meeting.

Corporate Governance Report

The Board has reviewed and considered that the Board Independence Evaluation Mechanism is effective in ensuring that independent views and input are provided to the Board during the year ended 31 December 2025.

Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix C3 to the Listing Rules as the code of conduct regarding Directors' dealings in the securities of the Company.

Having made specific enquiry of all the Directors, all the Directors confirmed that they have complied with the required standards set out in the Model Code throughout the Year.

The Board has also established written guidelines (the “**Guidelines**”) to regulate all dealings of Shares by relevant employees who are likely to be in possession of inside information in relation to the Company's securities and unpublished information as referred to code provision C.1.3 of the CG Code. The Company is not aware of any incident of non-compliance of the Guidelines committed by any employees throughout the Year.

Board of Directors

Composition of the Board

Up to the date of this report, the persons who held directorships in the Company are listed below:

Members of the Board	Position(s)
<i>Executive Directors</i>	
Mr. Xu Xin	Executive Director, chief executive officer, president and chairman of the Board
Ms. Li Yan	Executive Director and vice president
Ms. Zhu Jiali	Executive Director and chief financial officer
Mr. Yu Zhenrong	Executive Director
<i>Independent Non-executive Directors</i>	
Dr. Gu Lin	Independent non-executive Director
Dr. Yang Kequan	Independent non-executive Director
Mr. Qi Yinliang	Independent non-executive Director

The biographical information of the Directors and the relationships between the members of the Board are set out and disclosed in the section headed “Biographies of Directors and Senior Management” on pages 20 to 26 of this report. Ms. Li Yan is the spouse of Mr. Xu Xin, an executive Director, chief executive officer, president of the Company and chairman of the Board. Save as disclosed above, there are no financial, business, family or other material relationships among members of the Board.

Corporate Governance Report

Attendance record of Directors

During the Year, the Board held six meetings. The attendance records of each Director at the Board meetings, Board committee meetings and the general meetings of the Company held during the Year is set out below:

Directors	Number of attendance/Number of meeting(s)				
	Board	Audit Committee	Nomination Committee	Remuneration Committee	General meetings
<i>Executive Directors</i>					
Mr. Xu Xin (Chairman and chief executive officer)	6/6	–	1/1	2/2	2/2
Ms. Li Yan	6/6	–	–	–	2/2
Ms. Zhu Jiali	6/6	–	1/1	–	2/2
Mr. Yu Zhenrong	6/6	–	–	–	2/2
<i>Independent Non-executive Directors</i>					
Dr. Gu Lin	6/6	3/3	2/2	2/2	2/2
Mr. Du Haibo (<i>resigned on 20 June 2025</i>)	3/3	2/2	–	–	1/1
Dr. Yang Kequan (<i>appointed on 20 June 2025</i>)	3/3	1/1	–	–	1/1
Mr. Qi Yinliang	6/6	3/3	2/2	2/2	2/2

Responsibilities of the Directors and management

The Board assumes responsibility for leadership and control of the Company and is collectively responsible for directing and supervising the Company's affairs.

The Board directly, and indirectly through its committees, leads and provides direction to management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and expertise to the Board for its efficient and effective functioning. Through active participation in Board meetings, taking the lead in managing issues involving potential conflict of interest and serving on Board committees, all independent non-executive Directors make various contributions to the effective direction of the Company.

The independent non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgement on corporate actions and operations.

All Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses, for discharging their duties to the Company.

The Directors shall disclose to the Company details of other offices held by them.

Corporate Governance Report

The Board is responsible for decision-making in all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant operational matters of the Company. The Board has delegated its powers relating to implementing decisions of the Board, directing and coordinating the daily operation and management of the Company to Mr. Xu Xin, the chief executive officer of the Company.

The Directors shall carry out duties in good faith, in compliance with applicable laws and regulations, and in the interests of the Company and the Shareholders at all times.

Each Director should also have a proper understanding of the Company's operations and business and is fully aware of his responsibilities under statute and common law, the Listing Rules, legal and other regulatory requirements and the Company's business and governance policies.

The Board has clearly set out the circumstances under which the management should report to and obtain prior approval from the Board before making decisions or entering into any commitments on behalf of the Company.

The Board regularly reviews the aforesaid circumstances and ensures they remain appropriate.

The Company has arranged appropriate insurance coverage on Directors' and officers' liabilities in respect of any legal actions taken against Directors and senior management arising out of corporate activities. The insurance coverage would be reviewed on an annual basis. Details of the insurance is discussed in the paragraph headed "Permitted Indemnity" of the Report of the Directors.

Independent non-executive Directors

During the year ended 31 December 2025, the Board has at all times met the requirements of Rules 3.10(1) and (2) of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualifications, or accounting or related financial management expertise. The three independent non-executive Directors represent more than one-third of the Board, complying with the requirement under Rule 3.10A of the Listing Rules whereby independent non-executive directors of a listed issuer must represent at least one-third of the board. The Board believes there is sufficient independence element in the Board to safeguard the interest of Shareholders.

Confirmation of independence

The Company has received from each independent non-executive Director an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and considers all of them to be independent.

Continuous professional development of Directors

All the Directors in office during the year ended 31 December 2025, namely Mr. Xu Xin, Ms. Li Yan, Ms. Zhu Jiali, Mr. Yu Zhenrong, Dr. Gu Lin, Dr. Yang Kequan (appointed on 20 June 2025), Mr. Du Haibo (resigned on 20 June 2025) and Mr. Qi Yinliang, have complied with Rules 3.09F, 3.09G and 3.09H of the Listing Rules and participated in continuous professional development to develop and refresh their knowledge and skills, which ensures that their contribution to the board remains informed and relevant.

Corporate Governance Report

Dr. Yang Kequan, who was appointed as an independent non-executive Director during the year ended 31 December 2025, had obtained legal advice on 19 June 2025, as required under rule 3.09D of the Listing Rules from the legal advisor of the Company and has confirmed that he understood his obligations as a director of a listed company.

All Directors in office during the year ended 31 December 2025 have been provided with necessary induction training and materials to ensure that they have proper understanding of the operation and business of the Company and their responsibilities under the relevant laws, regulations and rules. The Company will continue to provide updates to Directors on the latest developments regarding the Listing Rules and other applicable regulatory requirements, to ensure compliance and enhance their awareness of good corporate governance practices.

Chairman and Chief Executive Officer

Pursuant to code provision C.2.1 of Part 2 of the CG Code, the role of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

During the year ended 31 December 2025, the positions of the chairman of the Board and chief executive officer of the Company were both held by Mr. Xu Xin. 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, 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. Therefore, the Directors consider that the deviation from such code provision is appropriate and are of the view that the Board is able to work efficiently and perform its responsibilities with all key and appropriate issues discussed in a timely manner.

Appointment, Re-Election and Removal of Directors

Pursuant to the code provision B.2.2 of Part 2 of the CG Code, every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

Each of the independent non-executive Directors of the Company is appointed for a specific term and is subject to retirement by rotation at least once every three years pursuant to terms and conditions of their respective appointment letter, the Articles of Association and the Listing Rules.

Under articles 83(2) and 83(3) of the Articles of Association, the Company may by ordinary resolution elect any person to be a Director either to fill a casual vacancy on the Board, or as an addition to the existing Board. The Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board. Any Director so appointed shall hold office only until the first annual general meeting of the Company after his appointment and shall then be eligible for re-election.

Pursuant to article 84 of the Articles of Association, at each annual general meeting, one-third of the Directors for the time being, or if their number is not three or a multiple of three, the number nearest to but not less than one-third shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. The retiring Directors shall be eligible for re-election and shall continue to act as a Director throughout the meeting at which he retires.

Corporate Governance Report

In light of the foregoing requirements, Ms. Zhu Jiali and Mr. Yu Zhenrong and Dr. Yang Kequan shall retire by rotation and, being eligible, have offered themselves for re-election at the forthcoming AGM of the Company.

Board Committees

The Board has established three committees, namely, the Audit Committee, the Remuneration Committee and the Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with specific written terms of reference explaining their roles, authorities and duties. The terms of references of the Board committees are available on the websites of the Stock Exchange and the Company.

Audit Committee

The Company established the Audit Committee on 23 August 2023 pursuant to Rule 3.21 of the Listing Rules with written terms of reference in compliance with code provision D.3 of Part 2 of the CG Code. The Audit Committee consists of three independent non-executive Directors, namely Dr. Yang Kequan, Dr. Gu Lin, Mr. Qi Yinliang. Dr. Yang Kequan is the chairman of the Audit Committee and the independent non-executive Director with the appropriate professional qualifications or related financial management expertise as required under Rule 3.10(2) of the Listing Rules.

The primary duties of the Audit Committee include, but are not limited to (i) assisting the Board by providing an independent view of the effectiveness of the financial reporting, risk management and internal control systems of the Group; (ii) overseeing the audit process, developing and reviewing the Group's policies; and (iii) performing other duties and responsibilities as assigned by the Board.

During the year ended 31 December 2025, the Audit Committee held three meetings to discharge its duties including to review the annual results for the year ended 31 December 2024, the interim results for the six months ended 30 June 2025, the significant issues on the financial reporting, operational and compliance controls, the effectiveness of the risk management and internal control systems and internal audit function, the re-appointment of external auditor and relevant scope of works, connected transactions and arrangements for employees to raise concerns about possible improprieties. The Audit Committee has been provided with sufficient resources to discharge its duties. The attendance record of the Audit Committee members during the year ended 31 December 2025 is set out in the paragraph "Board of Directors – Attendance records of Directors" of this annual report.

Remuneration Committee

The Company established the Remuneration Committee on 23 August 2023 pursuant to Rule 3.25 of the Listing Rules with written terms of reference in compliance with paragraph E.1 of Part 2 of the CG Code. The Remuneration Committee consists of three members, namely Mr. Qi Yinliang (independent non-executive Director), Mr. Xu Xin (executive Director) and Dr. Gu Lin (independent non-executive Director). Mr. Qi Yinliang is the chairman of the Remuneration Committee.

The primary duties of the Remuneration Committee include, but are not limited to (i) making recommendations to the Directors regarding the policy and structure for the remuneration of all the Directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policies; (ii) making recommendations to the Board on the remuneration packages of the Directors and senior management; (iii) reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives resolved by the Board from time to time; and (iv) reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules.

Corporate Governance Report

During the year ended 31 December 2025, the Remuneration Committee held two meetings to discharge its duties including to (i) review and develop the remuneration policies, assess the performance of all the Directors and senior management and making recommendations to the Board on the remuneration package of all the Directors and senior management; (ii) review the Post-IPO Share Scheme and its implementation; and (iii) review and make recommendations to the Board on the remuneration package of the new independent non-executive Director. The attendance record of the Remuneration Committee members during the year ended 31 December 2025 is set out in the paragraph “Board of Directors – Attendance records of Directors” of this annual report.

Nomination Committee

The Company established the Nomination Committee on 23 August 2023 pursuant to Rule 3.27A of the Listing Rules with written terms of reference in compliance with paragraph B.3 of Part 2 of the CG Code. The Nomination Committee consists of three members, namely Dr. Gu Lin (independent non-executive Director), Ms. Zhu Jiali (executive Director) and Mr. Qi Yinliang (independent non-executive Director). The Nomination Committee is chaired by Dr. Gu Lin.

The primary duties of the Nomination Committee include, but are not limited to (i) reviewing the structure, size and composition of the Board; (ii) assessing the independence of independent non-executive Directors; and (iii) making recommendations to our Board on matters relating to appointment of Directors.

During the year ended 31 December 2025, the Nomination Committee held two meetings to discharge its duties including to (i) review the structure, size and composition of the Board; (ii) confirm the independence of independent non-executive Directors; (iii) consider whether the qualifications of the retiring Directors meet the requirements for re-election at the annual general meeting; and (iv) make recommendations to the Board on appropriate candidates to serve as the new independent non-executive Director. The attendance record of the Nomination Committee members during the year ended 31 December 2025 is set out in the paragraph “Board of Directors – Attendance records of Directors” of this annual report.

Nomination policy

The Board has adopted a nomination policy which sets out the selection criteria and procedure of appointing and re-appointing a Director.

In assessing the suitability of a proposed candidate, the Nomination Committee would consider a variety of factors including but not limited to character and integrity, professional qualification, relevant skill, experience and knowledge, contribution to board diversity, commitment in available time and interest, independence with reference to the requirements under Rule 3.13 of the Listing Rules in case of the appointment or re-appointment of independent non-executive Director and such other factors as it may deem are in the best interests of the Company and the Shareholders as a whole.

The Nomination Committee may utilise various methods for identifying candidates for directorship, including recommendations from Board members, management, and professional search firms and nominate suitable candidates to the Board. The Board will consider the recommendations of the Nomination Committee and is responsible for designating the candidates for directorship to be considered by the Shareholders for their election at the general meeting of the Company, or appointing the suitable candidate to act as Director to fill the Board vacancies or as an additional to the Board members, subject to compliance of the constitutional documents of the Company. All appointments of Director should be confirmed by letter of appointment and/or service contract setting out the key terms and conditions of the appointment of Directors.

Corporate Governance Report

Board diversity policy

The Board has adopted a board diversity policy which sets out the approach to achieve diversity on the Board. The Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in supporting the attainment of the Company's strategic objectives and sustainable development. The Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy and candidates will be considered against objective criteria, having due regard to the benefits of diversity on the Board.

The Directors have a balanced mix of knowledge, skills and experiences, including overall strategic decisions, global shipping and logistics services, accounting and auditing, education and academic research, corporate and business management consulting, mechatronic engineering and information technology. Members of the Board have obtained degrees in various majors including business administration, industrial foreign trade, computer science and applications, precision machinery and instrument manufacturing engineering, mechatronic engineering, mechanical manufacturing and automation, auditing and administrative management. Furthermore, the ages of the Directors range from 39 years old to 58 years old.

The Directors recognize the particular importance of gender diversity and that gender diversity at the Board level can be improved given its current composition of two female Directors and five male Directors. Nevertheless, with a view to developing a pipeline of potential successors to the Board that may meet the target gender diversity, the Group will (i) continue to apply the principle of appointments based on merits with reference to board diversity as a whole; (ii) take steps to promote gender diversity at all levels of our Group by recruiting staff at a mid to senior level with regard to the benefits of gender diversity; and (iii) engage more resources in training female staff who we consider having the suitable experience, skills and knowledge for our business to equip themselves with the attributes and competencies required to serve as members of our Board in light of our strategic needs and the industry in which we operate with the aim of appointing at least one additional female director within the next five years.

The Nomination Committee is responsible for ensuring the diversity of the Board members. The Nomination Committee will review the board diversity policy and its implementation from time to time to monitor its continued effectiveness.

Joint Company Secretaries

The Company has appointed Ms. Ding Sujun as the joint company secretary. Ms. Ding is primarily responsible for the corporate governance matters, information disclosure pursuant to applicable regulatory requirements, investor relationship management and communication with the relevant competent regulatory authorities.

In order to uphold good corporate governance and ensure compliance with the Listing Rules and applicable Hong Kong laws, the Company also engages TMF Hong Kong Limited to provide secretarial services and has appointed Ms. Ng Sau Mei as the other joint company secretary to assist Ms. Ding Sujun to discharge her duties as one of the joint company secretaries of the Company. Ms. Ding Sujun is the primary contact person of the Company whom Ms. Ng Sau Mei can contact.

Ms. Ding and Ms. Ng had confirmed that for the year ended 31 December 2025, they had taken no less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules. The biographies of Ms. Ding Sujun and Ms. Ng Sau Mei are set out in the "Biographies of Directors and Senior Management" section on page 24 of this annual report.

Corporate Governance Report

Accountability and Audit

The Directors acknowledge their responsibilities for preparing all information and representations contained in the consolidated financial statements of the Group for the year ended 31 December 2025, which give a true and fair view of the state of affairs of the Group and of the operating results and cash flow for the year. The Directors consider that the financial statements have been prepared in conformity with all applicable accounting standards and requirements and reflect amounts that are based on the best estimates, reasonable information and prudent judgment of the Board and the management.

The Directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's ability to continue as a going concern. Accordingly, the Directors have prepared the consolidated financial statements of the Group on a going concern basis.

The statements of the auditor of the Group about its reporting responsibility on the consolidated financial statements of the Group are set out in the Independent Auditor's Report on pages 148 to 153 of this annual report.

Corporate Governance Functions

The Board is responsible for performing the corporate governance functions set out in code provision A.2.1 of Part 2 of the CG Code:

- to develop and review the Company's policies and practices on corporate governance;
- to review and monitor the training and continuous professional development of Directors and senior management;
- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and
- to review the Company's compliance with CG Code and Corporate Governance Report.

The Board had performed the above duties during the year ended 31 December 2025.

Remuneration Payable to Members of Senior Management

Pursuant to code provision E.1.5 of Part 2 of the CG Code, the annual remuneration of members of the senior management (other than Directors) by band for the year ended 31 December 2025 is set out below:

	Number of members of senior management
Nil to RMB1,000,000	3

Corporate Governance Report

Dividend Policy

The Company adopted a dividend policy which aims to set out the principles and guidelines that the Company intends to apply in relation to the declaration and payment of dividends to the Shareholders. The Board shall take into account, inter alia, the financial results, cash flow situation, business conditions and strategies, future operations and earnings, the Group's expected capital requirements, the statutory fund reserve requirements, the retained earnings and distributable reserves of the Company and any other factors that the Board deems appropriate.

Risk Management and Internal Control

The Board acknowledges its responsibilities for formulating and overseeing the implementation and effectiveness of the internal control and risk management systems, which are designed to ensure the ongoing compliance with the applicable laws, regulations and rules relevant to our business operations and/or corporate governance, and to prevent any recurrence of any incidents of non-compliance. The internal control and risk management system covers all major aspects of the Group's operations, including, among others, financial reporting, operational risks, international sanction risks, ESG-related risks and regulatory risks. These systems are designed to manage, not eliminate, the risk of failure to achieve business objectives and can only provide reasonable, but not absolute, assurance that there will be no material misstatement or loss.

Risk management structure and procedure of the Group

The Group has various internal guidelines, written policies and procedures to monitor and alleviate the risks arising from its daily operations. The Group's risk management and internal control measures primarily include:

- maintaining and continuously improving the operational procedures and internal control system, and utilizing IT system to monitor and control the performance of each procedure;
- providing training to employees in order to enhance their awareness against non-compliance;
- reviewing, assessing and adjusting our internal control procedures and risk management systems on an annual basis in response to the development of the Group's business process as well as regulatory requirements;
- holding meetings at least every six months by the Group's legal and compliance department to monitor its exposure to sanctions risks and to review our procedures implemented over sanctions screening;
- reviewing and approving all relevant business transaction documentation from customers, consignors or potential customers or potential consignors from regions subject to International Sanctions or Sanctioned Persons by the Group's legal and compliance department. The transactions that fail the internal review, regardless of whether it fails upon onboarding or during the course of transaction, will not proceed;

Corporate Governance Report

- reviewing the existing customers lists by the Group’s Legal and Compliance Department semi-annually to ensure that the Group does not engage in transactions with countries, regions, entities or individuals on the sanction lists. If any potential sanctions risk or suspicious transaction is identified, the Group may seek advice from reputable external legal counsel with necessary expertise and experience in International Sanctions matters;
- reviewing internal control policies and procedures with respect to sanctions matters periodically by the Group’s Legal and Compliance Department;
- engaging external legal counsel to provide compliance training relating to International Sanctions to our Directors, our senior management and other relevant personnel to assist them in evaluating the potential sanctions risks in our daily operations.

The Group has an internal audit and risk control function which primarily carries out analysis and independent appraisal of the adequacy and effectiveness of its risk management and internal control systems, and reports their findings to the Board on, at least, an annual basis. Based on its review, together with the review conducted by the internal audit function, the Board concluded that no material deficiencies were identified in the Group’s risk management and internal control systems during the year ended 31 December 2025 and considered such systems to be effective and adequate.

Dissemination of inside information

The Group has in place a framework for the disclosure of inside information by reference to the Guidelines on Disclosure of Inside Information issued by the Securities and Futures Commission. The framework sets out the procedures and internal controls for the handling and dissemination of inside information in an appropriate and timely manner, such as steps to ascertain sufficient details, conduct internal assessment of the matter and its likely impact on the Company, seek professional advice where required and verification of the facts. Before the information is fully disclosed to the public, any persons who possess the knowledge of such information must ensure strict confidentiality and must not deal in any of the Company’s securities.

Auditor’s Remuneration

For the year ended 31 December 2025, the remuneration paid or payable to Ernst & Young in respect of its audit services and non-audit services were approximately RMB2,332,000 and RMB488,000, respectively. The amount for 2025 non-audit services consisted mainly of financial due diligence service fee of RMB488,000. The Audit Committee was satisfied that the non-audit services in 2025 did not affect the independence of the auditor.

Corporate Governance Report

Employee Diversity

The Group insists on the principle of fairness and voluntariness in recruitment, and does not impose any restrictive requirements on gender, ethnicity, nationality and religion. As at 31 December 2025, the gender ratio of the employees of the Group, including senior management, is set out below:

Indicator	Number of personnel	Percentage of total employees
Male employee	149	45.02%
Female employee	182	54.98%

Shareholders' Rights

Convening an extraordinary general meeting and putting forward proposals at Shareholder meetings

Pursuant to article 58 of the Articles of Association, any one or more member(s) holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company, on a one vote per share basis, shall at all times have the right, by written requisition to the Board or the secretaries of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business or resolution specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Putting forward enquiries to the Board

For putting forward any enquiries to the Board, Shareholders may send their enquiries to the Company in writing to the principal place of business of the Company in Hong Kong, which is currently at 31/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong (For attention to the Company Secretary).

For avoidance of doubt, the Company will not normally deal with verbal or anonymous enquiries, and Shareholders must deposit and send the original duly signed written requisition, notice or statement, or enquiries (as the case may be) to the principal place of business of the Company in Hong Kong and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

Constitutional Documents

During the year ended 31 December 2025, there had been no change to the Company's constitutional documents. The Articles of Association is available on the Company's website and the Stock Exchange's website.

Corporate Governance Report

Shareholders' Communications

E-communication

To promote effective communication, the Company maintains a website www.lcang.com, where up-to-date information and updates on the Company's financial information, corporate governance practices, biographical information of the Board and other information are available for public access.

Shareholders Communication Policy

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investors' understanding of the Group's business performance and strategies. The Company endeavours to maintain an on-going dialogue with Shareholders and the Company has established various communication channels with Shareholders, including general meeting, annual results and interim results, annual and interim reports, announcements and circulars and performance conferences.

To facilitate the communication between the Company and investors, the Company holds meetings, briefings and roadshows with investors and analysts from time to time. Shareholders may also make enquiries with the Company through other channels mentioned above, and provide comments and recommendations to the Directors or management at any time. Upon receipt of written enquiries from a Shareholder, the Company will use reasonable endeavours to respond to the Shareholder as soon as possible. In addition, the Company updates its website from time to time to keep the Shareholders updated of the recent development of the Company. Having regard to the above, the Company considers the implementation of the Shareholders' communication policy during the year ended 31 December 2025 was effective.

Environmental, Social and Governance Report 2025

Preface

About the Report

About the Report

This report is the Environmental, Social and Governance (“**ESG**”) Report released to the public by LC Logistics, Inc. (“**LC Logistics**”, “**we**”, “**us**” or the “**Company**”), which comprehensively elaborates on the performance and management initiatives of the Company and its subsidiaries (the “**Group**”) in the aspects of environment, social, and governance for the year of 2025, focusing on discussing matters of concern to stakeholders and relevant information.

Reporting Period

This report covers the period from 1 January 2025, to 31 December 2025 (the “**Reporting Period**”), though some information may extend beyond this period.

Reporting Scope and Boundary

The scope of this report aligns with that of the annual report, encompassing LC Logistics, Inc. and its subsidiaries. Unless otherwise stated, all currencies referenced in this report are RMB.

Data Specification

All of the data and cases in this report were collected from the Group’s statistical reports and relevant documents. The Board of the Company promises that this report does not contain any false or misleading statements, and is responsible for the authenticity, accuracy and completeness of its contents.

Reference Standards

This report has been prepared with reference to the *Environmental, Social and Governance Reporting Code* (the “**ESG Reporting Code**”) in Appendix C2 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). This report is aligned with the Materiality, Quantitative, Balance and Consistency Reporting Principles in the *ESG Reporting Code*.

Confirmation and Approval

This report was approved by the Board on 16 March 2026 upon confirmation by the management.

Environmental, Social and Governance Report 2025

Board Statement

The LC Logistics Board places great importance on environmental, social and governance (ESG) matters, and is ultimately responsible for the Company's ESG strategy, targets and performance.

Responsibilities of the Board

The LC Logistics Board directly oversees the implementation of ESG-related matters within the Group. It is responsible for developing and deliberating ESG strategies and policies. They regularly discuss and review the Group's ESG performance and supervise cross-departmental coordination for addressing ESG matters, so as to ensure solid progress for advancing the Group's ESG strategy.

Materiality Analysis and Confirmation

The Board of Directors is responsible for overseeing the communication between the Group and stakeholders. On this basis, the General Manager identifies, evaluates and ranks material ESG-related issues, depending on the Group's circumstances. The Board of Directors shall review the results of the materiality assessment and, in conjunction with the Group's own situation, feedback from stakeholder communication and the outlook of external organisations, eventually define the Group's material ESG-related issues.

ESG Target Setting and Supervision

The Board of Directors sets the Group's ESG targets in accordance with the results of the materiality assessment. The Group's Management is responsible for overseeing the achievement of these targets. All Group departments and subsidiaries are responsible for the daily implementation of ESG-related work. They report on implementation progress regularly and submit relevant information in a timely manner. At ESG meetings, the Board of Directors reviews progress on ESG target fulfillment and formulates future advancement plans based on the Company's current situation.

ESG Risk Management

The Board of LC Logistics assesses the risks associated with material ESG-related issues and provides guidance on implementing management measures. The Management is responsible for overseeing the implementation of ESG risk control measures, and reports to the Board of Directors periodically.

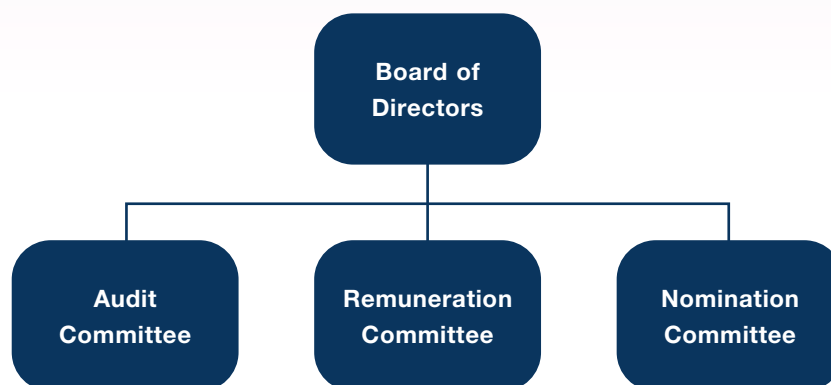
Environmental, Social and Governance Report 2025

1 Corporate Governance

1.1 Corporate Governance Framework

LC Logistics understands that sound corporate governance is essential for ensuring the Company's steady operations and compliance, as well as for achieving long-term strategic planning and sustainable development. Therefore, the Group strictly adheres to the *Civil Code of the People's Republic of China*, *Company Law of the People's Republic of China*, as well as other applicable laws and regulations and the listing rules of the Stock Exchange. We continually improve the working systems and procedures of the Board of Directors and all specialized committees. We have established a governance framework that features well-defined rights and responsibilities, standardized operations, and a balance of powers. This framework consists of the Board of Directors and three committees under its administration: the Audit Committee, the Remuneration Committee, and the Nomination Committee.

In an effort to continuously promote the efficiency of corporate governance and ensure that it remains up to date and in line with best practices, the Company conducted a systematic review and update of staffing and responsibilities for the Board of Directors, the Nomination Committee, and the Audit Committee. This was done to make the governance system more resilient and forward-looking.



Board Structure of LC Logistics

The Board of LC Logistics complies with the *Policy on Diversity of Board Membership*, and serves to create a Board of Directors with expertise, experience, and perspectives that bring corporate governance to a new level. This policy stipulates that in nominations for the Board, the diversity of board membership must be considered, including factors such as gender, age, culture, and education. Besides, the Board shall gradually increase the portion of female directors. Now the Nomination Committee includes at least one member of a different gender. Two of the seven directors on our board are women.

Environmental, Social and Governance Report 2025

LC Logistics values and advocates the independence of independent non-executive directors. Thus, independent non-executive directors must account for at least one-third of the board. Furthermore, to ensure effective supervision and independent operation of each specialized committee, the three committees under the Company's umbrella (Audit, Remuneration, and Nomination Committees) have met the staffing proportion requirements for independent non-executive directors. Additionally, the Nomination Committee conducts an annual evaluation of the independence of the independent non-executive directors to further strengthen the Company's governance framework while ensuring its independence and effectiveness. Throughout the Reporting Period, the Company's Board consisted of seven Directors, three of whom were independent non-executive Directors.

Name	Designation	Audit Committee	Remuneration Committee	Nomination Committee	Field		
					Internal Compliance Control and Risk Management	Financial Management	Industry Experience
Mr. Xu Xin	Executive Director, Chief Executive Officer, President, Chairman of the Board		✓		✓		✓
Ms. Li Yan	Executive Director and Vice President				✓		✓
Ms. Zhu Jiali	Executive Director and Chief Financial Officer			✓		✓	✓
Mr. Yu Zhenrong	Executive Director				✓		
Dr. Gu Lin	Independent non-executive directors	✓	✓	✓	✓		
Dr. Yang Kequan	Independent non-executive directors	✓				✓	
Mr. Qi Yinliang	Independent non-executive directors	✓	✓	✓	✓		

The Composition of the Board of LC Logistics

Environmental, Social and Governance Report 2025

Key Outcomes of Corporate Governance for 2025

Number of board meetings	6 Meetings	Attendance of board members	100%
Number of Audit Committee meetings	3 Meetings	Number of Nomination Committee meetings	2 Meetings
Number of Remuneration Committee meetings	2 Meetings		
Percentage of external directors	57.14%	Percentage of independent non-executive directors	42.86%
Percentage of female directors	28.57%		

1.2 Compliance Management

LC Logistics adheres to management ideas of “compliance first, risk orientation, all engagement, and continual improvement”, and abides by the *Maritime Law of the People’s Republic of China*, *Foreign Trade Law of the People’s Republic of China*, *Port Law of the People’s Republic of China*, *Regulations of the People’s Republic of China on International Ocean Shipping*, *Customs Law of the People’s Republic of China*, and other national laws and regulations, as well as related international rules and industry standards, making compliance an integral part of corporate operations.

To systematically address legal and compliance risks in operations, the Company established the *External Lawyer Management Policy*. With the support of external legal professionals, the Company can identify and highlight key risk areas, constantly improve compliance review and dispute handling mechanisms, and continuously enhance the efficiency of compliance management. As a result, the foundation for legal compliance is strengthened.

Environmental, Social and Governance Report 2025

Supervision of day-to-day operations and continuous auditing

- Schedule regular compliance audits and assign the Internal Control Department to perform mandatory audits on daily contract and payment approvals, as well as other high-risk management procedures.
- Focus on major decisions, project schedules, substantial fund operations, and other key operating activities in supervision to guarantee legal compliance of operations.

Systematic annual audits and in-depth examination

- The Internal Control Department conducts annual audits of key businesses to ensure compliance, evaluate the effectiveness of implemented systems, and address prior issues.

Supplier admission and assessment

- At the stage of supplier admission, carry out a background check and have the Letter of Commitment to Compliance signed. Specify the requirements for cooperating with integrity and performing contracts in compliance.
- Monitor their compliance continuously throughout the partnership to ensure the entire supply chain meets the Company's standards.

LC Logistics Compliance Management Initiatives

Environmental, Social and Governance Report 2025

“Employment and Risk Prevention under New Judicial Interpretation” Training Case

In 2025, LC Logistics provided training to primary employees responsible for ensuring compliance, including those from the HR, Internal Control, and Legal departments. The training was conducted in accordance with the latest judicial interpretations of labor dispute cases by the Supreme People’s Court. The training focuses on five high-risk compliance issues, including illegal termination of the employment relationship, excessive employment, and social insurance payments. After the training, the HR Department followed compliant employment procedures to the letter, and the Internal Control Department identified risks and conducted compliance reviews. Through the collaboration of these two departments, the Company strengthened the compliance awareness of all staff. This resulted in a shift in employment management compliance from “passive compliance” to “active prevention and control.”



Training on “Employment and Risk Prevention under New Judicial Interpretation”

Key Outcomes of Compliance Management for 2025

Number of internal audits	12 Sessions	Number of external audits	2 Sessions
Number of participants in compliance training	366 Persons	Duration of compliance training	3 Hours

Environmental, Social and Governance Report 2025

1.3 Risk Management

Taking risk control as a top priority, LC Logistics has formulated the *Shandong Lcang International Logistics Inc. Corp. Ltd. Risk Management Policy*. The system defines the risk management governance framework and the process for identifying, evaluating, and implementing countermeasures. The focus is on the opportunities embodied in the risks. By detailing risk management and internal control procedures, LC Logistics has established a scientific and systematic risk management system. The system aims to enhance the Company's capacity to respond to risks and lessen their impact.

1.3.1 Risk Management Governance Framework



LC Logistics Risk Management Governance Framework

Environmental, Social and Governance Report 2025

1.3.2 Risk Identification and Evaluation

LC Logistics has established an organized risk identification system. Under this system, risks are classified as either internal or external. Additionally, the system incorporates ESG-related risks, such as climate and social risks.

Internal risks	External risks
<input type="checkbox"/> Financial risks	<input type="checkbox"/> Policy risks
<input type="checkbox"/> Business risks	<input type="checkbox"/> Market risks
<input type="checkbox"/> Strategic decision risks	<input type="checkbox"/> Climate risks
<input type="checkbox"/> Social and governance risks	<input type="checkbox"/> Environmental risks
<input type="checkbox"/>	<input type="checkbox"/>

LC Logistics Risk Identification System

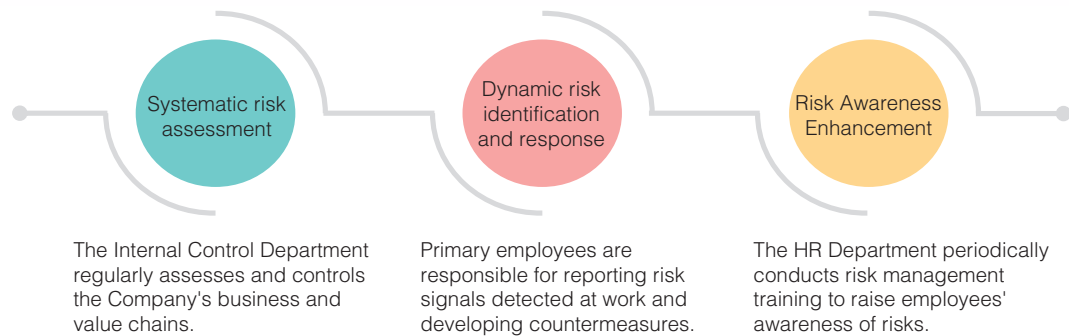
LC Logistics prioritizes all identified risks based on their level of risk, as determined by an analysis and rating of the risks according to time of occurrence, current status, potential impact, and severity and possibility. This ensures that management can take full control of the risk situation and set targeted countermeasures. The management engages the heads of departments in identifying risks and opportunities. They collect and compile written evaluation documents and distribute them to all business units as guidance for setting concrete and feasible risk aversion and mitigation measures.

Environmental, Social and Governance Report 2025

1.3.3 Risk Response Initiatives

LC Logistics has established a risk prevention and control mechanism under its corporate risk governance framework. This mechanism has well-defined duties and well-coordinated actions at the implementation level. Specific initiatives are listed as follows:

1. **Risk Assessment and Process Control:** The Internal Control Department systematically assesses the Company's risks at regular intervals, focusing on high-risk business processes. Through systematic process control, the Company has intensified its risk management efforts within the business workflow.
2. **Response Mechanism for Business Departments:** All business departments must report risk signals in a timely manner and develop and implement targeted countermeasures. To hit business targets and rein in risk impact to the utmost extent, risk aversion and transfer or mitigation initiatives are taken.
3. **Training and Cultural Development:** The HR Department is responsible for planning an overall risk management training system that covers all employees and key positions. They continuously publicize the Company's risk policies, systems, and procedures. They also integrate awareness of risk prevention and control into company culture. Risk ideas are effectively carried out at all levels of the organization.



LC Logistics Risk Response Initiatives

Environmental, Social and Governance Report 2025

1.4 Business Ethics

LC Logistics has always adhered to the highest moral standards, integrating integrity and probity into its business operations. Therefore, LC Logistics, depending on actual business conditions, have formulated the *Shandong Lcang International Logistics Inc. Corp. Ltd. Anti-Bribery Management Policy*, *Shandong Lcang International Logistics Inc. Corp. Ltd. Anti-Corruption Management Policy*, *Shandong Lcang International Logistics Inc. Corp. Ltd. Reporting Policy for Conflicts of Interest*, *Shandong Lcang International Logistics Inc. Corp. Ltd. Employee Code of Ethics*, *Shandong Lcang International Logistics Inc. Corp. Ltd. Whistleblowing Policy*, *Shandong Lcang International Logistics Inc. Corp. Ltd. Anti-Money Laundering Policy* and other internal policies, explicitly standardizing acts of employees and putting an end to fraud, corruption, malpractice, unfair competition, money laundering and other misconduct in any form.

1.4.1 Anti-Unfair Competition

LC Logistics strictly abides by the *Anti-Unfair Competition Law of the People's Republic of China* and relevant laws and regulations. Based on the actual situation, the Company has formulated *Shandong Lcang International Logistics Inc. Corp. Ltd. Reporting Policy for Conflicts of Interest*, *Shandong Lcang International Logistics Inc. Corp. Ltd. Employee Code of Ethics*, *Shandong Lcang International Logistics Inc. Corp. Ltd. Procurement and Supplier Management Measures* and other internal policies, making fair competition and business integrity part of the Company's governance and operation rules. Based on the principle of market-oriented pricing, we develop quotations and business strategies based on reasonable operating costs. We refrain from obtaining cooperation opportunities through illegal pricing or means. Additionally, we strictly prohibit false propaganda, monopolies, and the infringement of business secrets in any form. To be admitted as a supplier, the Company requires that suppliers have a high market reputation and no history of market manipulation, customer fraud, or leaking secrets. This is in case suppliers engage in unfair competition. During the Reporting Period, the Company was involved in no proceedings or major administrative penalty cases which resulted from unfair competition.

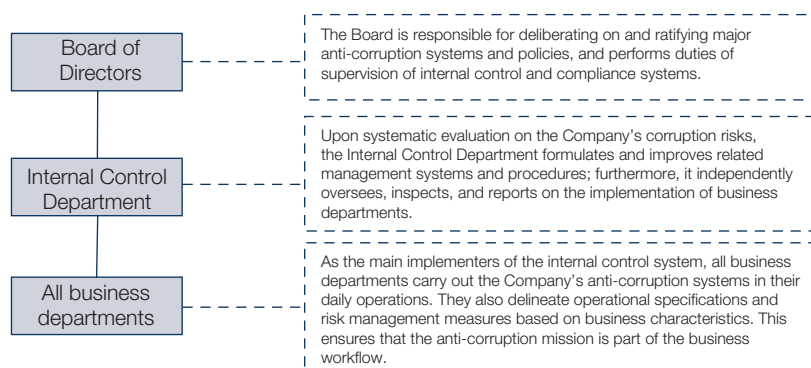
Environmental, Social and Governance Report 2025

1.4.2 Anti-Money Laundering

In compliance with the *Anti-Money Laundering Law of the People's Republic of China*, the *Hong Kong Anti-Money Laundering Ordinance*, the *United Nations Convention Against Corruption*, and other national or international laws and regulations concerned, LC Logistics has established and carried out the *Shandong Lcang International Logistics Inc. Corp. Ltd. Anti-Money Laundering Policy*. The Company's Board serves as the primary coordinator of anti-money laundering efforts. The Group's Legal Department is responsible for coordinating the implementation of evaluations, supervision, and inspections of all anti-money laundering work. The Group's headquarters and all business departments designate persons in charge of anti-money laundering. These individuals implement key measures such as customer identity authentication, monitoring of hefty and suspicious transactions, record keeping of transactions, and anti-money laundering training. They also regularly report their progress to the Legal Department. Through a combination of institutionalization and implementation, the Company is continuously improving its internal anti-money laundering control system and taking concrete actions to avoid money laundering risks.

1.4.3 Anti-Bribery and Anti-Corruption

LC Logistics rigorously abides by the *Criminal Law of the People's Republic of China*, *Prevention of Bribery Ordinance* of Hong Kong, and other relevant laws and regulations. The Company is also committed to complying with the *United Nations Convention Against Corruption*. By formulating *Shandong Lcang International Logistics Inc. Corp. Ltd. Anti-Bribery Management Policy*, *Shandong Lcang International Logistics Inc. Corp. Ltd. Anti-Corruption Management Policy* and other internal policies, the Company explicitly prescribes potential risk scenarios, such as gift-giving, business entertainment, avoidance of conflicts of interest, convenience payments, sponsorships, and donations, to avoid business bribery and corruption.



LC Logistics Anti-Bribery and Anti-Corruption Governance Framework

Environmental, Social and Governance Report 2025

We have a “zero tolerance” policy towards bribery in any form. We require all employees, including management and temporary employees, to abide by relevant policies. We also encourage our partners to uphold equivalent integrity standards. The Company has launched the following initiatives to prevent risks of bribery and corruption:

1. **Supplier Integrity Management:** The Company requires its employees to comply with anti-bribery regulations and internal policies when working with third parties. Other measures include including anti-bribery terms in procurement contracts and supervising suppliers’ performance during assessments.
2. **Audit and Risk Assessment Mechanism:**
 - (1) The annual audit involves reviewing business bribery and corruption through supplier advance payment checks and abnormal gross profit analysis.
 - (2) The Group regularly conducts internal supervision and bribery and corruption risk assessments to systematically identify and prevent related risks.
3. **Handling and Accountability for Misconduct:** Depending on the severity of the circumstances, internal punitive measures shall be taken for violations of relevant disciplines. If an employee commits a serious offense, their employment relationship shall be terminated.
4. **Institutional Development and Continual Improvement:** Depending on business operations, the Group regularly reviews and updates its anti-bribery and anti-corruption policies to ensure their effectiveness and applicability.
5. **Anti-Bribery and Anti-Corruption Training:** Publicizing and implementing anti-corruption measures is instrumental to anti-corruption development. Integrity ideas are circulated within the scope of the Group. Moreover, we periodically carry out anti-corruption training for all employees.

Environmental, Social and Governance Report 2025

During the Reporting Period, the Company was entangled in no corruption proceedings whatsoever. Key outcomes in connection with anti-corruption training are listed as follows:

Key Outcomes of Anti-Bribery and Anti-Corruption Training for 2025

Number of anti-bribery and anti-corruption training sessions	Directors	2 Sessions
	Management Level	2 Sessions
	Regular Employees	2 Sessions
Length of anti-bribery and anti-corruption training sessions	Directors	2 Hours
	Management Level	2 Hours
	Regular Employees	2 Hours
Number of participants in anti-bribery and anti-corruption training	Directors	7 Persons
	Management Level	30 Persons
	Regular Employees	329 Persons
Coverage of anti-bribery and anti-corruption training		100%

1.4.4 Internal Whistleblowing System

To further implement honest governance and transparent operation, LC Logistics has formulated *Shandong Lcang International Logistics Inc. Corp. Ltd. Reporting Policy for Conflicts of Interest*, *Shandong Lcang International Logistics Inc. Corp. Ltd. Whistleblowing Policy*, *Shandong Lcang International Logistics Inc. Corp. Ltd. Anti-Bribery Management Policy* and other internal policies, which constitute a whistleblowing management institution covering whistleblowing duties, incentives, and protection of whistleblowers. The details are shown as follows:

1. **Duty to Report:** All employees must report to the Internal Control Department if they get hold of any substantial evidence of corruption or bribery. They will be deemed violations of the Company's policies and take relevant liability if withholding information.
2. **Anonymous Whistleblowing:** The Company encourages all parties to report any suspicious activity to the Internal Control Department via anonymous channels. This ensures that potential hazards can be identified and addressed in a timely manner.

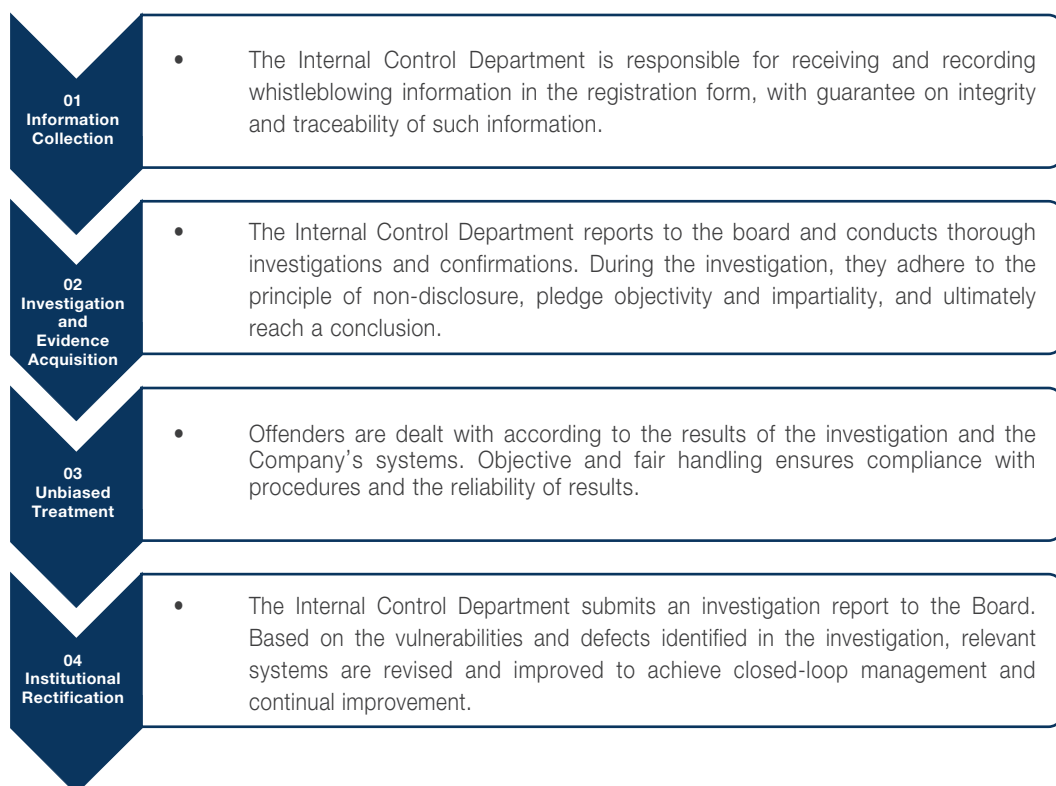
Environmental, Social and Governance Report 2025

3. **Whistleblower Protection:** The Company keeps the identities of whistleblowers confidential and strictly prohibits any retaliation against those who report in good faith. All reports will be handled by the Internal Control Department in an independent and fair way, so as to ensure whistleblowers' legitimate rights and interests and faith in engagement.

Whistleblowing Channel:
Reported to: Internal Control
Department
Tel: 17863979052
E-mail: vivien.wang@bal.cn



In accordance with the Company's Whistleblowing Management Policy, the Internal Control Department has established and implemented a comprehensive set of standardized procedures for handling whistleblowing reports to ensure they are addressed fairly and effectively in a timely manner. The specific procedures and duties are listed below:



LC Logistics Whistleblowing Management Process

Environmental, Social and Governance Report 2025

Through its mechanisms and initiatives, LC Logistics is committed to fostering an open and trustworthy supervisory environment. The Company engages all employees in integrity development and reinforces moral boundaries through continuous effort. During the Reporting Period, LC Logistics received no reports of violations of business ethics.

1.5 ESG Governance

LC Logistics has set up a well-organized and well-structured ESG management framework and formed a three-tier governance structure (“Board – Management – Departments and Subsidiaries”) in the *Shandong Lcang International Logistics Inc. Corp. Ltd. Environmental, Social, and Governance (ESG) Policy*. Additionally, LC Logistics has incorporated ESG risk management into the Company’s overall risk management system. By further integrating ESG ideas into the group’s business workflow and merging ESG governance with the Company’s overall governance, LC Logistics aims to effectively fulfill sustainable development goals and continually improve.

Governance Entity	Staffing	Responsibility
Board of Directors	Board members	<ul style="list-style-type: none"> Deliberate on the Group’s ESG vision, goals, and strategies Oversee the implementation of all ESG-related matters in the Group directly and fully, including the performance and coordination of ESG-related tasks by departments. Identify major ESG issues and risks Hold regular ESG meetings to review the fulfillment of ESG-related goals and update relevant goals to ensure continual ESG improvement.
Management Level	General Manager, and heads of key departments and subsidiaries	<ul style="list-style-type: none"> Develop relevant measures concerning the Board’s ESG goals and identified risks. Periodically report to the Board and maintain communication with stakeholders. Establish ESG-related KPIs for all business departments, oversee their execution, and present regular reports to the Board.
All ESG-related departments and subsidiaries	Representatives of ESG-related departments and subsidiaries	<ul style="list-style-type: none"> Carry out day-to-day ESG work according to the strategic goals and KPIs set by the Board and management. Periodically report on the implementation of these goals and KPIs to management.

LC Logistics ESG Governance Framework

Key Outcomes of ESG Training for 2025

Number of training sessions	1 Session	Number of trainees	16 Persons
-----------------------------	-----------	--------------------	------------

Environmental, Social and Governance Report 2025

1.5.1 Management's Remuneration and Alignment with ESG Performance

In order to blend ESG ideas into daily operations and strengthen management's awareness of responsibility, LC Logistics has formulated and carried out *Shandong Lcang International Logistics Inc. Corp. Ltd. Ship Management Evaluation Measures*. The Measures explicitly incorporate ESG-related KPIs into management's assessment system. As an institutional guide, the Measures ensure that ESG strategic goals are effectively delivered and fulfilled from the top down.

Factors that influence ESG performance rewards	Ship and Equipment Safety	The management team is required to carry out a self-inspection mechanism and complete repairs and maintenance in a timely manner. This ensures the safety of the ship and its equipment during operation and helps achieve the goal of "zero safety accidents."
	Route, speed, load, fuel consumption	Reasonable planning of ship operations is essential. This includes better routes, energy consumption structures, and higher fuel efficiency and operating benefits.
	Internal/external checks, e.g. ship inspection and audit	Full cooperation is needed for inspections and audits of exhaust gas emissions, garbage disposal, and energy utilization efficiency to continually improve ship performance in environmental protection and compliance.
Determinants of ESG performance penalties	Major safety or equipment damage incidents	In the event of a fire, collision, or other severe safety accident, relevant bonuses will be deducted accordingly.
	Oil leak pollution	Performance bonuses will be deducted based on the severity of environmental pollution resulting from an oil leak.
	Casualties	If there are any casualties, performance points will be deducted accordingly.

LC Logistics ESG Performance Aligned with Remuneration of Senior Management

Environmental, Social and Governance Report 2025

1.5.2 ESG Exchange

LC Logistics stays up to date on the latest environmental, social, and governance (ESG) knowledge through continuous external communication. The Company aims to integrate the latest ESG ideas and practices into its operating activities. In April 2025, LC Logistics participated in the “Sustainable Information Disclosure Training Exchange for Listed Companies,” which was organized by the China Association for Public Companies. The exchange enabled the Company to enhance its comprehension of ESG information disclosure, fostering continuous improvement in the quality of such disclosures. Additionally, LC Logistics is proactive in external communication. The Company contributes to industrial sustainability by exchanging ESG theories and practices with industry counterparts. In November 2025, Mr. Tang, General Manager of Shenzhen Lcang Cross Border Supply Chain Technology Co., Ltd., briefed on “how green logistics becomes a competitive driver for cross-border branding” and exchanged insights with industry players at the China Cross-Border E-Commerce Logistics Conference.



CAPCO Sustainable Information Disclosure Training Exchange

China Cross-Border E-Commerce Logistics Conference

Environmental, Social and Governance Report 2025

1.6 Communication with Stakeholders

LC Logistics pays constant attention to the rights and interests of its stakeholders and maintains smooth, instant communication with them. LC Logistics identifies the following as the Company's primary stakeholders: customers, the government, investors, employees, the community, and suppliers. Through various communication channels with different stakeholders, the Company pledges to consider advice and make improvements over time.

Stakeholders	Issues of Concern	Channels for Communication
Investors	Anti-Bribery and Anti-Corruption Internal Compliance Control and Risk Management Corporate Governance Compliance Management Responding to Climate Change	Shareholders' Meeting E-mail and Telephone Press Releases and Announcements Regular and Temporary Reports Company's Website and WeChat Official Account Online/Offline Roadshows
Employees	Compliant Employment Staff Training and Development Child Labor and Forced Labor Care for employees Employees' Benefits and Compensation Occupational Health and Safety	Employee Complaint Channels Staff Training
Government	Compliance Management Environmental Management Energy Utilization Responding to Climate Change Pollution Prevention and Control	Regulatory Oversight and Inspection
Communities	Community activities for public welfare	Company's Website E-mail and Telephone Communication Community Activities
Customers	Maritime Safety Product Service and Quality Protection of Customer Privacy	Press Releases and Announcements E-mail and Telephone Communication Customer Service Platforms Customer satisfaction survey
Suppliers	Business Ethics Supplier Management	On-site Evaluations Press Releases and Announcements Partner Conferences Specialized Training Sessions

Environmental, Social and Governance Report 2025

During the Reporting Period, LC Logistics prioritised and actively engaged in communication with all stakeholders. LC Logistics increased communication and interaction with stakeholders via various channels and means. This allowed the Company to deepen its understanding of their requirements, expectations, and opinions. The goal was to ensure that the Company could achieve common development, mutual benefit, and win-win results in all decisions and operating activities while considering the interests of all parties.

Communication with Stakeholders Cases



In May, roadshows were conducted in Hong Kong and Hohhot



In October, made online communication with Singaporean investors



In November, we engaged in face-to-face communication with institutional investors from all over the world at the Investing in China, Hong Kong roadshow, which was co-organized by the SSE, the CAPCO, and the CSCI.

Key Outcomes of Stakeholder Communications for 2025

Investor exchanges (online/offline)	4 Times	Conference calls	1 Session
Roadshow	3 Times	Provisional announcements	13 Announcements
Regular announcements	21 Announcements		

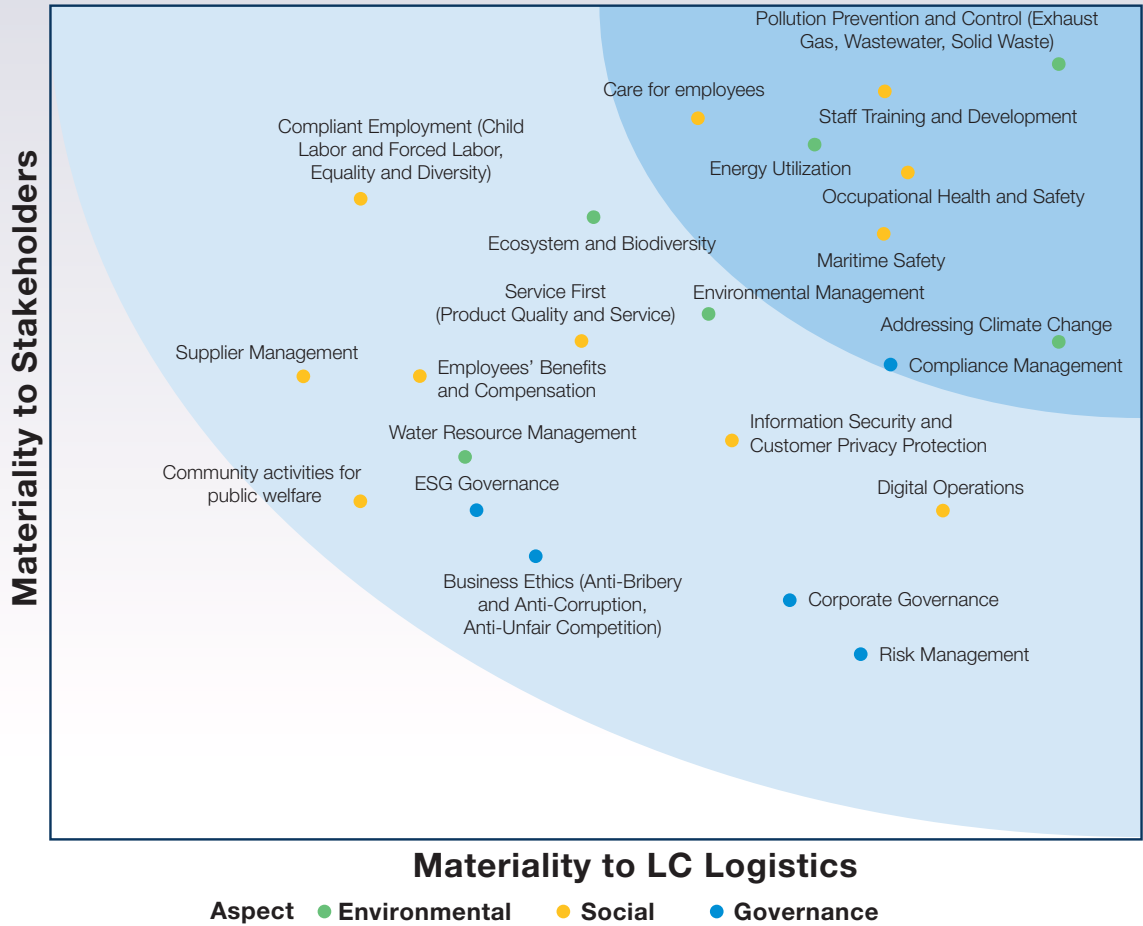
Environmental, Social and Governance Report 2025

1.7 Materiality Assessment

LC Logistics is consistent in communicating with stakeholders and collecting their requirements. Upon materiality analysis in accordance with such documents as the *ESG Reporting Guide* of the Stock Exchange, efforts are put forth to identification of material issues by risk rating standards specified in the *Shandong Lcang International Logistics Inc. Corp. Ltd. Risk Management Policy*, as a mirror of stakeholders' requirements and their effects on the Company. Currently, the Group has identified seven highly material issues and fifteen moderately material issues. The substantive issues reviewed and determined by the Company's Board will be prominently disclosed and addressed in this report, thereby effectively responding to the concerns of internal and external stakeholders. The material ESG issues for LC Logistics are as follows:

Materiality	Issue
High-priority Material Topics	<ul style="list-style-type: none"> Pollution Prevention and Control Energy Utilization Responding to Climate Change Staff Training and Development Occupational Health and Safety Maritime Safety Care for employees
Moderately material topics	<ul style="list-style-type: none"> Service First Information Security and Customer Privacy Protection Ecosystem and Biodiversity Protection Compliant Employment Digital Operations Employees' Benefits and Compensation Supplier Management Community activities for public welfare Compliance Management ESG Governance Business Ethics Water Resource Management Environmental Management Risk Management Corporate Governance

Environmental, Social and Governance Report 2025



Matrix of Material Issues of LC Logistics

Environmental, Social and Governance Report 2025

2 Green Development

2.1 Environmental Management

2.1.1 Environmental Management Policy and Commitment

LC Logistics strictly abides by the *Marine Environmental Protection Law of the People's Republic of China*, *Regulation on the Prevention and Control of Vessel-induced Pollution to the Marine Environment*, *International Convention for the Prevention of Pollution from Ships (MARPOL)* and other national or international laws and regulations. Guided by the environmental management principles of MARPOL, the Company continues to improve its environmental management system. LC Logistics' policy of safety, health, and environmental protection is based on the principles of "safer voyages, healthier crews, cleaner oceans, and better service." The Company is now making every effort to foster a scientific environmental management system and policy. From the corporate level, the policy entails a comprehensive set of management procedures, including ship management and bridge operation, to ensure that the policy is carried out and implemented from the bottom up. LC Logistics' environmental management policy covers pollution prevention and control, energy and resource utilization, risk management, and response to major environmental accidents. This makes environmental management part of the work routine.



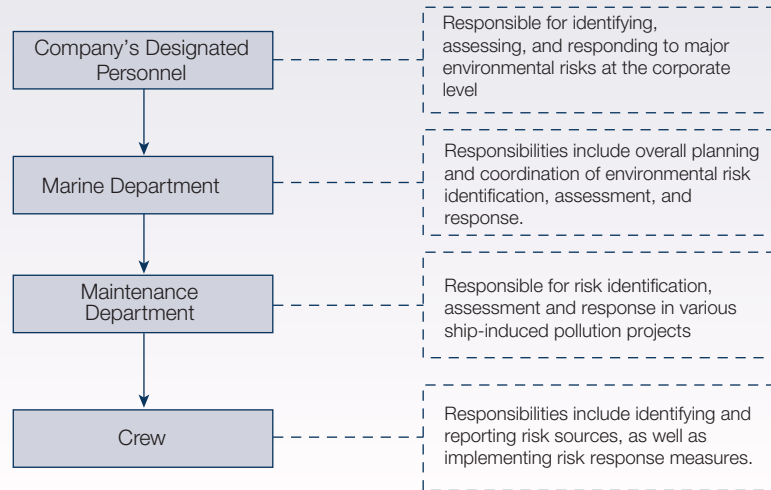
Shandong Lcang Environmental Management System Certificate

Conscious of serious consequences from violation of MARPOL, Qingdao Wanhao International Ship Management Co., Ltd., a subsidiary of LC Logistics, has incorporated the convention into the Company's daily management document policy and stipulated that MARPOL be a mandatory part of daily operating activities of ships. Furthermore, the Company has pledged to adhere to MARPOL regulations under all circumstances and has required all employees, whether on board or ashore, to do the same.

Environmental, Social and Governance Report 2025

2.1.2 Environmental Risk Management

LC Logistics has incorporated environmental risk management into the total risk management system. Additionally, the *Risk Assessment Procedures* have been formulated to ensure exhaustive and accurate risk assessment. These procedures come as a detailed regulation on roles and duties, risk identification, assessment, and countermeasures.



LC Logistics Risk Management Roles and Duties

The Company has established a systematic and proactive mechanism for assessing and responding to environmental risks. Firstly, we analyze and identify external risk information according to environmental laws and regulations, as well as existing environmental management practices and procedures. Circumstances that may trigger an accident are officially included in the *Risk Assessment Procedures* for management. During the assessment stage, we evaluate and rank the severity and likelihood of identified risks. We work out and implement relevant control measures for risks of different levels. Based on assessment results, we revise related policies. This forms a closed-loop management system of continual improvement, which guarantees the Company's green development.

Environmental, Social and Governance Report 2025

2.1.3 Environmental Risk Incident Emergency Plan

LC Logistics has established management regulations and emergency plans, such as *Shipboard Oil Pollution Emergency Plan* (SOPEP) and *Vessel Emergency Manual* (VEM). These plans explicitly outline procedures for responding to pollution, extreme weather, and other environmental emergencies. They also detail the division of duties and equipment arrangements. These documents ensure that accidents are properly handled to minimize environmental impact.

Emergency Preparation

- **Equipment maintenance:** Regularly inspect, maintain, and service anti-pollution equipment and emergency appliances to ensure they are readily available.
- **Contact Mechanism:** Collect 24h emergency contact information from coastal national authorities, and emergency response service institutions, with guarantee on unimpeded connection and prompt response.

Emergency Response

- **Initiation of procedure:** In the event of a pollution incident, the response procedures established in the *Shipboard Oil Pollution Emergency Plan* and the Company's *Vessel Emergency Manual* immediately after a pollution accident happens.
- **Reporting and collaboration:** The captain instantly notifies the Company's management and coastal authorities, and coordinates shipboard and shore-based resources as instructed. All relevant parties collaborate in the emergency response.

Emergency Training and Drills

- **Planning:** Annual emergency training and drill plans are prepared for the fleet every year
- **Implementation and recording:** Drills are carried out as planned, recorded and snapped for reference, so as to enhance crew's capacity of emergency response.

LC Logistics Emergency Plan

Environmental, Social and Governance Report 2025

2.1.4 Environmental Management Goals

Goals	2025 Goal Attainment
Detention rate below 5% in port state and flag state	✓
Major pollution accident rate below 5%	✓

2.2 Addressing Climate Change

2.2.1 Governance

Climate change management is a top priority of LC Logistics. To bring climate change management to a new level, LC Logistics has incorporated climate-related issues into its corporate governance system and established a hierarchical governance framework with defined duties at each level: decision, management, and execution. By doing so, the Company aims to effectively address climate-related risks and opportunities, encourage climate action in all business practices, and ultimately achieve its green and sustainable development goals.

Governance Entity	Staffing	Responsibility
Board of Directors	Board members	<ul style="list-style-type: none"> Give careful consideration to the group's long-term strategic goals related to climate action. Oversee the implementation of the Group's climate action-related matters, and review the fulfillment of climate goals during regular meetings. Recheck and determine the identification of climate action-related risks and opportunities.
Management Level	General Manager, and heads of key departments and subsidiaries	<ul style="list-style-type: none"> Work out targeted measures for climate-related goals and risks delivered by the Board. Set climate-related KPIs for all business departments, supervise their implementation, and report to the Board at regular intervals.
All climate-related departments and subsidiaries	Representatives of climate-related departments and subsidiaries	<ul style="list-style-type: none"> In accordance with climate-related strategic goals delivered by the Board and management, carry out climate-related jobs, and regularly report their implementation to the management.

Environmental, Social and Governance Report 2025

2.2.2 Risk Management

LC Logistics has incorporated climate change into the corporate risk management system. In accordance with the *Shandong Lcang International Logistics Inc. Corp. Ltd. Risk Management Policy*, we have listed climate-related risks among external risks, and mandated the Internal Control Department to systematically identify, assess and rank climate-related risks.

For route planning, we identify and monitor all climate-related adverse factors and risks which may arise from voyages in line with *Risk Assessment Procedures* and *Voyage Plan and Sailing Book Management Rules*. Reasonable route planning ensures a safe voyage.

2.2.3 Strategy

To systematically manage climate-related risks and enhance climate adaptation, the Company classifies climate risks by the duration of their business impact into short-, mid-, and long-term categories. This allows the Company to identify and assess the risks and opportunities brought by climate change. Besides, LC Logistics has analyzed high-emission scenarios (SSP5-8.5) and low-emission scenarios (SSP1-1.9) defined in the scenario framework of the sixth assessment report published by the United Nations Intergovernmental Panel on Climate Change (IPCC), for the purpose of assessing potential impact of different transition paths on the Company's businesses.

Scenario	Scenario Description	Risk Description
High-Emission Scenario (SSP5-8.5)	Following the path, global GHG emissions will relentlessly increase at fast speed, and multiply on the current basis in 2050-2100, resulting in global average temperature rise of over 4°C.	In this case, more frequent extreme weather events will pose a threat to ship operations and voyage safety. They will also cause damage to port infrastructure and result in the suspension of operations.
Low-Emission Scenario (SSP1-1.9)	Following the path, potent climate action will be taken worldwide, with GHG emissions plummeting to nought and global average temperature rise retaining 1.5°C in 2050-2070.	In this case, tougher regulations on reducing maritime emissions will be enforced worldwide. There will also be a sharp increase in market and customer demand for green infrastructure and shipping technology.

Environmental, Social and Governance Report 2025

For scenario analysis, LC Logistics breaks down its own risks into physical risks and transition risks, and analyzes existing opportunities, specifically as follows:

Risk Type		Risk Description	Impact Period	Potential Financial Impact	Responses
Physical risks	Acute	Frequent extreme weather events, such as typhoons, tsunamis, and floods, can damage infrastructure, delay cargo delivery, and disrupt supply chains. These events may also pose a threat to the safety of crew members.	Medium-to-long-term	Higher operation & maintenance cost and insurance costs Lower revenue due to fewer shipments	<ol style="list-style-type: none"> To improve climate risk resilience, invest in vessels with enhanced adaptability to extreme weather conditions. For example, invest in vessels designed for greater resistance to wind and waves. Constantly improve and optimize the emergency management system to ensure an immediate response after an emergency incident occurs. Invest in technologies that can track real-time weather conditions with high accuracy, such as weather forecasting and navigation monitoring. Improve insurance coverage for extreme weather events to reduce financial losses from natural disasters

Environmental, Social and Governance Report 2025

Risk Type	Risk Description	Impact Period	Potential Financial Impact	Responses
Chronic	<p>Rising sea levels cause ports, storage facilities, and other core infrastructure to flood or become damaged, resulting in suspended operations and damaged assets</p> <p>Degradation of coral reefs reduces the protection they provide to ports and coastal facilities, leaving them more vulnerable.</p> <p>Ocean acidification and rising seawater temperatures accelerate the aging of coatings and reduce their lifespan for corrosion and pollution resistance.</p>	Long-term	<p>Lower revenue due to the impact on route planning and shipping frequency.</p> <p>Higher operating and maintenance costs result from the need for more frequent repairs to port facilities and ships.</p> <p>Devalued fixed assets caused by asset damage</p>	<ol style="list-style-type: none"> 1. Invest in upgrading port facilities and implementing flood control initiatives, such as constructing seawalls. 2. Collaborate with manufacturers of advanced coatings, such as heat- and corrosion-resistant coatings. 3. Increase the frequency of ship facility inspections and repairs. 4. Keep every voyage plan on file for reference and regularly assess the climate's impact on your routes to continually optimize your routing.
Transition risks	<p>Policy and legal risks</p> <p>The advancement to China's "carbon peaking and neutrality" goals and implementation of <i>Green Shipping Industry Innovation and Development Outline (Pilot)</i> and related policies indicate that policy requirements are tightened.</p> <p>The International Maritime Organization (IMO) has postponed the deliberation of the "mid-term measures" for reducing maritime emissions to October 2026. Once adopted, however, the measures are expected to include stricter requirements for monitoring and inspecting greenhouse gas (GHG) emissions, as well as technical standards for the energy efficiency of vessels.</p>	Medium-to-long-term	Higher compliance cost and technology R&D cost	Stay up to date on IMO and domestic policy trends and enhance communication with international organizations and regulators. A thorough understanding of industry trends helps you make arrangements in advance.

Environmental, Social and Governance Report 2025

Risk Type	Risk Description	Impact Period	Potential Financial Impact	Responses
Technical risks	Develop or purchase equipment to meet the energy efficiency requirements for vessels prescribed in the IMO MARPOL Annex VI Amendment.	Short-to-mid-term	Higher spending on fixed assets due to purchase of new technology and equipment Devalued fixed assets in consequence of discarding outdated equipment	<ol style="list-style-type: none"> 1. Continuously invest resources in digital R&D, and strengthen IP protection. 2. Upgrade and retrofit vessels into green vessels. 3. Prioritize suppliers who specialize in creative and green technology when it comes to cooperative endeavors.
Market risks	Green energy and technology are in high demand in low-emission scenarios, and consumers are showing a preference for green vessels.	Long-term	Lower operating revenue	
Reputational risk	Climate change leads to an increased risk of environmental accidents and safety issues. Negative incidents may harm public trust and damage the Company's reputation.	Long-term	Lower operating revenue	<ol style="list-style-type: none"> 1. Improve the risk management system by dynamically identifying risk sources and updating the <i>Risk and Opportunity Assessment and Analysis Form</i>, as an act of managing risk identification and assessment. 2. Step up emergency drills in line with the <i>Vessel Emergency Manual</i>, for emergency preparation. Strengthen safety inspections to avoid major safety accidents.

Environmental, Social and Governance Report 2025

Opportunity Type	Risk Description	Impact Period	Potential Financial Impact	Responses
Products and Services	The Company's initiatives include a differentiated solution tailored for customers, such as the list of green vessels making, and enhancing product and service quality based on green fuel and digital platforms. These efforts are intended to maintain the Company's reputation.	Medium-to-long-term	Higher operating revenue	<ol style="list-style-type: none"> 1. Continuously invest resources in digital R&D, and strengthen IP protection. 2. Upgrade and retrofit vessels into green vessels. 3. Prioritize suppliers who specialize in creative and green technology when it comes to cooperative endeavors.
Resource utilization	Continue to streamline energy usage based on the <i>Ship Energy Efficiency Management Plan</i> .	Short-to-mid-term	Lower operating costs	<ol style="list-style-type: none"> 1. Continue to refine the ship energy efficiency management in accordance with <i>Ship Energy Efficiency Management Plan</i>, in addition to management of contract performance in line with EEXI and CII rules.
Adaptation	Provide impetus for the coordinated transition of major partners, including equipment and fuel suppliers, to strengthen the resilience and adaptability of the supply chain.	Medium-to-long-term	Lower operating costs	<ol style="list-style-type: none"> 1. Conduct strict assessment on suppliers during admission and vetting. Enhance capabilities of suppliers through training.

Environmental, Social and Governance Report 2025

LC Logistics Response to IMO Target of Reduction of Carbon Emissions

In accordance with the IMO’s strategy to reduce GHG emissions in the marine shipping industry, LC Logistics is taking the initiative to carry out relevant work on contract performance and ensure that the work is completed to a high standard in order to achieve the goal of green shipping. LC Logistics is dedicated to upgrading and retrofitting existing vessels. The Company has accomplished all energy efficiency management work specified in Part I, II, and III, Ship Energy Efficiency Management Plan (SEEMP) for vessel BAL XIAMEN. We have also created a scientific data collection and reporting system, formulated an energy efficiency management and improvement plan for the following 3 years, and obtained an *Energy Efficiency Management Certificate* and an *International Energy Efficiency Certificate* (IEEC). During the Reporting Period, the Company continued to optimize the operating energy efficiency of its vessels. Rated Level B by the Carbon Intensity Indicator (CII), the Company’s vessels fully met the Energy Efficiency Existing Ship Index (EEXI) and CII requirements of the International Maritime Organization (IMO).



SEEMP III Certificate, IEEC Certificate

Environmental, Social and Governance Report 2025

2.2.4 Metrics and Targets

LC Logistics operates in accordance with the short-term (2025-2030), medium-term (2031-2040), and long-term (2041-2050) emission reduction targets set by the International Maritime Organization (IMO). The Company sets appropriate carbon emission reduction targets and ensures that such targets meet IMO standards. Our energy consumption and carbon emission targets are as follows:

Goal	Base Year	2030	2040	2050
Fuel consumption (revenue) per unit revenue (tons of fuel/RMB10,000)	2022	20% Reduction	40% Reduction	Substitution of 90% fuels, use of LNG, green hydrogen, green methanol, and other clean and low-carbon fuels.
GHG emissions intensity (tCO ₂ e/RMB10,000)	2022	20% Reduction	40% Reduction	Carbon neutrality
Scope 1 GHG emissions intensity (tCO ₂ e/RMB10,000)	2022	20% Reduction	40% Reduction	Carbon neutrality

LC Logistics is continuously optimizing energy utilization efficiency and reducing energy consumption in an attempt to cut greenhouse gas (GHG) emissions from fuels used in shipping and ensure that emission reduction targets are met. Key outcomes of GHG emissions delivered by LC Logistics during the Reporting Period are as follows:

Indicator	Unit	2025
Scope I GHG emissions	Tons of CO ₂ equivalent	43,923.71
Scope II GHG emissions	Tons of CO ₂ equivalent	560.87
GHG emissions (Scope I and Scope II)	Tons of CO ₂ equivalent	44,484.59
GHG emissions per unit revenue	tCO ₂ e/RMB10,000	0.24

Note:

- Scope 1: direct GHG emissions, including emissions from ship fuel combustion, and emissions from operation of vehicles, owned or rented. The emission factors in Scope 1 direct GHG emissions are derived from the 2006 IPCC Guidelines for National Greenhouse Gas Inventories. The Company calculates the sulfur content of the very low sulfur fuel oil (VLSFO) and marine gas oil (MGO) used during shipping based on the Fourth IMO Greenhouse Gas Study (2020).
- Scope 2: indirect GHG emissions are calculated by reference to the Guidelines on Organizational Greenhouse Gas Emissions Accounting and Reporting-Power Generation Facilities published by the Ministry of Ecology and Environment of the People's Republic of China, wherein the emission factor of purchased electricity is calculated by the national average CO₂ emission factor for electricity specified in 2023, which is 0.5306 kg CO₂/kWh.

Environmental, Social and Governance Report 2025

2.3 Energy Utilization

LC Logistics' energy consumption involves the use of marine fuel oil, port and working electricity. In compliance with the *Energy Conservation Law of the People's Republic of China*, *Energy Law of the People's Republic of China*, as well as the relevant regulations of the International Maritime Organization (IMO), LC Logistics has formulated and carried out *Regulations on Supply and Management of Fuel Oil for Ships*, *Ship Energy Efficiency Management Plan*, and other internal policies. LC Logistics focuses on reducing energy consumption and increasing energy efficiency and staff training to decrease energy consumption and ultimately reduce greenhouse gas (GHG) emissions per unit of revenue.

2.3.1 Initiatives to Reduce Energy Consumption

We have taken the following technical measures to increase energy efficiency of ships and efficiency of energy utilization:

1. **Hull Drag Reduction:** Take regular dock repair measures, including decontamination, derusting, and polishing, to ensure a smooth hull and reduce drag while sailing.
2. **Hull Maintenance:** Perform periodic underwater inspections and cleanings to remove organisms and sludge from the hull. This will prevent a loss of energy efficiency due to increased roughness.
3. **Trimming Optimization:** Adjustments to trimming ensure that ships maintain optimal hydrodynamic force while sailing, thereby reducing fuel consumption and emissions.
4. **Engine Power Limitation:** The power limiter is mounted to restrict the maximum output power of the main engine, thereby reducing the fuel consumption and greenhouse gas emissions of the ship while sailing.
5. **Energy Monitoring and Data Tracking:** Energy monitoring equipment is installed to view energy consumption and energy efficiency performance in real time. This allows for the identification of abnormal losses and the implementation of measures to improve energy efficiency.
6. **Energy-saving Equipment Application and Retrofitting:** Use energy-saving lighting fittings on the BAL XIAMEN ship, as an act of saving energy and increasing efficiency.

Environmental, Social and Governance Report 2025

We have taken the following operating measures to save fuel consumption:

1. **Route and Speed Optimization:** Based on *Voyage Plan and Sailing Book Management Rules*, we preferably choose routes with the highest fuel efficiency while ensuring voyage safety and taking weather conditions into full consideration. All planned routes are recorded in writing for continual verification and optimization of voyage plans.
2. **Autopilot Mode:** Ships operate on autopilot with low fuel consumption during the voyage to further reduce energy consumption.
3. **Equipment Inspection and Maintenance:** A regular inspection and timely response mechanism has been created to prevent fuel “leak” and thus reduce abnormal fuel loss.

We have taken the following organizational measures to enhance staff awareness of energy efficiency top down:

1. **Institutionalization:** We formulate and carry out the *Ship Energy Efficiency Management Plan* for institutionalizing and routinizing all measures, while keeping eyes on energy efficiency ratings of ships.
2. **Staff Training and Awareness Raising:** We engage new crew members in energy efficiency management training to ensure they fully understand concrete methods and operating skills for energy efficiency management. This training prepares them to effectively improve energy utilization efficiency during voyages.

LC Logistics achieved the following key outcomes regarding energy utilization during the Reporting Period:

Indicator	Unit	2025
Fuel consumption	L	30,676.69
Gas (LPG) consumption	Gal	6,278
Natural gas consumption	m ³	1,547.95
Diesel consumption	L	1,209,070.76
MGO consumption	Tons	821.95
VLSFO consumption	Tons	12,201.18
Electricity purchased	kWh	1,057,057.96
Comprehensive energy consumption	Ton of standard coal	20,003.09
Comprehensive energy consumption per unit revenue	Ton of standard coal/RMB10,000	0.11

Note: The comprehensive energy consumption for 2025 comprises gasoline, LPG, natural gas, diesel, VLSFO, MGO, and purchased electricity for working. The calculation of comprehensive energy consumption is based on the *General Rules for Calculation of the Comprehensive Energy Consumption* (GB/T2589-2020). The data for marine fuel oil primarily refers to Annex – 2018 Guidelines on the Method of Calculation of the Attained Energy Efficiency Design Index (EEDI) for New Ships

Environmental, Social and Governance Report 2025

2.4 Water Resource Utilization

In strict compliance with the *Water Law of the People's Republic of China* and other relevant regulations, LC Logistics has formulated an internal policy, which is *Regulations on Management of Freshwater for Ships*. This policy is designed to strengthen freshwater management while ensuring the safety of the voyage and the physical health of the crew, thereby achieving the goal of water conservation.

LC Logistics has implemented the following water-saving measures:

1. All vessels are equipped with advanced water makers that produce distilled water for everyday use, significantly reducing reliance on external sources of fresh water.
2. The amount of added freshwater is calculated based on voyage duration and crew count to avoid storage consumption or waste due to overloading.
3. If the addition of freshwater is needed, the crew must file an application with the Company at least three to five days in advance. The application must specify the purpose for which the freshwater will be used. This provision aims to prevent the waste of water resources.
4. The Third Engineer is responsible for maintaining the water makers while freshwater is added onboard. The boatswain or carpenter is responsible for monitoring to avoid water leaks.
5. The crew is required to monitor daily freshwater production and consumption. Any abnormal consumption must be reported immediately to allow time for remedial action.

The water consumption of LC Logistics during the Reporting Period is as follows:

Indicator	Unit	2025
Water intake volume	Tons	8,525.90
Including: Freshwater intake volume	Tons	5,284
Seawater desalination capacity	Tons	3,241.90
Water intake volume per unit revenue	Ton/RMB10,000	0.05
Water consumption for office operations and daily use	Tons	3,274.80
Water consumption for office operations per unit revenue	Ton/RMB10,000	0.017

Note: The water intake for vessels is derived from seawater desalinated by water makers and freshwater added aboard. And water consumption for work and life is mainly contributed by water consumption in the workplace and daily life.

Environmental, Social and Governance Report 2025

2.5 Pollution Prevention and Control

LC Logistics has always placed great emphasis on prevention and control, one of the Company's key issues. For standardization of management procedures, the Company has formulated and carried out the *Regulations on Management of Pollution Prevention for Vessels*, proposing normative disposal measures targeting exhaust gas, wastewater, and solid waste among other pollution sources. At the institutional level, the regulations define the duties of each rank, ensuring that every job is carried out by a specific department or individual. At the corporate level, management must study and adhere to national or international pollution prevention regulations. They must also communicate policy requirements to all departments and ensure that employees understand such regulations consistently and accurately. Additionally, the Company pledges financial support for pollution prevention and control measures, including the purchase and maintenance of environmental equipment and staff training. The Maintenance Department is responsible for supplying, maintaining, and inspecting shipboard pollution prevention and control equipment. They also oversee the implementation of anti-pollution measures to ensure all practices are up to standard. The ship's management team and crew are primarily and directly responsible. Depending on the situation, they establish and implement pollution prevention and control measures and regularly review operating procedures to avoid pollution incidents.

With concerted efforts of the ranks, LC Logistics integrates pollution prevention and control into daily operations, and sees that pollution prevention and control work be continually and effectively advanced, as an act of contributing to realizing sustainable development.

2.5.1 Exhaust Gas

LC Logistics' exhaust gas emissions are derived from sulfur oxides, nitric oxides, and particulate matter generated from fuel combustion during sailing. LC Logistics strictly complies with the *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution*, *Implementation Scheme of the Domestic Emission Control Areas for Atmospheric Pollution from Vessels*, and *International Convention for the Prevention of Pollution from Ships (MARPOL 73/78 Convention) - Annex VI Prevention of Air Pollution from Ships*.

LC Logistics defines the duties for controlling exhaust gas emissions from vessels. The captain is ultimately responsible, while the chief engineer regularly records fuel usage and emission data and processes and corrects abnormal data. LC Logistics' marine fuel oil is 100% low-sulfur fuel oil with a sulfur content below 0.5% m/m. The sulfur content of fuel in emission control areas is below 0.1% by mass, which reduces sulfur oxide-induced air pollution. In addition, all shipping vessels of LC Logistics meet requirements under the *International Convention for the Prevention of Pollution from Ships (MARPOL 73/78 Convention) - Annex VI Prevention of Air Pollution from Ships*, and obtain relevant *International Air Pollution Prevention Certificate (IAPP Certificate)*.

Environmental, Social and Governance Report 2025



IAPP Certificate

LC Logistics lists the goal of exhaust gas emissions and the relevant goal attained during the Reporting Period as follows:

Goal	2025 Goal Attainment
Sulfur content of marine fuel oil is 100% qualified	✓

The exhaust gas emissions of LC Logistics during the Reporting Period are as follows:

Indicator	Unit	2025
NOx emissions	Tons	987.71
SOx emissions	Tons	108.49
Particulate matter	Tons	93.94

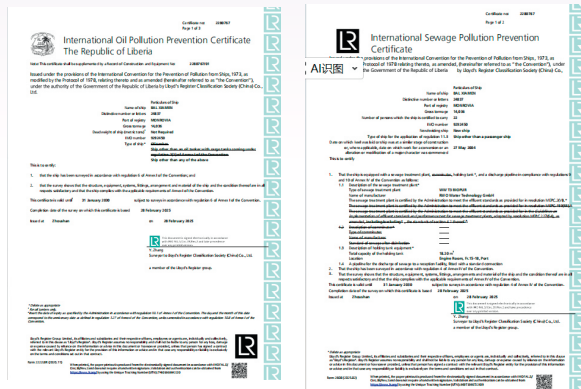
Note:

- In calculation, exhaust gas emissions from ships include nitric oxide, sulfur oxide emissions, and particulate matter. The *Fourth IMO Greenhouse Gas Study 2020* published by the International Maritime Organization (IMO), is referenced for calculation methods and emission factors. The emission factor for sulfur oxide is determined through calculations under the formula “ $EF = 2 \times 0.97753 \times \text{sulfur content of fuel}$ ” advised in the *Fourth IMO Greenhouse Gas Study 2020*.
- In calculation, exhaust gas emissions from owned vehicles include nitric oxide, sulfur oxide emissions, and PM emissions. The *Reporting Guidance on Environmental KPIs* of the Stock Exchange is referenced for calculation methods and emission factors.

Environmental, Social and Governance Report 2025

2.5.2 Wastewater

LC Logistics strictly adheres to the *Law of the People's Republic of China on Prevention and Control of Water Pollution*, *Marine Environmental Protection Law of the People's Republic of China*, *Regulation on the Prevention and Control of Vessel-induced Pollution to the Marine Environment*, *Emission Standard for Pollutants from Ships*, as well as international *MARPOL 73/78 Convention – Annex IV Regulations for the Prevention of Pollution by Sewage from Ships*, *Annex I Regulations for the Prevention of Pollution by Oil*, and *IMO Convention for the Management of Ship's Ballast Water*. Depending on the actual situation, LC Logistics has laid down the *Regulations on Management of Pollution Prevention for Vessels*, *Ship Oil Pollution Emergency Plan*, *Regulations on the Management of Oil-Water Separators*, *Regulations on the Management of Domestic Sewage Treatment Units*, *Ship's Ballast Water Management Plan*, and other internal policies. These are stringent regulations on the treatment of domestic sewage and cabin sump oil and sewage. Besides, the Company has also been granted the *International Oil Pollution Prevention Certificate* (IOPP Certificate) and the *International Sewage Pollution Prevention Certificate* (ISPP Certificate) which meet IMO requirements.



ISPP Certificate and IOPP Certificate

Environmental, Social and Governance Report 2025

Domestic Sewage Treatment	<ul style="list-style-type: none"> • Store sewage in the sewage cabin in a reasonable way. • Disintegrate and disinfect the sewage in the domestic sewage treatment unit before discharging it 3 nautical miles away from the nearest land.
Oily Sewage Treatment	<ul style="list-style-type: none"> • Dispose of oily sewage in the oil-water separator. Install a 15 ppm monitoring and warning unit to ensure that sewage is treated up to standard before being discharged.
Ballast Water Management	<ul style="list-style-type: none"> • Formulate and carry out the <i>Ship's Ballast Water Management Plan</i>, keep record of ballast water management data as prescribed, and regularly conduct ballast water management training.
Treatment Equipment Maintenance	<ul style="list-style-type: none"> • The Chief Engineer is responsible for the daily maintenance, cleaning, and regular inspection of oil-water separators, domestic sewage treatment units, and other sewage treatment equipment to ensure normal operation of the equipment.
Oil Spill Emergency Response	<ul style="list-style-type: none"> • In the event of oil spills, the cabin crew are instantly notified and will initiate emergency procedures under the <i>Oil Spill Emergency Procedures</i>.

LC Logistics Wastewater Treatment Measures

LC Logistics attaches great importance to sewage management. The Company is tightening its sewage treatment and discharge measures, as well as its risk control of accidental spills. LC Logistics lists the goals of wastewater discharge and the relevant goals attained during the Reporting Period as follows:

Goals	2025 Goal Attainment
Discharged oil concentration of oily sewage ≤15 ppm	✓
Domestic sewage and ballast water is 100% up to standard after treatment	✓
Wastewater reception and treatment rate for vessels calling at ports is 100%	✓
No wastewater pollution incidents	✓

Environmental, Social and Governance Report 2025

Wastewater discharge data of LC Logistics for the Reporting Period is as follows:

Indicator	Unit	2025
Wastewater discharge volume	Tons	4,017.83
Including: Cabin sewage	Tons	332.54
Domestic sewage from ships	Tons	1,065.45
Sewage from office operations/life	Tons	2,619.84
Wastewater discharge volume per unit revenue	Ton/RMB10,000	0.021

Note:

1. The wastewater generated by LC Logistics breaks down into domestic wastewater from shore-based and shipboard personnel, as well as cabin wastewater from ships.
2. The domestic wastewater discharged by employees in the office and living quarters of the Company is calculated as follows: "Domestic wastewater for office operations = water consumption for office operations × 80%".

2.5.3 Solid Waste

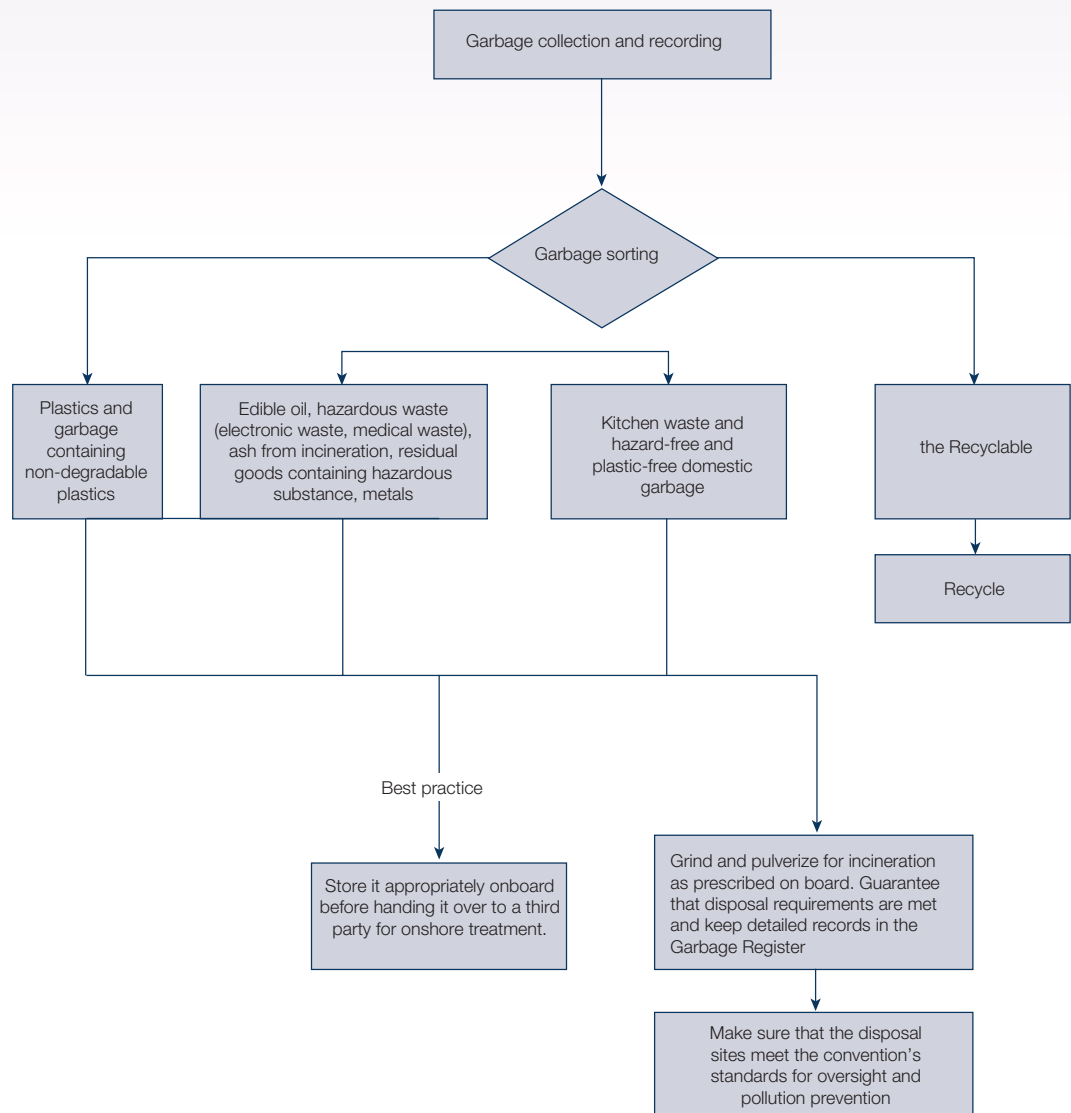
LC Logistics complies with the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste*, international *MARPOL 73/78 Convention – Annex V Regulations for the Prevention of Pollution by Garbage from Ships*, *2009 Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships* and relevant laws, regulations and regulatory requirements.

The Company has formulated the *Ship Garbage Management Plan*, *Garbage Register*, *Regulations on Disposal of Waste and Old Materials from Ships* and other internal policies, with continuous efforts on improving waste management initiatives. While ensuring the legitimacy and compliance of solid waste in the entire process from classification, collection, storage, transport to disposal, the Company minimizes the environmental impact.

Category	
Non-hazardous waste	Plastics, kitchen waste, domestic garbage, edible oil, hazard-free and pollution-free residual goods
Hazardous waste	Electronic waste, ash from incineration, special hazardous residual goods (e.g. chemicals or minerals)

Environmental, Social and Governance Report 2025

In accordance with the *Ship Garbage Management Plan*, LC Logistics has set up a systematic and lifecycle solid waste management process. We strictly comply with international conventions and national regulations and adopt a closed-loop management system for all garbage generated from operations. This system includes sorting and collection, standardized storage, and compliant disposal. First, we ensure that all the generated waste is immediately sorted, with records put in the *Garbage Register* for achieving traceability of the full process; subsequently, different types of garbage are stored in designated equipment and areas based on the sorting results to avoid health and safety risks. Eventually, garbage is disposed of in one of three ways: reusing recyclables, preferably transferring them to an onshore third-party recycling institution, or pulverizing and incinerating them onboard before discharging them into prescribed waters. We firmly adhere to the principle of “onshore disposal first” and strive to minimize environmental footprints through rigorous process control and collaboration with professional partners. We take corporate responsibility for environmental protection and promote the sustainable and coordinated development of operations and ecology.



LC Logistics Ship Waste Treatment Process

Environmental, Social and Governance Report 2025

LC Logistics proactively promotes and encourages the crew to recycle devices and articles on board to ensure that ships are in good operating condition. This also helps reduce operating costs and protect the marine environment from garbage pollution. Specific measures are as follows:

1. Encourage the crew to use reusable and recyclable packing materials and articles;
2. Choose consumables with a long shelf life after unpacking, to avoid wasting;
3. Complete unloading of goods as efficiently as possible to avoid or reduce residual goods;
4. Collect and dispose of marine waste in shipping;
5. For garbage disposal, first consider whether plastic articles and old devices can be recycled.

LC Logistics lists the goal of solid waste management and the relevant goals attained during the Reporting Period as follows:

Goals	2025 Goal Attainment
No garbage pollution complaints or penalties	✓

LC Logistics' solid waste disposal during the Reporting Period is as follows:

Indicator	Unit	2025
Total hazard-free waste disposal volume	Tons	88.79
Including : Total plastic disposal volume	Tons	19.15
Other total hazard-free waste disposal volume	Tons	69.64
Total hazardous waste volume	Tons	172.69
Including : Grease	Tons	171.69
Electronic waste	Tons	1
Total waste volume	Tons	261.48
Total hazard-free waste volume per unit revenue	Kg/RMB10,000	0.47
Total hazardous waste volume per unit revenue	Kg/RMB10,000	0.91

Environmental, Social and Governance Report 2025

2.6 Ecosystem and Biodiversity Protection

LC Logistics is fully aware of the importance of ecosystem conservation and strictly adheres to the *Marine Environmental Protection Law of the People's Republic of China*, the *International Convention for the Prevention of Pollution from Ships (MARPOL)*, the *International Convention for the Control and Management of Ships Ballast Water and Sediments*, the *Biodiversity Convention*, and other national, international, and local laws and regulations. The Company is committed to protecting biodiversity and minimizing business impact on the ecosystem through four dimensions: pollution prevention and control, risk control, prevention of invasion of introduced species, and route planning and monitoring.

1. **Pollution Prevention and Control:** In compliance with international conventions and environmental protection regulations, the Company has formulated strict specifications for the treatment and discharge of exhaust gas, wastewater, and solid waste generated from shipping. The Company has also assigned a person responsible for oversight in accordance with the *Regulations on Management of Pollution Prevention for Vessels*. Equip vessels with garbage disposal devices that meet international standards, and ensure the waste is recycled or disposed of by a professional organization onshore, in a bid to minimize potential impact of operating activities on the marine environment.
2. **Biodiversity Risk Identification:** Systematically identify potential risk factors that may affect biodiversity in shipping, such as oil and sewage discharges. Set measures to prevent and address all risks to avoid irreversible impacts on the marine ecological environment.
3. **Prevention of Invasive Species:** We recognize the risk of biological invasion posed by ships and have taken measures to prevent introduced species from relocating by ship and damaging the local ecosystem.
 - (1) **Ballast Water Management:** To prevent the introduction of species, pathogens, or other aquatic organisms through ballast water, the Company has developed and implemented the *Ship's Ballast Water Management Plan* and installed the ballast water treatment system onboard to ensure that the discharge of ballast water is in line with D-2 Standard of the International *Ballast Water Management Convention*. Using scientific and solid methods can effectively mitigate the risk of biological invasion.
 - (2) **Underwater Hull Cleaning:** To prevent organisms from attaching to and hitching a ride on vessels, the Company sends a professional cleaning team to regularly clean the underwater hulls.
 - (3) **Biofouling Management:** The Company has developed the *Biofouling Management Plan* for every single vessel, explicitly specifying that no solid residue containing marine organisms be discarded at sea. Instead, it shall be collected as specified and handed over to an onshore professional organization.

Environmental, Social and Governance Report 2025

4. **Shipping Control in Eco-Sensitive Zones:** When planning routes, the potential impact on biodiversity is a top priority. In shipping, the location of ships is continuously monitored to avoid national or international marine ecological conservation zones and maintain a safe distance.
5. **Use of Nature-friendly Coating for Ships:** This eco-friendly coating contains no biocidal chemicals or cybutryne to avoid endangering the marine ecosystem.

LC Logistics is taking the initiative to protect biodiversity and contribute to the long-term health and balance of the marine ecosystem.

2.7 Green Operations

2.7.1 Green Office Operations

LC Logistics actively implements green office practices and integrates awareness of conservation and environmental protection into daily office operations. To this end, the Company has carried out a stream of resource-saving measures and promoted paperless office operations. Furthermore, the Company values waste disposal and recycling. Through sorting management of all waste generated from office operations, it ensures recyclables are properly recycled and reused. During the Reporting Period, LC Logistics managed to recycle 2.56% of hosts, 12.77% of computer monitors, and 12.24% of laptops. Through these initiatives, the Company has significantly reduced its office energy and resource consumption, contributing to environmental protection and sustainable development.

Environmental, Social and Governance Report 2025

<p>Circulation of Green Office Ideas</p> <p>In the <i>Employee Handbook</i>, specify that employees follow the “environmental and saving” principle to integrate resource-saving awareness in daily work. Post signs that advocate green and environmental ideas in the workplace.</p>	<p>Paperless Office</p> <p>The use of online communication and double-sided paper printing, as well as the operation of the OA/ERP system, has led to a reduction in paper consumption among employees.</p>
<p>Water Conservation</p> <p>To control daily water consumption, the Administrative Department regularly inspects water equipment to prevent the waste of water resources.</p>	<p>Green Procurement</p> <p>When purchasing office supplies, the Administrative Department prefers to choose energy-saving, environmentally friendly products. For example, they buy level 1 energy-efficient gallium nitride batteries for laptops.</p>
<p>Optimization and Reasonable Allocation of Resources</p> <p>Optimize and regulate computer hardware and other electronic devices daily. Ensure that servers are periodically optimized and that old devices are used for non-core businesses or edge computing nodes to reasonably utilize resources.</p>	<p>Waste Management</p> <p>Dispose of hazardous and non-hazardous waste according to the prescribed method. In addition, separate recyclable waste from non-recyclable waste and work with professional organizations to dispose of and recycle it properly. During the Reporting Period, LC Logistics managed to recycle over 90% of IT hardware.</p>

LC Logistics Green Office Initiatives

Environmental, Social and Governance Report 2025

3 Robust Operations

3.1 Maritime Safety

LC Logistics is fully aware that maritime safety is a critical guarantee for its sustainable development. Upholding the philosophy of “safety, health, and environmental protection,” the Company constantly refines its safety and risk prevention management systems and prioritizes the occupational health and safety of its employees. By providing reliable safeguards for our employees and customers, we ensure the Company’s steady operations.

3.1.1 Maritime Safety Management System

LC Logistics is committed to establishing and maintaining a sound group-wide safety management system. In accordance with the *International Safety Management Code* (ISM CODE) and other regulations and suggestions of industry associations and in conjunction with its actual situation, the Company has formulated the *Safety Management Manual*, *Safety Procedure Manual*, *Company Management Manual*, *Ship Board Management Manual* and other internal policies, and formed closed-loop management by reference to the PDCA notion, i.e. Plan – Do – Check – Act. LC Logistics is committed to improving its safety management system and modifying its safety policies and procedures based on identified problems and remedial actions. During the Reporting Period, the Company added *Rope Management Plan* to its existing safety management policies in order to enhance maritime safety.

Safety First: In the event of a conflict of interest between ship safety and other issues, safety takes precedence. Do not sacrifice safety for efficiency.

All Engagement: With safety duties defined for all shore-based departments and onboard positions, a system of all-engagement responsibilities is taking shape. This system features “management supervision, shore-based support, and ship execution.”

Compliance: In accordance with international conventions and the regulatory requirements of flag and port states, we fully consider the safety rules proposed by the International Maritime Organization (IMO), classification societies, and port states.

Continual Improvement: We regularly optimize safety policies and procedures by taking measures such as internal examination, management review, correction, and rectification to enhance the effectiveness of system operation.

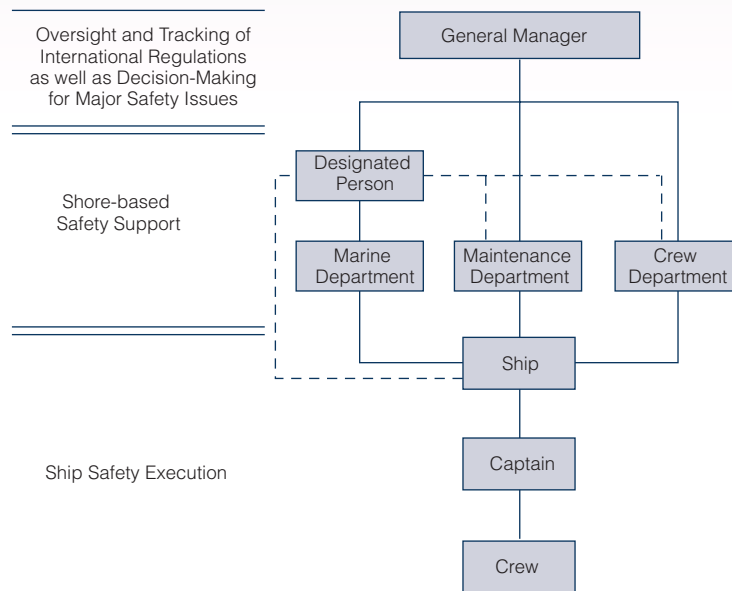


LC Logistics Safety Management Principles

Environmental, Social and Governance Report 2025

3.1.2 Maritime Safety Governance Framework

The Group has established a hierarchical safety management framework with a clear division of rights and responsibilities. This three-tiered structure is organized as follows: “management supervision — shore-based support — ship execution.” The General Manager is ultimately responsible for safety management and makes major decisions and provides oversight. The General Manager delegates an onshore professional to maintain close contact with senior management, thus providing adequate shore-based support for maritime safety. The designated person is in charge of the overall planning and coordination of the Marine, Maintenance, and Crew Departments, as well as other shore-based departments. They provide support in equipment maintenance, emergency response, and connection and coordination with vessels. As the person primarily responsible for ship safety, the captain takes full command and has the final say in addressing safety issues during the voyage. With its scientific and reasonable governance framework, LC Logistics has achieved unimpeded transfer of safety information and efficient collaboration. The Company has ensured that the safety management system is carried out effectively and has continuously promoted safety risk prevention, control, and emergency response capabilities.



LC Logistics Safety Governance Framework

Environmental, Social and Governance Report 2025

3.1.3 Maritime Safety Initiatives

For ensuring maritime safety, we have launched various initiatives focusing on risk prevention and control, emergency capability building, and sustainable operation, systematic implementation of safety inspection, hazard inspection, emergency drill, security policy making, ship repair and maintenance, and staff safety training. Specific measures are as follows:

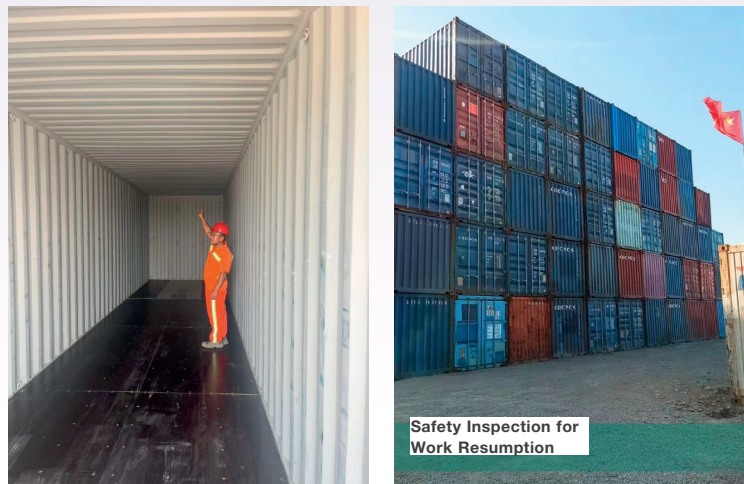
1. **Safety Inspection:** The Company has established three safeguards: company examination, ship review, and port state supervision. The Company carries out ship reviews and visiting inspections at regular intervals. Ship teams conduct systematic safety self-inspections every three months. We fully cooperate with Port State Control (PSC) inspections to ensure that our ships are eligible for safe voyages.
2. **Hazard Inspection:** Through comprehensive inspection, daily inspection, professional diagnosis, seasonal and holiday/festival inspection, the Company exhaustively identifies all possible safety risks in operation. For any potential hazards identified, relevant professionals are assigned to provide reference and advance correction of the hazards, with full tracking of implementation. In an emergency that poses a serious threat to personal life and safety, the relevant professionals will instantly order suspension and report to management for decision-making purposes.

Through a dual inspection mechanism of safety and hazard inspections, the Company has developed a safety management system involving “risk identification – correction implementation – oversight and feedback.” This system effectively ensures the safety of ships and the well-being of personnel.

Environmental, Social and Governance Report 2025

“All Prioritizing Safety, All Prepared for Emergency – Identification of Safety Hazards Around” Training Case

Prior to the 24th National Safe Production Month, all staff at the BAL site of Huangdao Storage Yard engaged in the “All Prioritizing Safety, All Prepared for Emergency – Identification of Safety Hazards Around” Training on 22 May 2025. The training served as a cautionary note that emphasized the importance of carefully checking for safety hazards and actively cleaning and maintaining daily equipment to avoid accidents.



LC Logistics Safety Hazard Inspection

- Emergency Drill:** In accordance with the *Guidelines for Enterprises to Develop Emergency Response Plan for Workplace Accidents* (GB/T 29639-2020) and based on its own business risk characteristics and potential accident scenarios, the Company has established a systematic emergency management system. The Company has formed local emergency management groups, formulated and continuously improved special emergency plans, while maintaining daily connections and collaborations with shore-based teams and port state organizations. Additionally, the Company has developed annual emergency drill plans, prepared specific programs, organized regular drills, documented the drills, and evaluated their effectiveness. Based on the summaries of these drills, the emergency plans are revised and optimized, forming a closed loop of continual improvement and enhancing the Company’s emergency response capabilities.

Environmental, Social and Governance Report 2025

Emergency Drill Case

In March 2025, all staff at the Huangdao Storage Yard site of BAL participated in an emergency drill to address windy conditions. During tabletop exercises in response to gales and other adverse weather conditions, they discussed precautions such as viewing the weather forecast, reinforcing containers, and using forklifts to avoid personal and property losses on windy days and improve emergency preparedness.



LC Logistics Emergency Drill Case

- 4. Prevention of Piracy, Bombing, and Smuggling:** LC Logistics has established a *Security Policy* in response to security hazards, such as piracy, smuggling, and unknown hazardous articles onboard. The Company has also prepared and carried out *Ship Security Assessment* and *Ship Security Plan* for every ship, specifying all precautions and emergency response measures for ships at a port or during a voyage. For ships at a port, personnel on duty from the Deck Department go on routine patrol, while other relevant personnel give assistance as the case may be, for prevention against illegal invasion by pirates. In addition, as per the *Security Drill Plan*, the Company regularly carries out emergency drills to address security incidents such as pirate invasions, hijackings, and explosions. These drills are designed to improve the crew's emergency response capacity and the ship's security standards.
- 5. Ship Repair and Maintenance:** The Maintenance Department is responsible for managing and supervising ship maintenance and preparing the *Ship Repair Manual*. The Company's management provides approval of annual ship maintenance plans. Shipboard and shore-based personnel handle ship maintenance in accordance with *the Ship Maintenance Manual*. Maintenance falls into two categories: preventive maintenance and condition-based maintenance. These categories aim to ensure that ship equipment retains a sound status through a standardized maintenance process, thereby sustaining ship safety and steady operation.

Environmental, Social and Governance Report 2025

6. **Safety Training:** The Company has established standardized *Shipboard and Shore-based Personnel Training Procedures*. Furthermore, in accordance with job responsibilities and safety management requirements, we have developed targeted shore-based training plans for shipboard and shore-based employees. The training includes the use of hull equipment, an understanding of relevant features, the operation of anti-pollution equipment, the use of life-saving and fire equipment, related regulations and requirements, and the Company’s safety management policies. The Company keeps track of and identifies training requirements for shipboard and shore-based employees. It delivers safety information in a timely manner and assesses the effectiveness of training. As a result, employees have increased their understanding of and capacity for implementing, the Company’s safety management policies. They have also strengthened their awareness of safety guarantees and operating skills. This provides solid talent support for maritime safety.

Key Outcomes of Shipboard Training for 2025

Number of crew members in shipboard training	115 Persons
--	-------------

3.1.4 Maritime Safety Goals

Through coordination and cooperation between the crew and shore-based personnel, the Company has carried out safety and hazard inspections, emergency planning and drills, and safety training to ensure maritime safety. To put maritime safety into practice, the Company has set safety goals. The following shows LC Logistics’ attainment of its maritime safety goals for 2025:

Goals	2025 Goal Attainment
Detention rate below 5% in port state and flag state	✓
Rate of serious ship safety operation accidents below 5%.	✓
Hazard rectification rate of 100%	✓
Safety training and emergency drill engagement rate of 100%	✓

Environmental, Social and Governance Report 2025

3.2 Occupational Health and Safety

LC Logistics prioritizes employee health and safety in operation management and upholds the principle of “safety, health, and environmental protection.” The Company has developed internal policies such as *Collection of Safe Production Regulations*, *Collection of Safe Operating Procedures*, and *Letter of Responsibility for Safe Production*. Such policies entail safe production education and training, management of safety facilities and equipment, regulation of hazardous operations, management of labor protection, safe production reward and punishment policies, management of emergency plans, and management of accident reporting and handling. Additionally, the Company has established a safety management mechanism throughout the process, from prevention and control to response and improvement. The Company has also obtained GB/T 45001-2020/ISO 45001:2018 Occupational Health and Safety Management System Certification. Employee health and safety is a top priority of the Company which serves to keep improving occupational health and safety management system and create a safer and healthier workplace for employees.



Shandong Lcang Occupational Health and Safety Management System Certificate

Environmental, Social and Governance Report 2025

3.2.1 Occupational Health and Safety Initiatives

Putting safety governance first, we set up an occupational health and safety system. Through safety education and training, emergency drills, *Safe Operation Manual*, and health check-ups, we guarantee employees' occupational health and safety. Specific measures are as follows:

1. **Safe Production Responsibility Policy:** The General Manager is responsible for approval of safe production accountability policies at all levels. Safety supervisors are responsible for overseeing and setting safe production responsibility policy based on requirements of different jobs and departments. They ensure that all employees understand their job-related safety responsibilities and sign a "Letter of Responsibility for Safe Production Goals."
2. **Safety Education and Training:** The Company requires all new employees to complete a three-level safety education program, spending at least 24 hours on the Company, department, and team levels. Before officially taking up jobs, they must pass a safety education assessment. Furthermore, as specified in the HSE training system, the Company provides safety training to all employees. This training covers fire prevention, theft prevention, haze prevention, and sunstroke prevention.

Safety Protection Equipment Training Case

On 7 July 2025, all staff at BAL site of Huangdao Storage Yard attended a 60-min safety protection equipment training. The training revolved around the user specifications and management requirements of personal protective equipment (PPE). It was intended to ensure that employees could correctly use the safety equipment in the stockyard and thus guarantee their personal safety.



Safety Protection Equipment Training

Environmental, Social and Governance Report 2025

- 3. **Fire Drill:** To ensure unimpeded escape routes and to carry out fire emergency escape drills and fire inspections, periodic publicity is carried out.

Fire Emergency Drill Case

In 2025, LC Logistics conducted emergency drills for office buildings, including the use of fire extinguishers and escape methods. These drills increased office workers' awareness of fire safety, ensuring their protection.



LC Logistics Office Block Emergency Drill

Environmental, Social and Governance Report 2025

4. Operators' Safety Management Measures:

- (1) Safety of Equipment Operation: Prior to use of new equipment, a relevant *Safe Operation Manual* shall be prepared. Before using the equipment, users must understand the "four understandings and three abilities" (understanding of principles, understanding of performance, understanding of structure, understanding of usage, ability to operate, ability to maintain, ability to troubleshoot) Personnel or interns dispatched to the site must undergo safety education and training on equipment operation.
- (2) Safety of Special Operations: Special operations personnel must be licensed and accept supervision and inspection by the Company's safety management personnel.
- (3) Safety of Hazardous Operations: Safety supervisors are responsible for approval, oversight, and inspection. Operators must correctly use and wear labor protection equipment. Ensure clear understanding and prevention of risks by conducting technical disclosure, field inspection, and risk assessment in a careful manner.

5. Shipboard Personnel Health Management Measures:

- (1) Before boarding, the crew must undergo a complete health examination, be medically fit for sea duty, and possess a valid health certificate.
- (2) Weekly *Maritime Labor Convention* (MLC) inspections are conducted to ensure that the crew's working conditions, living facilities, and benefits meet international standard requirements.
- (3) By engaging the crew in first aid knowledge and skill training and equipping vessels with standard first aid kits and medical supplies, the Company ensures that abrupt diseases or injuries are addressed in time and in a standardized manner.
- (4) The Company equips vessels with ample anti-epidemic supplies. The crew members are required to perform self-inspections of infectious disease prevention and control measures, while rigorously implementing daily health monitoring and ship inspections. These measures are intended to prevent crew members from contracting diseases caused by poor hygiene.
- (5) Through training on the *Labor Manual*, operational risk assessment, work permit policy, use of personal protection equipment, *Code of Safe Working Practices* (COSWP), the crew have increased their awareness of occupational safety and capacity for standardized operations. This helps them avoid operational risks at the source.

Environmental, Social and Governance Report 2025

3.2.2 Occupational Health and Safety Goals

During the Reporting Period, LC Logistics experienced no major accidents related to occupational health and safety. The attainment of the Company’s occupational health and safety goals is as follows:

Goals	2025 Goal Attainment
Labor protection equipment usage rate 100%	✓
Rate of crew repatriation for health reasons below 1%	✓

During the Reporting Period, the following key outcomes were achieved by LC Logistics in terms of occupational health and safety:

Key Outcomes of Occupational Health and Safety for 2025			
Percentage of work-related injuries	0%	Number of persons with work-related injuries	0 Person
Percentage of persons with work-related injuries	0%	Number of lost days due to work-related injuries	0 Days
Number of persons who underwent a physical examination	189 Persons	Coverage of physical examination	57.10%
Coverage of work-related injury insurance for employees	100%	Premium of work-related injury insurance for employees	180.37 RMB10,000

During the reporting period, the number and ratio of work-related fatalities at LC Logistics for three consecutive years are as follows:

Indicator	Unit	2023	2024	2025
Number of work-related fatalities	Person	0	0	0
Percentage of work-related fatalities	%	0	0	0

3.3 Service First

LC Logistics has established a global logistics network after 20 years of development. Our extensive logistics network spans North America, Latin America, Europe, Australia, Africa, East Asia, Southeast Asia, and beyond. We provide a wide assortment of services, including shipping agency services, freight forwarding, container management, break bulk cargo transportation, and gas tanker transportation. In line with our mission of “providing total logistics service solutions to customers,” we commit full effort to offer tailored, one-stop smart logistics solutions.

Environmental, Social and Governance Report 2025

3.3.1 Product Quality and Service

LC Logistics has years of industry expertise and customer insights. We have established a full-service chain that integrates container collection, storage, sorting, customer clearance, cross-border marine transportation, storage transfer, and last-mile delivery. Based on our self-developed online service platform, we make logistics fully traceable and relevant information viewable. We enhance operational efficiency and provide customers with an easier, more reliable service experience. In addition, we prioritize customer satisfaction. By formulating and carrying out the *Business Management Manual*, we develop a fast resource allocation system, design flexible transportation plans, and continuously optimize service processes through scientific staff performance assessments. Through these efforts, we pledge to create lasting and steady value for our customers.

Self-developed Online Platform System	Employee Performance Reward and Punishment System	Personalized Service Program
<p>Using the marine space booking platform and online service system, we can manage the entire process, from online space booking to container tracking and after-sales customer service. By significantly enhancing business operational efficiency, we deliver premium services to customers.</p>	<p>We list the number of customer complaints as a KPI depending on actual communication between employees and customers, making customer feedback a reflection of staff service quality. We regularly review customer feedback and take appropriate action, while maintaining open communication with customers. We offer performance rewards to employees who receive commendations from customers.</p>	<p>For customers in need of transporting special goods, we optimize sailing schedules, pool shipping company resources, and design flexible transportation programs. These programs ensure that goods are delivered steadily and on time at a competitive price.</p>

Initiatives to Enhance Service Quality

Key Outcomes of Customer Service Quality for 2025

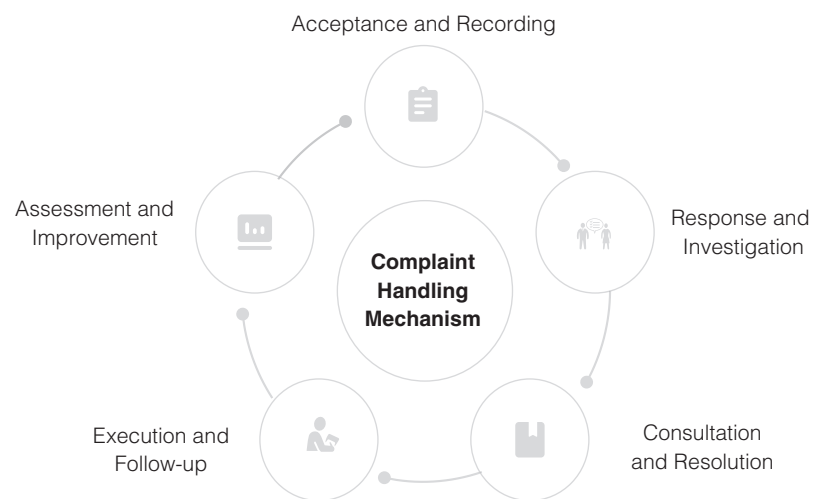
EIR container release ratio	90%+	Average order response time	5 Seconds
Customer satisfaction	100%	Number of customer complaints	0 Cases
Number of customer complaints per RMB 1 Million in Revenue	0 Cases	Complaint handling rate	Not involved

Environmental, Social and Governance Report 2025

3.3.2 Customer Complaint and Feedback Mechanism

LC Logistics attaches great importance to customer complaints and feedbacks. Therefore, we have formulated and carried out *Customer Complaint Handling, After-sales Service, and Abnormality Management Policy*. With guarantee on normalization and standardization of the handling process, problem-solving efficiency has been raised. We have established a mechanism for handling complaints via email, phone, our online platform, and sales connections, among other channels, to ensure that customer feedback is received and addressed in a timely manner. Meanwhile, the Company also listens extensively to suggestions and proposals from customers, departments, space-booking organizations, agencies, and suppliers.

LC Logistics has established a systematic customer complaint and dispute resolution process to ensure all complaints are addressed promptly and fairly. After receiving a complaint, the Customer Service Department accurately transfers the information to the responsible department and demonstrates its commitment to handling the issue. Subsequently, the Customer Service Department will follow up on the progress of handling the complaint and pay the customer a visit to understand the cause of the complaint and the expected solution. A solution is developed through a collaborative effort involving effective communication. The manager of the responsible department shall take concrete actions in a timely manner and, if necessary, enter into a written agreement to ensure the effective implementation of the solution. The Company's General Manager will oversee and assess the entire complaint handling process, implement rewards or punishments based on the results, and drive systematic rectification to achieve a closed-loop, continual improvement process.

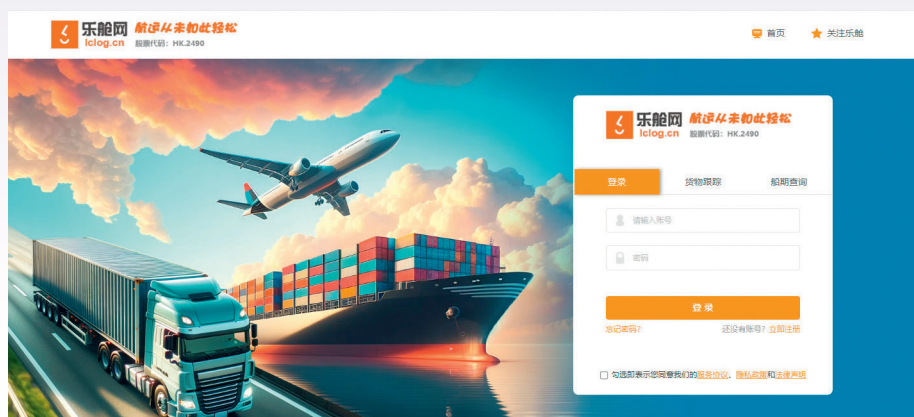


Customer Complaint Handling Mechanism

Environmental, Social and Governance Report 2025

3.4 Digital Operations

LC Logistics works out a systematic mid-to-long-term development plan based on safety and compliance, centered around efficiency enhancement, and guided by customer value. By 2025, the Company will have completed the development of core software systems and the optimization of existing systems. It will have created a unified, intelligent data platform and achieved full-chain business data integration. This integration will cover order submission, ship schedule inquiry, end-to-end tracking, space booking, and online reconciliation. These efforts will lay a solid foundation for high-efficiency operations. Additionally, the Company has upgraded the existing VRC monitoring system. This upgrade increased operational efficiency by 18%, lowered logistics costs by 6%, and reduced the human operation error rate by 20%.

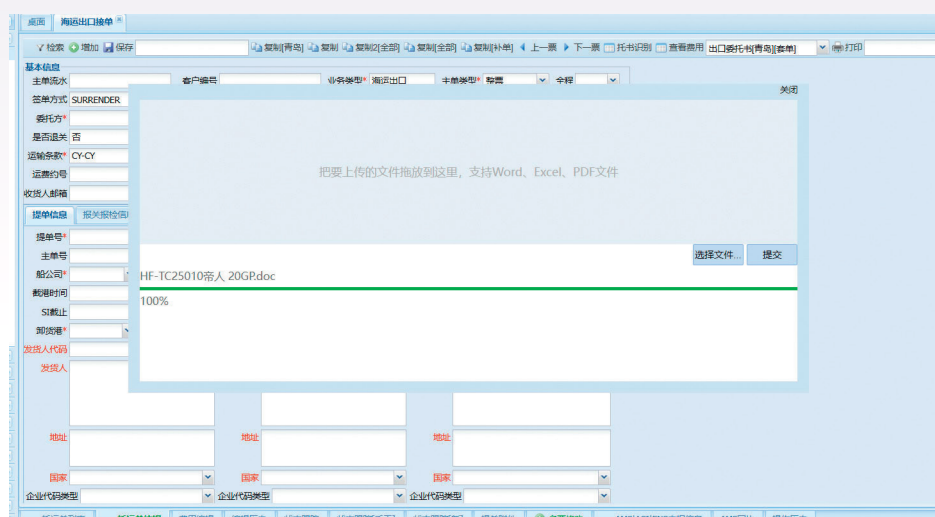


Looking ahead, the Company plans to further integrate technology and also create a stronger ecosystem. In a bid to further enhance operational automation and service accuracy, the Company plans to develop an AI agent that will empower business scenarios in 2026. By 2027, create a digital logistics ecosystem platform that aligns with the systems of upstream and downstream customers and suppliers. The purpose of this platform is to promote the connectivity of industrial chain information and enhance the efficiency of collaboration. Through continuous integration of mobile Internet, big data, AI, and other cutting-edge technologies, LC Logistics will step up work in innovation in fields of maritime safety, operational efficiency enhancement, green and low carbon, and industrial chain coordination, with the ambition of boosting high-quality business development.

Environmental, Social and Governance Report 2025

Digital R&D Case

In 2025, LC Logistics Technology's R&D Department successfully developed and deployed the intelligent logistics order submission toolkit software. Leveraging the Company's nearly three years of operational data history and intelligent document identification system, the toolkit enables automatic verification and format standardization of order information. This innovation has effectively resolved the problems of inefficient and faulty human submissions, bringing about a leap in order submission efficiency. Since its implementation, the time required for a single order submission has been reduced to 8 minutes, and the submission error rate has decreased by 5.5%. This has provided technical support for continual improvements to the Company's operational efficiency and data quality.



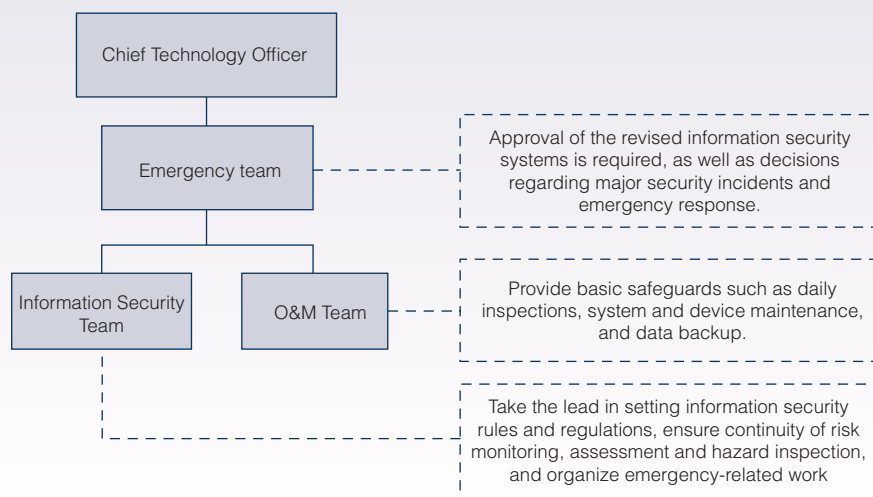
LC Logistics Intelligent Order Submission Software

3.4.1 Information Security and Customer Privacy Protection

LC Logistics places a premium on information security and customer privacy protection. Therefore, we have formulated *Shandong Lcang International Logistics Inc. Corp. Ltd. Data Security Management Policy*, *Organizational Structure and Responsibility of Data Information Security Team*, *Shandong Lcang International Logistics Inc. Corp. Ltd. Data Security Management Policy*, *Shandong Lcang International Logistics Inc. Corp. Ltd. Data Storage, Expiry and Destruction Policy*, *Shandong Lcang International Logistics Inc. Corp. Ltd. Server Security Strategies*, *Shandong Lcang International Logistics Inc. Corp. Ltd. Data Backup and Recovery Management Policy*, *Shandong Lcang International Logistics Inc. Corp. Ltd. Software System Change Management Policy*, and other internal policies. These policies specify the governance framework, data classification relationships, rights and responsibilities, data backup and recovery, data storage and destruction, emergency response to data leakage, personal information protection, and supplier management.

Environmental, Social and Governance Report 2025

To ensure the systematic security and privacy of data, the Company has established a highly hierarchical information security governance framework. The Chief Technology Officer (CTO) oversees and is responsible for the entire framework, supported by the Emergency Team, the Information Security Team, and the O&M Center. Together, these teams form a comprehensive management system that covers policy making, daily operations and maintenance, and emergency response.



Information Security and Customer Privacy Protection Organization Structure

Through in-depth classified data management, system operation & maintenance monitoring, emergency drill and staff security training, among other initiatives, we give a pledge on information security on all fronts. Specific measures are as follows:

- Data Classification Management:** The Company breaks data into four categories under data classification management and adopts differentiated access control, encryption, and storage measures by data level. This lays the foundation for protecting information security.
- System O&M Guarantee:** Data centers and cloud servers are checked on a daily basis to ensure sustained and steady operation of infrastructure. A timed backup and remote disaster recovery system has been established to assure business continuity and data recoverability.
- Emergency Drill:** Periodic emergency drills are carried out in simulated scenarios of hacker intrusion, system breakdown, and data tampering. These drills are designed to practice emergency response measures such as monitoring, isolation, evidence gathering, and recovery. The goal is to improve the ability to address practical situations.

Environmental, Social and Governance Report 2025

During the Reporting Period, LC Logistics yielded key outcomes of information security emergency drills as follows:

Key Outcomes of Information Security Emergency Drills for 2025

Number of emergency drills	2 Times	Debugging duration	<4 Hours
Frequency of vulnerability scanning	4 Times	Cyber attack interception rate	99.8%
Emergency response time	Reduced by 2 Hours		

- Employee Training and Awareness Raising:** Through security awareness training and job-specific training, employees have enhanced their data protection responsibilities and risk prevention expertise. During the Reporting Period, LC Logistics organized one all-staff training and two special training sessions on new policies for O&M personnel. The Company experienced no negative incidents related to information security.

Information Security Training Case

In the first half of 2025, the Company organized special information security education and training sessions for all staff to promote information security awareness. Revolving around core provisions in the *Data Security Management Policy*, *Cybersecurity Incident Emergency Response Procedures*, and the identification and prevention of phishing and other common risks. It promoted the development of an information security culture.



LC Logistics Information Security Training

Environmental, Social and Governance Report 2025

As a cross-border logistics enterprise, the Company places great importance on protecting personal information. In particular, for cross-border data transmission, the Company has established *Shandong Lcang International Logistics Inc. Corp. Ltd. Data Export Management Policy* to standardize data exports and ensure compliance with relevant laws and regulations. Here are some key initiatives:

1. **Data Export Risk Assessment:** The Company has formed a special assessment team to thoroughly evaluate exported data based on quantity, scope, category, and sensitivity. This ensures the security and compliance of exported data.
2. **Access Permission Control:** Based on the principle of minimum necessity, the Technology R&D Department assigns data access permissions according to employees' job responsibilities and security level to avoid the risk of unauthorized access to technology.
3. **Principle of Legitimacy:** The Company only collects the personal information necessary to provide logistics services. It informs customers of the uses, means, and scope of the data collected via online customer service and other channels. No data will be collected without the consent of customers.
4. **Third Party Data Sharing:** Without the consent of customers, the Company will not share their personal data with any third party; information sharing involves legal data masking and the signing of a non-disclosure agreement with the recipients, which outlines their responsibility for protecting the information.

Technology-Based Personal Information Protection Case

In 2025, the R&D Department at LC Logistics Technology upgraded the automatic document identification and online customer service AI agent system. The upgrade included new features such as automatic personal data masking and authorization record tracing. Depending on the data classification policy used, features automatically mask privacy information while maintaining a complete record of customer authorizations. The upgrade has effectively resolved the problems of inefficient human masking and incomplete authorization records. From a technological perspective, it strengthens the capacity to protect user privacy.

Environmental, Social and Governance Report 2025

5. **User Right Protection Channel:** Users can give feedback via “Privacy and Right Protection” on the Company’s website, customer service hotline, etc.

Customer Service Hotline:
0532-86660608-1029
E-mail: min.jiang@lcang.com



6. **Safeguarding User Right to Know:** On the “Privacy Policy” page of the Company’s website, the Company lists procedures for protecting personal information and rights, as well as contact information and relevant complaint handling cases. The aim is to enhance transparency and credibility in privacy protection.

7. **Employee Training and Awareness:** We organize regular personal information protection training to raise employees’ awareness of this issue. During the Reporting Period, LC Logistics held a personal information protection training session for all staff, new entrants, and new software system operators.

Personal Information Protection Training Case

In August 2025, LC Logistics incorporated personal information protection into regular training, and carried out special privacy protection education and training. The training was focused on the *Personal Information Protection Law of the People’s Republic of China*, and key compliance requirements, privacy-related complaint and report handling procedures in the Company’s *Data Export Management Policy*. In combination with actual use cases. The training included practical examples to increase employees’ awareness of compliance and operational capacity in personal information protection.



LC Logistics Privacy Protection Training

Environmental, Social and Governance Report 2025

In addition to the preceding measures, we have further established a governance mechanism integrating emergency response, supply chain information regulation, and security examination, made information security and privacy protection part of the entire business process. Specific measures are as follows:

1. **Emergency Response Mechanism:** It is stipulated in the *Cybersecurity Incident Emergency Response and Reporting Policy* that for confirmation of data leakage and other incidents to the detriment of personal information, the Technology R&D Department shall instantly start emergency protection procedures, and carry out measures of information verification, emergency isolation, reporting, data traceability, debugging, etc., while notifying affected users. Ultimately, a review meeting is convened to optimize emergency procedures and amend the *Cybersecurity Incident Emergency Response and Reporting Policy*. This results in closed-loop emergency management.

2. **Supplier Information Security Management:** In accordance with the *Third Party Supplier Service Risk Management Policy*, the Company has clarified the admission criteria for technology suppliers. These suppliers must have a National Level 3 Classified Information Security Protection Certification or higher, have no major information security violation records within the last three years, and receive approval from the multi-level internal technology and management review. Prior to beginning work, suppliers must sign a non-disclosure agreement to strictly adhere to the data confidentiality obligations therein. They must also work out a security emergency response plan compatible with the Company to ensure the efficient handling of emergencies. Throughout the course of our partnership, the Company regularly evaluates and assesses the performance of its contracts, ensuring that suppliers adhere to security compliance standards. This commitment is an integral part of our efforts to establish a long-term, reliable, and transparent supply chain security ecosystem.

3. **Information Security Review:** The Internal Control Department incorporates information security reviews into the Company's regular internal review process. Through a combination of regular and special inspections, the department systematically oversees the implementation of information security policies and ensures that relevant management requirements are effectively carried out, thereby strengthening the foundation of information security.

During the Reporting Period, LC Logistics yielded key outcomes of information security and customer privacy protection as follows:

Key Outcomes of Information Security and Customer Privacy Protection for 2025

Number of privacy leakage incidents	0 Incident	Number of information security incidents	0 Incident
Number of information security and customer privacy protection training sessions	2 Sessions	Number of employees in information security and customer privacy protection training	366 Persons

Environmental, Social and Governance Report 2025

3.4.2 Intellectual Property Protection

We have formulated the *Intangible Asset Management Policy*, which emphasizes intellectual property protection. In doing so, we intend to put patent rights, non-patented technologies, trademark rights, copyrights, and other intellectual property rights held by the Company under management and protection. All employees shall sign the *Non-disclosure Agreement* while joining the Company, giving a pledge on the confidentiality of the intellectual property rights of the Company and customers. Before project approval, the Technology R&D Department must search for prior patents to avoid infringement. Infringement incidents shall be instantly reported to the Administrative Department for making investigation, gathering evidence and taking remedial actions, if any. In addition, employees should raise their awareness of intellectual property protection by participating in online and offline training and phased assessments. During the Reporting Period, LC Logistics experienced no incidents in connection with infringement of intellectual property.

Intellectual Property Training Case

In 2025, the Company conducted intellectual property training for all staff of the Technology R&D Department. The training focused on the Company’s intellectual property overview, infringement risk prevention and response, application and protection, and relevant laws and regulations. It furthered staff awareness of intellectual property protection.



LC Logistics Intellectual Property Training

During the Reporting Period, LC Logistics produced the following key intellectual property outcomes:

Key Outcomes of Intellectual Property for 2025

Number of software copyrights	60 Copyrights	Number of software copyrights added from 2024	5 Copyrights
-------------------------------	---------------	---	--------------

Environmental, Social and Governance Report 2025

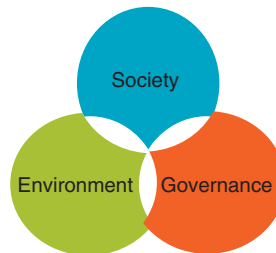
3.5 Supplier Management

Fully aware of the significance of the upstream and downstream industrial chain to the Company’s sustainable development, LC Logistics has formulated and carried out *Shandong Lcang International Logistics Inc. Corp. Ltd. Contract Management Policy and Shandong Lcang International Logistics Inc. Corp. Ltd. Procurement and Supplier Management Measures*, thereby establishing a full process management mechanism from admission, assessment to supervision inclusive. We serve to integrate environmental, social and governance (ESG) ideas into all supply chain practices, and drive coordinated development of suppliers, so as to boost the supply chain’s resilience.

3.5.1 Supplier Eligibility Criterion

The Company’s suppliers fall into several categories, including agency, transportation, services, technology, finance, and legal affairs. We have set targeted admission standards and performance requirements for suppliers based on their business characteristics and ESG risk attributes. These standards ensure that eligible suppliers uphold the Company’s expectations for sustainable development. Therefore, the Company has set up a four-tier vetting mechanism (“Internal Control Department – Finance Department – Legal Department – Centralized Management Department”), to make scientific assessments on suppliers’ qualifications, compliance records, and capabilities for contract performance. Those that pass the vetting shall sign the *Letter of Commitment to Compliance* before being listed as partners, thus ensuring compliance and social responsibility of suppliers.

Protection of Labor Rights and Interests: Pledge on no child labor, forced labor or discrimination in any form.
 Quality and Safety: We possess complete quality management system certification and safe operation qualifications.
 Information Confidentiality: Conclude non-disclosure agreement with the Company, and take obligation of confidentiality to the informed Company's business secrets.



System Certification (Priority): Suppliers are encouraged to establish and pass certification for their environmental management systems.
 Green Procurement: When selecting raw materials, purchase materials and products that are environmentally friendly, conserve energy and water, and are recyclable.
 Environmental Compliance: Strictly abide by national and local environmental protection regulations, and incur no major environmental pollution accidents in recent years.

Honest Practice: Suppliers must adhere to business ethics and comply with anti-corruption and anti-bribery laws and regulations. They must also prohibit bribery, kickbacks, transfers of interests, and the provision of improper conveniences in any form.
 Qualification and Contract Performance: Suppliers must have complete and valid certification of qualifications for legitimate operation, as well as proven sound management and contract performance records.
 Business Reputation: Suppliers must have a good reputation in the market and must not have any major negative records of market manipulation, customer fraud, or breach of confidence.

LC Logistics Supplier ESG Eligibility Criterion

Environmental, Social and Governance Report 2025

3.5.2 Supplier Evaluation and Exit

The Company has formulated and carried out the *Shandong Lcang International Logistics Inc. Corp. Ltd. Customer and Supplier Information Management Regulations in Business System*, conducting regular assessment on suppliers' service quality and contract performance. Those identified to fail to meet the Company's criteria will be included in the risk control list; to continually optimize the stability and compliance of the supply chain, suppliers that repeatedly fail to meet requirements will be put into exit procedures and blacklisted.

During the Reporting Period, the quantitative data of LC Logistics suppliers is as follows:

Indicator	Unit	2025
Total number of suppliers	Number	2,108
Including: Mainland China suppliers	Number	1,878
Non-Mainland China suppliers	Number	230

4 People-oriented

LC Logistics advocates a "people-oriented and bona fide" development philosophy. The Company provides employees with plenty of space and a platform to realize their potential, inspiring them to grow alongside the Company. We respect all legitimate rights and interests of employees. Through institutional guarantee and humane care, we create a harmonious, inclusive and vibrant workplace for employees.

4.1 Compliant Employment

In compliance with the *Labor Law of the People's Republic of China*, *Employment Contract Law of the People's Republic of China* as well as other relevant laws and regulations, as well as in consideration of the Company's specific circumstances, the Company has laid down the *Employee Handbook*. We adhere to the fundamental principles of legitimacy, compliance, fairness, equality, honesty, and credibility. We have developed a comprehensive staff management system that encompasses compliant employment, remuneration and benefits, promotion and development, diversity and inclusiveness, and dismissal management. We are committed to ensuring that employees are entitled to all legitimate rights and interests under the law. These include the right to equal treatment, fair compensation, rest and leave, health and safety protections, occupational training, and social benefits. We are continuously working to establish standardized, harmonious, and sustainable employment relationships.

Environmental, Social and Governance Report 2025

4.1.1 Labor Criterion

LC Logistics strictly abides by the *Law of the People's Republic of China on the Protection of Minors*, *IMO Maritime Labour Convention, 2006*, *ILO Abolition of Forced Labour Convention (No. 105)* and *Minimum Age Convention (No. 138)* and other related national or international laws or regulations. Based on the compliance warning and special training facilitated by the Shandong Technical Trade Measure Information Platform, the Company explicitly bans forced and child labor in any form. The Company rigorously implements age verification and control of working hours during the recruitment process to effectively ensure the legitimate rights and interests of minors. During the Reporting Period, LC Logistics experienced no incidents of forced labor and child labor.

Furthermore, LC Logistics actively aligns its operations with the sustainable development requirements of the upstream supply chain. In compliance with the environmental, social, and governance standards and labor policies of its upstream suppliers, the Company prohibits forced and child labor. We are committed to jointly establishing a compliant, responsible, and transparent supply chain ecosystem with customers and partners. Their ESG requirements have also been integrated into our management system.

4.1.2 Diversity and Equality

LC Logistics is steadfast in promoting an equal, diverse, and inclusive workplace culture. The Company resolutely prohibits discrimination based on age, gender, race, citizenship, religion, and other characteristics. We follow the principles of fairness and justice in our recruitment and appointment processes. This allows us to provide equal opportunities for talented individuals with diverse backgrounds, experiences, and areas of expertise. It also enables us to effectively guarantee the legitimate rights and interests of every candidate.

The Company places emphasis on and actively implements the protection of rights and interests of female employees, and carries out arrangements on prenatal check-up leave, maternity leave, miscarriage leave, etc for female employees, in line with laws and regulations. At the same time, we standardize employee conduct and prohibit harassment and any form of unwelcome or hostile behavior. Female employees now comprise 50% of senior management and 62% of middle management. This is a testament to our sustained efforts to promote gender equality and diversity.

Environmental, Social and Governance Report 2025

During the Reporting Period, the employment situation of LC Logistics is shown as follows:

Indicator	Unit	2025
Total Number of Employees by Employment Type		
Full-time employee	Persons	331
Part-time employee	Persons	35
Number of full-time employees by gender		
Male	Persons	149
Female	Persons	182
Percentage of female employees	%	54.98
Number of full-time employees by age group		
Below 30	Persons	108
30-50	Persons	167
Above 50	Persons	56
Number of full-time employees by geographical region		
Mainland China	Persons	326
Hong Kong, Macau, and Taiwan	Persons	2
Overseas	Persons	3
Number of full-time employees by rank		
Senior management (Levels 13 to 15)	Persons	10
Middle management (Levels 9 to 12)	Persons	50
General staff (Below level 9)	Persons	271
Number of women in management		
Female employees in senior management	Persons	5
Female employees in middle management	Persons	31
Number of new entrants employed	Persons	43
By working experience		
Fresh graduates	Persons	11
Social recruits	Persons	32
By gender		
Male	Persons	22
Female	Persons	21

Environmental, Social and Governance Report 2025

During the Reporting Period, the turnover of regular employees at LC Logistics is as follows:

Indicator	Unit	2025
Total employee turnover rate	%	19.88%
Employee turnover rate by gender		
Male	%	24.08%
Female	%	16.26%
Employee turnover rate by geographical region		
Mainland China	%	20%
Hong Kong, Macau, and Taiwan	%	0
Overseas	%	0
Employee turnover rate by age group		
Below 30	%	24.62%
30-50	%	16%
Above 50	%	24.49%

4.2 Development and Training of Employees

4.2.1 Training of Employees

Talent development is the cornerstone of corporate sustainable development. Through systematic training and occupational development system, LC Logistics provides support for the growth of employees. In accordance with the *Employee Handbook* and *Training and Selection Management Regulations*, the Company has established a training framework that comprises three stages: “orientation training – on-the-job enhancement – in-depth training”. The framework features full coverage from new employees to senior management and directors inclusive.

Orientation Training	On-the-job Training	Funded Training
After joining the Company, new employees will participate in a systematic orientation training program covering corporate culture, institutional specifications, job responsibilities, and compliance guidelines. This training helps new employees quickly acclimate to the organization, define boundaries of conduct, and establish a foundation for compliant employment and value recognition.	In combination with business realities and job requirements, the Company helps employees improve their overall work performance through expert training, skill development, and occupational quality enhancement programs. As a result, personal growth keeps pace with organizational development.	The Company has set up a special training funding mechanism that provides advanced learning opportunities, such as an MBA program and studying abroad, to employees who have demonstrated outstanding performance and extraordinary potential. This mechanism supports these employees in broadening their horizons and reaching new heights in their careers.

LC Logistics Training System

Environmental, Social and Governance Report 2025

In 2025, the Company optimized its talent development system further by commencing a new talent training program. The program was designed to cultivate new talent in sales and global management and support their professional development. Meanwhile, LC Logistics organized professional training programs tailored to business needs. For example, they offered training on “Risks of Labor Employment under New Judicial Interpretations” to the HR Department and training on “Group Credit and Receivable Management Regulations” to the finance department. These programs aimed to improve the work-related response capacity of key employees. Additionally, the Company introduced external professional resources and hired industry instructors to launch programs on cross-border e-commerce and international trade terminology. These programs help employees broaden their industry horizons and facilitate internal and external knowledge exchange and renewal.

In addition to professional skills, LC Logistics has created a well-organized HSE training system under the “Health, Safety and Environment” management policy. The training is intended to promote staff awareness of safety management, occupational health, and environmental protection in all respects. It entails fire and theft prevention, self-protection, and other safety practices, as well as environmental practices such as energy saving, emissions reduction, and green transport. The Company maintains complete records of each HSE training and delivers systematic reports, which serve as the basis for the continual optimization and updating of follow-up training sessions. During the Reporting Period, LC Logistics provided 90-minute HSE training to approximately 100 people, promoting a culture of HSE as an integral part of organizational operations.

Environmental, Social and Governance Report 2025

During the Reporting Period, the quantitative data of LC Logistics staff training are as follows:

Indicator	Unit	2025
Total investment in occupational development training	RMB 10,000	35.1
Total number of occupational training sessions	Times	16
Total number of trained employees	Sessions	139
Number of full-time employees trained by gender		
Male	Sessions	71
Female	Sessions	68
Number of full-time employees trained by employee type		
Senior Management	Sessions	34
Middle Management	Sessions	47
Regular Employees	Sessions	58
Coverage of trained employees	%	47.99
Average training hours of employees	Hours/Person	1.12
Total training hours	Hours	370
Total training hours completed by full-time employees by gender		
Male	Hours	147
Female	Hours	223
Total training hours completed by full-time employees by employee type		
Senior Management	Hours	34
Middle Management	Hours	93
Regular Employees	Hours	127

4.2.2 Employee Performance Assessment

In accordance with *Shandong Lcang International Logistics Inc. Corp. Ltd. Performance Assessment Management Policy*, LC Logistics has set up a scientific and hierarchical employee performance management system. The Company conducts monthly assessments on key job holders (such as salespeople and operators), and relevant results are deemed as important basis for promotion and salary adjustments. Through an annual comprehensive assessment of all staff, the Company determines annual excellence assessments and performance bonuses. The Company is constantly improving its assessment system, upholding the principles of fairness, justice, openness, and scientificity. With this system, performance assessments function as the core mechanism for staff incentives and development.

Environmental, Social and Governance Report 2025

4.2.3 Employee Development and Promotion

In accordance with *Employee Promotion, Transfer, and Salary Adjustment, Salary Calculation and Payment Policy*, and *Employee Ranking System Management Measures*, the Company has established an institutionalized employee promotion and development system. The system combines performance assessment results with promotion mechanism to ensure scientific and fair staff promotion. Additionally, the Company has defined two career paths for employees: professional and management. The Company has also designed differentiated development and promotion tracks based on skill specialties and business strengths. By fully supporting employees in an occupational development path that suits their personal growth, the Company helps them constantly enhance their personal value.

4.3 Salary and Benefits of Employees

4.3.1 Employee Remuneration

In accordance with *Shandong Lcang International Logistics Inc. Corp. Ltd. Sales Compensation and Commission Management Measures* and *Shandong Lcang International Logistics Inc. Corp. Ltd. Employee Promotion, Transfer and Salary Adjustment, Salary Calculation and Payment Policy*, LC Logistics persists in optimizing staff remuneration package. The Company makes reasonable plans for staff remuneration based on the principles of equal pay for equal work and work-based payment. These plans take into account factors such as comprehensive job responsibilities, personal capabilities, and performance. Thus, employees receive compensation that is both externally competitive and internally equitable. LC Logistics' compensation package includes a base salary, performance-based rewards, bonuses/commissions, and various subsidies. A flexible and diversified salary adjustment mechanism has been put in place to ensure that salary levels match employees' capabilities and performance.

For incentive mechanism, the Company, in accordance with *Shandong Lcang International Logistics Inc. Corp. Ltd. Operator Incentive Management Measures*, *Shandong Lcang International Logistics Inc. Corp. Ltd. Ship Management Evaluation Measures*, and other internal policies, has established a scenario-based reward system to give financial incentives to employees who exceed expectations, offer constructive advice, handle emergencies properly, fulfill their whistleblower responsibilities, and demonstrate other exceptional performance. LC Logistics has also established a targeted bonus assessment system for ship management. With ship safety and cost management as KPIs, top ship management teams are rewarded to encourage continuous improvement in ship management.

Environmental, Social and Governance Report 2025

4.3.2 Benefits and Caring for Employees

LC Logistics fully understands the importance of employee well-being to the Company's efficient and healthy development. Therefore, the Company has formulated and carried out *Shandong Lcang International Logistics Inc. Corp. Ltd. Subsidy Standards and Distribution Policy*, *Shandong Lcang International Logistics Inc. Corp. Ltd. Salary and Benefit Management Policy* and other internal policies. By law, the Company pays social insurance, medical insurance, and housing fund in full amount for all staff, and strictly disburses overtime pay and guarantees all kinds of leaves and benefits in line with statutory standards, ensuring the implementation of legitimate rights and interests of employees. This ensures the implementation of employees' legitimate rights and interests.

Meanwhile, the Company is committed to creating a people-oriented benefits system. By providing living allowances, festival care, cultural and sports activities, and annual health checkups, among other benefits, the Company has effectively enhanced its employees' sense of belonging. In return, employees provide the Company with constant and positive endogenous impetus.

Living Allowance

As an act of acknowledging employees' long-term contribution and strengthening organizational cohesion, the Company subsidizes employees who have worked there for three years or longer. Additionally, the Company offers a comprehensive package of subsidies and benefits for overtime, traffic, lunch, communication, and more to support employees' work-life balance.

Festival Welfare

On Women's Day, the Spring Festival, the Dragon Boat Festival, and other important holidays, the Company provides a wide assortment of holiday gifts and caring activities for employees. This delivers the Company's people-oriented culture and enhances employees' sense of belonging and cohesion.

Recreational and Sports Activities

We organize annual meetings, outdoor team-building events, birthday celebrations, and other cultural and sports activities to enrich the spare time of our employees, encourage teamwork and collaboration, foster a positive and healthy work environment, and support work-life balance.

Annual Health Check-up

Every year, the Company provides all staff with a systematic health checkup. This demonstrates the Company's commitment to the physical and mental health of its employees, as well as its investment in their long-term well-being.

LC Logistics Employee Benefit Initiatives

Environmental, Social and Governance Report 2025



LC Logistics Afternoon Tea Event

While we provide basic benefits, our main concern is giving employees care and support in life. Taking care measures such as disaster relief, mental health concerns, and flexible working arrangements, the Company is committed to creating a workplace with respect and humane care.

Relief for Employees in Need	Mental Health Management	Flexible Working System for Special Circumstances
<p>The Company has established channels to assist employees in need. For those experiencing hardships, the Company provides relevant pension or solatium. With a combination of financial support and humane care, the Company helps its employees and their families get through hard times.</p>	<p>Using HR public e-mail service, employees voice their claims and conditions. Through the ERP system, we connect with employees and monitor their mental health.</p>	<p>The Company has established a flexible working system that supports employees in better balancing work and family responsibilities. Employees who are required to provide personal care to seriously ill family members may submit an application to the Human Resources Department to work from home or adopt a flexible work schedule.</p>

LC Logistics Measures for Caring Employees

Environmental, Social and Governance Report 2025

4.3.3 Employee Communication and Complaint

LC Logistics is committed to shaping an open, transparent, and respectful communication culture. The Company maintains communication with employees via multiple channels, including a complaint channel, a questionnaire survey for all staff via the OA system, and various daily cultural activities. By doing so, we keep up to date with our employees' needs and enhance their sense of happiness and satisfaction.

Through a standardized complaint mechanism, the Company promises to listen to employees' concerns and respond promptly. In accordance with *the Shandong Lcang Network International Logistics Co., Ltd. Employee Feedback Collection and Handling Policy*, the internal control department is responsible for the regular collection of employee opinions, which are systematically compiled and submitted to senior management for review. Upon receiving feedback, the internal control department communicates with relevant functional units, formulates response measures, and coordinates corrective actions. For feedback submitted with real-name identification, the department provides direct follow-up to the employees, thereby closing the communication loop and reinforcing a relationship of mutual trust and shared development between the company and its staff.

During the Reporting Period, LC Logistics conducted an employee satisfaction survey within the Company. Representatives of employees from all departments were selected to evaluate the working atmosphere, respect, sense of accomplishment from work, interpersonal relationships, and company management. Roughly 80% of employees were "very satisfied", while the rest 20% were "basically satisfied". The satisfaction data of all indicators are as follows:

Indicator of satisfaction	Degree of satisfaction	Percentage of employees
Working atmosphere	Very satisfied	81.25%
	Basically satisfied	18.75%
Respected	Very satisfied	81.25%
	Basically satisfied	18.75%
Sense of accomplishment from work	Very satisfied	87.5%
	Basically satisfied	12.5%
Interpersonal relationship	Very satisfied	81.25%
	Basically satisfied	18.75%
Company management	Very satisfied	75%
	Basically satisfied	25%

Environmental, Social and Governance Report 2025

4.4 Community Engagement & Public Welfare

LC Logistics prioritizes contributions and returns to the nearby community. Throughout the year, we actively participated in community development by engaging in volunteer service, promoting legal awareness throughout the community, and providing community-based health services. These efforts helped create a better neighborhood for local residents.

During the 2025 Qingdao Marathon, the Company enlisted its employees to volunteer in community-based services. The volunteers provided runners with drinking water and energy supplements at aid stations along the route. Through these concrete actions, the Company supported local sports development and fulfilled its corporate social responsibility.

In October 2025, the Company launched a community-based campaign to raise awareness of laws and regulations in various means. By combining game-based interaction with a reward mechanism, we publicized knowledge of public security administration laws and regulations for residents. By effectively enhancing the legal awareness and self-protection capacity of community members, we contributed to creating a community of residents that abide by disciplinary regulations and the law.



Environmental, Social and Governance Report 2025

APPENDIX

GUIDELINES OF THE STOCK EXCHANGE

Subject Areas, General Disclosures and Key Performance Indicators (KPI) of ESG			Section
Environment			
A1: Emissions	General Disclosures	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer. relating to air emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Green Development – Addressing Climate Change Green Development – Environmental Management Green Development – Pollution Prevention and Control
	KPI A1.1	The types of emissions and respective emissions data.	Green Development – Pollution Prevention and Control
	KPI A1.2	Repealed 1 January 2025	–
	KPI A1.3	Total hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Green Development – Pollution Prevention and Control
	KPI A1.4	Total non-hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Green Development – Pollution Prevention and Control
	KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Green Development – Pollution Prevention and Control
	KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Green Development – Pollution Prevention and Control

Environmental, Social and Governance Report 2025

Subject Areas, General Disclosures and Key Performance Indicators (KPI) of ESG			Section
A2: Use of Resources	General Disclosures	Policies on the efficient use of resources, including energy, water and other raw materials.	Green Development – Energy Utilization Green Development – Utilization of Water Resources
	KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Green Development – Energy Utilization
	KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Green Development – Utilization of Water Resources
	KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Green Development – Addressing Climate Change
	KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Green Development – Utilization of Water Resources
	KPI A2.5	Total packaging material used for finished products (in tons) and, if applicable, with reference to per unit produced.	LC Logistics does not directly supply packaging materials for manufactured goods, so this indicator is not applicable to its business operations.

Environmental, Social and Governance Report 2025

Subject Areas, General Disclosures and Key Performance Indicators (KPI) of ESG			Section
A3: The Environment and Natural Resources	General Disclosures	Policies on minimizing the issuer's significant impacts on the environment and natural resources.	Green Development – Ecosystem and Biodiversity Protection
	KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	Green Development – Ecosystem and Biodiversity Protection
Society			
B1: Employment	General Disclosures	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer. relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	People-oriented – Salary and Benefits People-oriented – Compliant Employment
	KPI B1.1	Total workforce by gender, employment type (for example, full-or part-time), age group and geographical region.	People-oriented – Compliant Employment
	KPI B1.2	Employee turnover rate by gender, age group and geographical region	People-oriented – Compliant Employment

Environmental, Social and Governance Report 2025

Subject Areas, General Disclosures and Key Performance Indicators (KPI) of ESG			Section
B2: Health and safety	General Disclosures	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer. relating to providing a safe working environment and protecting employees from occupational hazards.	Robust Operations – Maritime Safety Robust Operations – Occupational Health and Safety
	KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Robust Operations – Occupational Health and Safety
	KPI B2.2	Lost days due to work-related injury.	Robust Operations – Occupational Health and Safety
	KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Robust Operations – Occupational Health and Safety
B3: Development and Training	General Disclosures	Policies for improving employees' knowledge and skills for performing their work duties. Description of training activities	People-oriented – Development and Training of Employees
	KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	People-oriented – Development and Training of Employees
	KPI B3.2	The average training hours completed per employee by gender and employee category.	People-oriented – Development and Training of Employees

Environmental, Social and Governance Report 2025

Subject Areas, General Disclosures and Key Performance Indicators (KPI) of ESG			Section
B4: Labor Criterion	General Disclosures	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer. relating to preventing child and forced labor.	People-oriented – Compliant Employment
	KPI B4.1	Description of measures to review employment practices to avoid child and forced labor.	People-oriented – Compliant Employment
	KPI B4.2	Description of steps taken to eliminate such practices when discovered.	People-oriented – Compliant Employment
B5: Supply Chain Management	General Disclosures	Policies for managing environmental and social risks in the supply chain.	Robust Operations – Supplier Management
	KPI B5.1	Number of suppliers by geographical region.	Robust Operations – Supplier Management
	KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Robust Operations – Supplier Management
	KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Robust Operations – Supplier Management
	KPI B5.4	Description of the practices used to promote environmentally preferable products and services when selecting suppliers, as well as how these practices are implemented and monitored.	Robust Operations – Supplier Management

Environmental, Social and Governance Report 2025

Subject Areas, General Disclosures and Key Performance Indicators (KPI) of ESG			Section
B6: Product Responsibility	General Disclosures	<p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer.</p> <p>relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.</p>	Robust Operations – Service First
	KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	LC Logistics' business operations are not related to product recalls due to health and safety reasons, so this indicator is not applicable.
	KPI B6.2	Number of products and service-related complaints received and how they are dealt with.	Robust Operations – Service First
	KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Robust Operations – Digital Operation
	KPI B6.4	Description of quality assurance process and recall procedures.	Business operation of LC Logistics is not related to product quality inspection processes or product recall procedures, so this indicator is not applicable.
	KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Robust Operations – Information Security and Customer Privacy Protection

Environmental, Social and Governance Report 2025

Subject Areas, General Disclosures and Key Performance Indicators (KPI) of ESG			Section
B7: Anti-corruption	General Disclosures	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer. relating to bribery, extortion, fraud and money laundering.	Corporate Governance— Business Ethics
	KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.	Corporate Governance— Business Ethics
	KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Corporate Governance— Business Ethics
	KPI B7.3	Description of anti-corruption training provided to directors and staff.	Corporate Governance— Business Ethics
B8: Community Investment	General Disclosures	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the interests of communities.	People-oriented— Community and Charity
	KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport)	People-oriented— Community and Charity
	KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	People-oriented— Community and Charity

Environmental, Social and Governance Report 2025

Climate-related Disclosures		
Disclosure Framework	Subject Areas, Aspects, and KPIs	Section
Governance	<p>(a) The governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate related risks and opportunities.</p> <p>(b) Management’s role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities.</p>	Green Development – Addressing Climate Change
Strategy	<p>Climate-related risks and opportunities: An issuer shall disclose information to enable an understanding of climate-related risks and opportunities that could reasonably be expected to affect the issuer’s cash flows, its access to finance or cost of capital over the short, medium or long term.</p>	Green Development – Addressing Climate Change
	<p>Business model and value chain: An issuer shall disclose information that enables an understanding of the current and anticipated effects of climate-related risks and opportunities on the issuer’s business model and value chain.</p>	Green Development – Addressing Climate Change
	<p>Strategy and decision-making: An issuer shall disclose information that enables an understanding of the effects of climate-related risks and opportunities on its strategy and decision-making.</p>	Green Development – Addressing Climate Change
	<p>Financial position, financial performance and cash flows: How climate-related risks and opportunities have affected its financial position, financial performance and cash flows for the reporting period.</p>	Green Development – Addressing Climate Change
	<p>Climate resilience: An issuer shall disclose information that enables an understanding of the resilience of the issuer’s strategy and business model to climate-related changes, developments and uncertainties, taking into consideration the issuer’s identified climate-related risks and opportunities.</p>	Green Development – Addressing Climate Change

Environmental, Social and Governance Report 2025

Climate-related Disclosures		
Disclosure Framework	Subject Areas, Aspects, and KPIs	Section
Risk Management	<p>(a) The processes and related policies it uses to identify, assess, prioritise and monitor climate-related risks.</p> <p>(b) The processes the issuer uses to identify, assess, prioritise and monitor climate related opportunities (including information about whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related opportunities).</p> <p>(c) The extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform the issuer's overall risk management process.</p>	Green Development – Addressing Climate Change
Metrics and Targets	Greenhouse gas emissions: An issuer shall disclose its absolute gross greenhouse gas emissions generated during the reporting period, expressed as metric tons of CO2 equivalent.	Green Development – Addressing Climate Change
	Climate-related transition risks: An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related transition risks.	–
	Climate-related physical risks: An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related physical risks.	–
	Climate-related opportunities: An issuer shall disclose the amount and percentage of assets or business activities aligned with climate-related opportunities.	–
	Capital deployment: An issuer shall disclose the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities.	–
	Internal carbon prices: an explanation of whether and how the issuer is applying a carbon price in decision making (for example, investment decisions, transfer pricing, and scenario analysis); and the price of each metric tonne of greenhouse gas emissions the issuer uses to assess the costs of its greenhouse gas emissions;	–

Environmental, Social and Governance Report 2025

Climate-related Disclosures		
Disclosure Framework	Subject Areas, Aspects, and KPIs	Section
	<p>Remuneration: An issuer shall disclose whether and how climate-related considerations are factored into remuneration policy, or an appropriate negative statement.</p>	<p>LC Logistics has currently incorporated pollution and safety-related factors into its remuneration policy, but has not yet integrated climate-related factors.</p>
	<p>Industry-based metrics: An issuer is encouraged to disclose industry-based metrics that are associated with one or more particular business models, activities or other common features that characterise participation in an industry.</p>	<p>Green Development – Addressing Climate Change</p>
	<p>Climate-related targets: An issuer shall disclose the qualitative and quantitative climate-related targets the issuer has set to monitor progress towards achieving its strategic goals; and any targets the issuer is required to meet by law or regulation, including any greenhouse gas emissions targets.</p>	<p>Green Development – Addressing Climate Change</p>

Environmental, Social and Governance Report 2025

List of Laws and Regulations

The laws and regulations mentioned in this report (in the order of appearance) are as follows:

Civil Code of the People's Republic of China

Company Law of the People's Republic of China

Maritime Law of the People's Republic of China

Foreign Trade Law of the People's Republic of China

Port Law of the People's Republic of China

Regulations of the People's Republic of China on International Ocean Shipping

Customs Law of the People's Republic of China

Anti-Unfair Competition Law of the People's Republic of China

Anti-Money Laundering Law of the People's Republic of China

Anti-Money Laundering Ordinance of Hong Kong

United Nations Convention Against Corruption

Criminal Law of the People's Republic of China

Prevention of Bribery Ordinance of Hong Kong

Convention Against Corruption of the United Nations

ESG Reporting Guide of the Stock Exchange

Marine Environmental Protection Law of the People's Republic of China

Regulation on the Prevention and Control of Vessel-induced Pollution to the Marine Environment

International Convention for the Prevention of Pollution from Ships (MARPOL)

Environmental, Social and Governance Report 2025

Energy Conservation Law of the People's Republic of China

Energy Conservation Law of the People's Republic of China

Water Law of the People's Republic of China

Law of the People's Republic of China on the Prevention and Control of Air Pollution

Implementation Scheme of the Domestic Emission Control Areas for Atmospheric Pollution from Vessels

International Convention for the Prevention of Pollution from Ships (MARPOL 73/78 Convention) - Annex VI
Prevention of Air Pollution from Ships

Law of the People's Republic of China on the Prevention and Control of Water Pollution

Regulation on the Prevention and Control of Vessel-induced Pollution to the Marine Environment

Emission Standard for Pollutants from Ships

MARPOL 73/78 Convention – Annex IV Regulations for the Prevention of Pollution by Sewage from Ships, Annex I
Regulations for the Prevention of Pollution by Oil

Convention for the Management of Ship's Ballast Water

Law of the People's Republic of China on the Prevention and Control of Environmental Pollution from Solid Waste

International Convention for the Safe and Environmentally Sound Recycling of Ships 2009 of Hong Kong

MARPOL 73/78 Convention – Annex V Regulations for the Prevention of Pollution by Garbage from Ships

International Safety Management Code (ISM CODE)

Guidelines for Enterprises to Develop Emergency Response Plan for Workplace Accidents (GB/T 29639-2020)

Labor Law of the People's Republic of China

Labor Contract Law of the People's Republic of China

IMO Maritime Labour Convention, 2006

ILO Abolition of Forced Labour Convention (No. 105)

Minimum Age Convention (No. 138)

Environmental, Social and Governance Report 2025

List of Internal Policies

The internal policies mentioned in this report are listed below in the order of their appearance:

Policy on Diversity of Board Membership

External Lawyer Management Policy

Shandong Lcang International Logistics Inc. Corp. Ltd. Risk Management Policy

Shandong Lcang International Logistics Inc. Corp. Ltd. Anti-Bribery Management Policy

Shandong Lcang International Logistics Inc. Corp. Ltd. Anti-Corruption Management Policy

Shandong Lcang International Logistics Inc. Corp. Ltd. Reporting Policy for Conflicts of Interest

Shandong Lcang International Logistics Inc. Corp. Ltd. Employee Code of Ethics

Shandong Lcang International Logistics Inc. Corp. Ltd. Whistleblowing Policy

Shandong Lcang International Logistics Inc. Corp. Ltd. Anti-Money Laundering Policy

Shandong Lcang International Logistics Inc. Corp. Ltd. Environmental, Social, and Governance (ESG) Policy

Shandong Lcang International Logistics Inc. Corp. Ltd. Ship Management Evaluation Measures

Risk Assessment Procedures

Shipboard Oil Pollution Emergency Plan (SOPEP)

Vessel Emergency Manual (VEM)

Regulations on Supply and Management of Fuel Oil for Ships

Ship Energy Efficiency Management Plan

Regulations on Management of Freshwater for Ships

Regulations on Management of Pollution Prevention for Vessels

Regulations on the Management of Oil-Water Separators

Regulations on the Management of Domestic Sewage Treatment Units

Environmental, Social and Governance Report 2025

Ship Garbage Management Plan

Garbage Register

Regulations on the Disposal of Waste and Old Materials from Ships

Biodiversity Convention

Safety Management Manual

Safety Procedure Manual

Company Management Manual

Ship Board Management Manual

Security Policy

Ship Repair Manual

Shipboard and Shore-based Personnel Training Procedures

Collection of Safe Production Regulations

Collection of Safe Operating Procedures

Letter of Responsibility for Safe Production

Labor Manual

Business Management Manual

Customer Complaint Handling, After-sales Service and Abnormality Management Policy

Shandong Lcang International Logistics Inc. Corp. Ltd. Data Security Management Policy

Organizational Structure and Responsibility of Data Information Security Team

Shandong Lcang International Logistics Inc. Corp. Ltd. Data Security Management Policy

Shandong Lcang International Logistics Inc. Corp. Ltd. Data Storage, Expiry and Destruction Policy

Shandong Lcang International Logistics Inc. Corp. Ltd. Server Security Strategies

Environmental, Social and Governance Report 2025

Shandong Lcang International Logistics Inc. Corp. Ltd. Data Backup and Recovery Management Policy

Shandong Lcang International Logistics Inc. Corp. Ltd. Software System Change Management Policy

Shandong Lcang International Logistics Inc. Corp. Ltd. Data Export Management Policy

Cybersecurity Incident Emergency Response and Reporting Policy

Third Party Supplier Service Risk Management Policy

Intangible Asset Management Policy

Shandong Lcang International Logistics Inc. Corp. Ltd. Contract Management Policy

Shandong Lcang International Logistics Inc. Corp. Ltd. Procurement and Supplier Management Measures

Shandong Lcang International Logistics Inc. Corp. Ltd. Customer and Supplier Information Management Regulations in Business System

Employee Handbook

Training and Selection Management Regulations

Shandong Lcang International Logistics Inc. Corp. Ltd. Performance Assessment Management Policy

Regulations on Employee Promotions, Transfers, Salary Adjustments, and Salary Calculation and Disbursement

Employee Ranking System Management Measures

Shandong Lcang International Logistics Inc. Corp. Ltd. Sales Compensation and Commission Management Measures

Shandong Lcang International Logistics Inc. Corp. Ltd. Operator Incentive Management Measures

Shandong Lcang International Logistics Inc. Corp. Ltd. Subsidy Standards and Distribution Policy

Shandong Lcang International Logistics Inc. Corp. Ltd. Salary and Benefit Management Policy

Shandong Lcang International Logistics Inc. Corp. Ltd. Employee Opinion Collection, Handling and Feedback Policy

Directors' Report

The Board is pleased to present the annual report together with the audited consolidated financial statements of the Group for the year ended 31 December 2025.

Principal Activities

The Company is an investment holding company and its subsidiaries are principally engaged in provision of integrated cross-border logistics services and other services. An analysis of the Group's revenue and operating results for the year ended 31 December 2025 by its principal activities is set out in note 4 to the consolidated financial statements of the Group on page 195 in this annual report.

Results

The results of the Group for the year ended 31 December 2025 are set out in the consolidated statements of profit or loss and other comprehensive income of the Group on pages 154 to 155 of this annual report.

Dividends

The Board resolved not to declare a final dividend for the year ended 31 December 2025 (year ended 31 December 2024: HK\$0.44 per ordinary share).

Subsequent to the end of the reporting period, the Board approved the declaration and payment of a special dividend of HK\$0.25 per ordinary share to the Shareholders, totalling approximately HK\$143,000,000 in aggregate on 27 January 2026.

There is no arrangement that a Shareholder has waived or agreed to waive any dividends.

Pre-Emptive Rights and Tax Relief

There is no provision for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands, being the jurisdiction in which the Company is incorporated under which would oblige the Company to offer new shares on a pro-rata basis to existing Shareholders.

The Company is not aware of any tax relief or exemption available to the Shareholders by reason of their holding of the Company's securities.

Directors' Report

Business Review

General

A review of the business of the Group during the year ended 31 December 2025, an analysis of the Group's performance during the year using financial key performance indicators and a discussion on the Group's future business development are contained in the Management Discussion and Analysis on page 7 to page 19 of this annual report.

In addition, discussions on the Group's environmental protection policies, performance and relationships with employees, customers, suppliers and major stakeholders are set out in the section headed "Environmental, Social and Governance Report" in this annual report. Particulars of important events affecting the Group that have occurred since the end of the financial year ended 31 December 2025 are set out in note 36 to the consolidated financial statements on page 246 in this annual report. For an account of the Company's key relationships with its employees, customers and suppliers, please refer to the sections headed "Management Discussion and Analysis – Employee and Remuneration Policy" and "Directors' Report – Major customers and suppliers" in this annual report.

Principal risks and uncertainties

Principal risks and uncertainties faced by the Group include (i) the cyclical nature of the cross-border logistics service industry could have a material and adverse effect on our business and results of operations; (ii) a slowdown or adverse development in regional or global economy may adversely affect the demand for the Group's services and business in general; (iii) the Company requires a substantial amount of working capital and financial resources to sustain its business; (iv) the Company faces intense competition which could adversely affect the results of operations and market share; (v) the success of the business depends on customers' business performance and their continuing demand for the Group's services; (vi) the Group's business is subject to complex treaties, local laws and regulations; (vii) if there is a decrease in the demand for cross-border logistics in the markets where the Group operates, its business, results of operations and prospects may be materially and adversely affected; (viii) if the Group is unable to manage the capacity and/or terms of its chartered-in or chartered-out vessels effectively, its financial performance and results of operations may be adversely affected; and (ix) the Group could be adversely affected as a result of any sales it makes to certain countries that are, or become subject to, sanctions administered by the United States, the European Union, the United Kingdom, the United Nations, Australia and other relevant sanctions authorities.

The Group's financial risk management objectives and policies of the Group are set out in note 35 to the consolidated financial statements of the Group in this annual report.

Compliance with laws and regulations

The Company is incorporated in the Cayman Islands with the Shares listed on the Main Board of the Stock Exchange. The Group's subsidiaries are incorporated in Hong Kong and the PRC.

Its establishments and operations accordingly shall comply with relevant laws and regulations in the Cayman Islands, the PRC and Hong Kong. During the year ended 31 December 2025 and up to the date of this report, the Group has complied with all the relevant laws and regulations in the Cayman Islands, the PRC and Hong Kong that have a significant impact on the Group.

Directors' Report

Major Customers and Suppliers

The Group's customers generally include manufacturers and trading companies and freight forwarders. The Group's suppliers generally include shipping carriers, trucking companies, railway companies, warehousing service providers, customs brokers, time charter companies, container suppliers and bunker suppliers.

During the year ended 31 December 2025, revenue attributable to the Group's largest customer amounted to approximately 6.7% of the Group's total revenue and the Group's five largest customers in aggregate accounted for approximately 16.2% of the Group's revenue for the year.

During the year ended 31 December 2025, purchases attributable to the Group's largest supplier amounted to approximately 11.0% of the Group's total purchases and the Group's five largest suppliers in aggregate accounted for approximately 19.4% of the Group's total purchases for the year.

None of the Directors, their close associates or any Shareholders, which to the knowledge of the Directors owned more than 5% of the issued Shares (excluding treasury shares), had an interest in the share capital of any of the five largest suppliers and customers.

Financial Statements

The results of the Group for the year ended 31 December 2025 and the state of the Group's financial position as at that date are set out in the consolidated financial statements on pages 154 to 157 in this annual report.

Distributable Reserves

Details of the movements in the reserves of the Group and of the Company during the year ended 31 December 2025 are set out on pages 158 to 159 of this annual report. In respect of the Company, the amount of reserves available for distribution to Shareholders under the Companies Laws of the Cayman Islands as at 31 December 2025 was RMB1,310.3 million.

Subsidiaries

Particulars of the Company's subsidiaries as at 31 December 2025 are set out in note 1 to the consolidated financial statements.

Property, Plant and Equipment

Details of movements in the property, plant and equipment of the Group and the Company during the year ended 31 December 2025 are set out in note 13 to the consolidated financial statements.

Share Capital

Details of the movements in the share capital of the Company during the year ended 31 December 2025 are set out in note 26 to the consolidated financial statements.

Borrowings

Details of the Group's borrowings during the year ended 31 December 2025 are set out in note 24 to the consolidated financial statements.

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. During the year ended 31 December 2025, no option was granted under the Post-IPO Share Scheme.

Details of the Share Scheme

(1) *Purpose*

The purpose of the Post-IPO Share Scheme is to provide the Eligible Participants (as defined below) with an opportunity to have a personal stake in our Company with the view to achieving the following objectives:

- (i) motivate the Eligible Participants to optimize their performance efficiency for the benefit of our Group; and
- (ii) attract and retain or otherwise maintain an on-going business relationship with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of the Group.

(2) *Eligible Participants*

The Board may, at its discretion, offer to grant an option to any director and employee of the Company or any of our subsidiaries (including persons who are granted options under the Post-IPO Share Scheme as an inducement to enter into employment contracts with the Company and/or any of its subsidiaries) (collectively the “**Eligible Participants**”) to subscribe for such number of new Shares as the Board may determine at an exercise price determined in accordance with paragraph (5) below.

Upon acceptance of the option, the grantee shall pay HK\$1.00 to the Company by way of consideration for the grant.

(3) *The maximum number of Shares available for issue*

The maximum number of Shares in respect of which options may be granted under the Post-IPO Share Scheme and under any other share schemes of the Company must not in aggregate exceed 10% (“**Scheme Limit**”) of the total number of Shares in issue (excluding treasury shares) on the day on which trading of the Shares commences on the Stock Exchange, being 56,786,630 Shares (or 28,393,315 Shares before the share subdivision became effective on 28 July 2025), representing 9.92% of the total number of Shares in issue (excluding treasury shares) as at the date of this annual report. As of the date on which such option is offered in writing to an Eligible Participant which must be a business day (the “**Offer Date**”) of any proposed grant of options under the Post-IPO Share Scheme, the maximum number of Shares in respect of which options may be granted is such number of Shares less the aggregate of the following:

- (i) the number of Shares which would be issued on the exercise in full of the options under the Post-IPO Share Scheme or under any other share schemes of the Company but not canceled or exercised;
- (ii) the number of Shares which have been issued and allotted pursuant to the exercise of any options under the Post-IPO Share Scheme or under any other share schemes of the Company or any awards granted under any other share schemes of our Company; and

Directors' Report

- (iii) the number of those Shares which were the subject of options which had been granted and accepted under the Post-IPO Share Scheme or any other share schemes of the Company but subsequently canceled.

Subject to the approval of the Shareholders in general meeting in compliance with Rules 17.03C(1) and 17.03C(2) of the Listing Rules and/or such other requirements prescribed under the Listing Rules from time to time, the Board may refresh the Scheme Limit from time to time to 10% of the number of Shares in issue (excluding treasury shares) ("**New Scheme Limit**") as at the date of the approval by the Shareholders in general meeting ("**New Approval Date**"). Any refreshment within any three year period from the date of the Shareholders' approval for the last refreshment (or the adoption of the Post-IPO Share Scheme) must be approved by the Shareholders subject to the following provisions:

- (i) any controlling shareholders and their associates (or if there is no controlling shareholder, directors (excluding independent non-executive directors) and the chief executive of the Company and their respective associates) abstaining from voting in favor of the relevant resolution at the general meeting of the Company; and
- (ii) the Company must comply with the requirements under Rules 13.39(6) and (7), 13.40, 13.41 and 13.42 of the Listing Rules,

and thereafter, as of the date of grant of any options under the Post-IPO Share Scheme, the maximum number of Shares in respect of which options may be granted is the New Scheme Limit less the aggregate of the following:

- (i) the number of Shares which would be issued on the exercise in full of the options under the Post-IPO Share Scheme or under any other share schemes of the Company granted on or after the New Approval Date but not canceled or exercised;
- (ii) the number of Shares which have been issued and allotted pursuant to the exercise of any options under the Post-IPO Share Scheme or under any other share schemes of the Company or any awards granted under any other share schemes of the Company granted on or after the New Approval Date; and
- (iii) the number of those Shares which were the subject of options which had been granted on or after the New Approval Date and accepted under the Post-IPO Share Scheme or any other share schemes of the Company but subsequently canceled.

Subject to the approval of the Shareholders in general meeting in compliance with Rule 17.03C(3) of the Listing Rules and/or such other requirements as prescribed under the Listing Rules from time to time, the Board may grant options exceeding the Scheme Limit to Eligible Participants specifically identified by the Board.

The Scheme Limit shall be adjusted, in such manner as the auditors of the Company or an approved independent financial advisor shall certify to be appropriate, fair and reasonable in the event of any alteration in the capital structure of the Company whether by way of capitalization issue, rights issue, sub-division or consolidation of shares or reduction of the share capital of the Company.

Directors' Report

(4) The maximum entitlement of each participant

The Board shall, subject to and in accordance with the provisions of the Post-IPO Share Scheme and the Listing Rules, be entitled to but shall not be bound, at any time on any business day during the Scheme Period (as defined in paragraph (6) below) offer to grant an option to any Eligible Participant whom the Board may in its absolute discretion select and subject to such conditions (including, without limitation, the vesting period and/or any performance targets as assessed during a specified performance period which must be achieved before an option can be exercised) as it may think fit.

If the Board determines to offer options under the Post-IPO Share Scheme to an Eligible Participant which, when aggregated with any Shares issued or to be issued in respect of all options or awards granted to that person (excluding any options or awards lapsed in accordance with the terms of the relevant schemes) under the Post-IPO Share Scheme or other share schemes of the Company in any 12-month period up to and including the date of such offer, exceed 1% of the number of Shares in issue (excluding treasury shares) on the Offer Date:

- (i) the grant shall be subject to (a) the issue of a circular by our Company to the Shareholders which shall comply with Rules 17.03D and 17.06 of the Listing Rules and/or such other requirements as prescribed under the Listing Rules from time to time; and (b) the approval of the Shareholders in general meeting and/or such other requirements prescribed under the Listing Rules from time to time with such Eligible Participant and his/her close associates (or his/her associates if the Eligible Participant is a connected person) abstaining from voting; and
- (ii) unless provided otherwise in the Listing Rules, the date of the Board meeting at which the Board resolves to grant the proposed options to such Eligible Participant shall be taken as the date of grant for the purpose of calculating the subscription price of our Shares.

(5) Subscription price for Shares

Subject to any adjustments made as described in paragraph (7) below, the subscription price of a Share in respect of any particular option granted under the Post-IPO Share Scheme shall be such price as the Board in its absolute discretion shall determine, save that such price must be at least the higher of:

- (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day; and
- (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant.

Directors' Report

(6) Time of exercise of option and duration of the Post-IPO Share Scheme

An option may be exercised in accordance with the terms of the Post-IPO Share Scheme at any time after the date upon which the option is deemed to be granted and accepted and prior to the expiry of 10 years from that date. The vesting period and the period during which an option may be exercised will be determined by our Board in its absolute discretion, save that no option may be exercised more than 10 years after it has been granted. No option may be granted more than 10 years after the Listing Date. Subject to earlier termination by the Company in general meeting or by the Board, the Post-IPO Share Scheme shall be valid and effective for a period of 10 years from the Listing Date ("**Scheme Period**").

(7) Effect of alterations to capital

In the event of any alteration in the capital structure of the Company whilst any option may become or remains exercisable, whether by way of capitalization issue, rights issue, consolidation, sub-division or reduction of share capital of our Company, or otherwise howsoever, such corresponding alterations (if any) shall be made in the number of Shares subject to any outstanding options and/or the subscription price per Share of each outstanding option as the auditors of the Company or an approved independent financial advisor shall at the request of the Company or any grantee, certify in writing either generally or as regards any particular grantee to be in their opinion fair and reasonable, provided that any such alterations shall be made on the basis that a grantee shall have the same proportion of the equity capital of the Company (as interpreted in accordance with the supplementary guidance issued by the Stock Exchange on 6 November 2020 and any further guidance and interpretation of the Listing Rules from time to time and/or such other requirement prescribed under the Listing Rules from time to time), rounded to the nearest whole Share, as that to which he/she was entitled to subscribe had he/she exercised all the options held by him/her immediately before such adjustments and the aggregate exercise price payable by a grantee on the full exercise of any option shall remain as nearly as possible the same as (but shall not be greater than) it was before such event and that no such alterations shall be made if the effect of such alterations would be to enable a Share to be issued at less than its nominal value. The issue of securities as consideration in a transaction is not to be regarded as a circumstance requiring any such alterations. The capacity of the auditors of the Company or the approved independent financial advisor, as the case may be, in this paragraph is that of experts and not arbitrators and their certificate shall, in absence of manifest error, be final and conclusive and binding on the Company and the grantees.

Directors' Report

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 V to the Prospectus.

As at the date of this report, the remaining life of the Post-IPO Share Scheme is approximately 7 years and 6 months. 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 2025 and 31 December 2025, the number of options available for grant under the Post-IPO Share Scheme were 56,786,630 (or 28,393,315 Shares before the share subdivision became effective on 28 July 2025).

Equity-Linked Agreements

Save as disclosed in the paragraph headed “Post-IPO Share Scheme” in this section, no other equity-linked agreements were entered into by the Group or existed during the year ended 31 December 2025.

Donations

Donations made by the Group during the year ended 31 December 2025 amounted to RMB3,000. (2024: RMB84,000)

Directors

The Directors during the year ended 31 December 2025 and up to the date of this report were:

Name of director	Position
Mr. Xu Xin (Chairman and chief executive officer)	Executive Director
Ms. Li Yan	Executive Director
Ms. Zhu Jiali	Executive Director
Mr. Yu Zhenrong	Executive Director
Dr. Gu Lin	Independent non-executive Director
Mr. Du Haibo (resigned on 20 June 2025)	Independent non-executive Director
Dr. Yang Kequan (appointed on 20 June 2025)	Independent non-executive Director
Mr. Qi Yinliang	Independent non-executive Director

In accordance with the article 84 of the Articles of Association, at each annual general meeting one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election and shall continue to act as a Director throughout the meeting at which he retires.

Accordingly, Ms. Zhu Jiali, Mr. Yu Zhenrong and Dr. Yang Kequan shall retire from office by rotation at the AGM and, being eligible, offer themselves for re-election.

Directors' Report

Directors' and Senior Management's Biographies

Biographical details of the Directors and the senior management of the Company are set out on pages 20 to 26 of this annual report.

Changes in Director's Information

Save as disclosed above and in the section headed "Biographies of Directors and Senior Management", there has been no change in the information of Directors which is required to be disclosed pursuant to Rule 13.51B (1) of the Listing Rules since the publication of the 2025 interim report of the Company.

Directors' Service Contracts

Each of the Directors has entered into a service agreement with the Company for a term of three years, which may be terminated by not less than three months' notice in writing served by either party on the other and subject to retirement by rotation and re-election and other related provisions in accordance with the Articles of Association and the Listing Rules.

None of the Directors standing for re-election at the forthcoming AGM has a service contract with the Company or any of its subsidiaries which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

Directors' Interests in Transactions, Arrangements or Contracts

Save as disclosed in this report, none of the Directors nor any entity connected with the Directors had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party subsisting during or at the end of the year ended 31 December 2025.

Directors' Interests in Competing Business

During the year ended 31 December 2025, none of the Directors was considered to have interests in any business which competes or is likely to compete, either directly or indirectly, with that of the Group.

Emoluments of Directors and Senior Management

The Directors' emoluments are subject to Shareholders' approval at general meetings. The emoluments payable to the Directors are determined by the Board based on the adopted remuneration policy and as recommended by the Remuneration Committee, with reference to the Directors' qualifications and experience, responsibilities undertaken, contribution to the Group and the prevailing market level of remuneration for similar positions.

The emoluments of the members of senior management by band for the year ended 31 December 2025 is disclosed in the "Remuneration Payable to Members of Senior Management" in the Corporate Governance Report. Details of the remuneration payable to each Director for the year ended 31 December 2025 are set out in note 8 to the consolidated financial statements.

Directors' Report

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

As at 31 December 2025, 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 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	Founder of a discretionary trust	229,289,424 (L)	40.05%
	Interest of spouse ^(Note 2)	39,232,644 (L)	6.85%
	Other ^(Note 3)	48,584,520 (L)	8.49%
Ms. Li Yan	Interest in controlled corporations	39,232,644 (L)	6.85%
	Interest of spouse ^(Note 2)	229,289,424 (L)	40.05%
	Other ^(Note 4)	48,584,520 (L)	8.49%

Notes:

- (1) As at 31 December 2025, the Company issued 572,538,312 Shares. The letter (L) denotes the entity's long position in the relevant Shares.
- (2) Ms. Li Yan is the spouse of Mr. Xu Xin.
- (3) The shares are held by Lecang Flourishing Limited under the Liu Family Trust. Ms. Liu Quanxiang is the settlor of the Liu Family Trust and the mother-in-law of Mr. Xu Xin.
- (4) The shares are held by Lecang Flourishing Limited under the Liu Family Trust. Ms. Liu Quanxiang is the settlor of the Liu Family Trust and the mother of Ms. Li Yan.

Save as disclosed above, as of 31 December 2025, none of the Directors and chief executives of the Company had any interests or short positions in any Shares, underlying Shares and debentures 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.

Contracts of Significance

Save as disclosed in this report, no contracts of significance (i) in relation to the Group's business; or (ii) for provision of services to the Company (or any of its subsidiaries) by a controlling shareholder (or any of its subsidiaries) between the Company (or any of its subsidiaries) and a controlling shareholder (or any of its subsidiaries) subsisted during or at the end of the year ended 31 December 2025.

Directors' Report

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 31 December 2025, 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)
Trident Trust Company (B.V.I.) Limited ^(Notes 3, 5)	Trustee	200,377,164 (L)	35.00%
Marco Target Development Limited ^(Note 3)	Interest in controlled corporation	151,792,644 (L)	26.51%
Lecang Altitude Limited ^(Notes 2, 3)	Beneficial owner	151,792,644 (L)	26.51%
Peace Seaworld Limited ^(Notes 2, 4)	Interest in controlled corporation	39,232,644 (L)	6.85%
Lecang Shining Limited ^(Notes 2, 4)	Beneficial owner	39,232,644 (L)	6.85%
Ms. Liu Quanxiang ^(Notes 2, 5)	Founder of a discretionary trust	48,584,520 (L)	8.49%
	Other	268,522,068 (L)	46.90%
Fortune Sino Worldwide Limited ^(Note 5)	Interest in controlled corporation	48,584,520 (L)	8.49%
Lecang Flourishing Limited ^(Notes 2, 5)	Beneficial owner	48,584,520 (L)	8.49%
Glorious Sailing Limited ^(Note 6)	Beneficial owner	60,505,200 (L)	10.57%

Notes:

- (1) As at 31 December 2025, the Company issued 572,538,312 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 16,991,580 Shares held by Lecang Fantasy Limited.

Directors' Report

- (3) Lecang Altitude Limited is owned as to 99% by Marco Target Development Limited and 1% by Grand Sailing Limited. Marco Target Development Limited is wholly owned by Trident Trust Company (B.V.I.) Limited which is the trustee of the Xu Family Trust set up by Mr. Xu Xin. Accordingly, each of Mr. Xu Xin, Trident Trust Company (B.V.I.) Limited and Marco Target Development 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 owned as to 99% by Fortune Sino Worldwide Limited and 1% by Spring Wealth Limited. Fortune Sino Worldwide Limited is wholly owned by Trident Trust Company (B.V.I.) Limited which is the trustee of the Liu Family Trust set up by Ms. Liu Quanxiang. Accordingly, each of Ms. Liu Quanxiang, Trident Trust Company (B.V.I.) Limited and Fortune Sino Worldwide 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 31 December 2025, 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.

Connected Transactions

During the year ended 31 December 2025, the Company has not entered into any connected transactions or continuing connected transactions that are not fully exempted from the annual reporting requirement under Chapter 14A of the Listing Rules.

With regard to the related party transactions entered into by the Group during the year as disclosed under note 32 to the consolidated financial statements, none of them constitutes connected transactions or continuing connected transactions which are not fully exempted from the annual reporting requirement under Chapter 14A of the Listing Rules. The Company has complied with applicable disclosure requirements under Chapter 14A of the Listing Rules in respect of the aforesaid transactions.

Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of any business of the Company were entered into during the year or subsisted at the end of the year ended 31 December 2025.

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 or transfer of treasury shares) during the Year. As at 31 December 2025, the Company did not hold any treasury shares.

Directors' Report

Permitted Indemnity

Subject to the applicable laws, every director of the Group's companies shall be entitled to be indemnified by the relevant company against all costs, charges, losses, expenses and liabilities incurred by him or her in the execution and discharge of his or her duties or in relation thereto pursuant to the respective articles of associations of the relevant companies. Such provisions were in force during the course of the financial year ended 31 December 2025 and remained in force as of the date of this report.

The Company has taken out insurance against the liability and costs associated with defending any proceedings which may be brought against directors of the Group.

Sufficiency of Public Float

As at the date of this report and based on the information that is publicly available to the Company and to the knowledge of the Directors, the Company has maintained the minimum public float of 25% as required under the Listing Rules.

Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out in the section headed "Financial summary" on pages 249 to 250 of this report.

Arrangements to Purchase Shares or Debentures

Other than the Post-IPO Share Scheme, at no time during the year was the Company, its holding company, or any of its subsidiaries, a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debt securities including debentures of, the Company or any other body corporate.

AGM and Closure of Register of Members

The AGM will be held on Friday, 26 June 2026. A notice convening the AGM will be published on the Company's website and the Stock Exchange's website and dispatched to the Shareholders in accordance with the requirements of the Listing Rules in due course. For the purposes of determining the Shareholders' eligibility to attend, speak and vote at the AGM, the register of members will be closed as appropriate as set out below:

Directors' Report

For determining the entitlement to attend and vote at the AGM

The register of members will be closed from Tuesday, 23 June 2026 to Friday, 26 June 2026, both days inclusive, during which period no transfer of Shares will be effected. Shareholders whose names appear on the register of members on Friday, 26 June 2026 (i.e. the record date) will be entitled to attend and vote at the annual general meeting. In order to determine the identity of members who are entitled to attend and vote at the AGM, all share transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 22 June 2026.

Auditor

The consolidated financial statements of the Group for the year ended 31 December 2025 have been audited by Ernst & Young who will retire at the AGM. Ernst & Young, being eligible, will offer themselves for re-appointment. A resolution for the re-appointment of Ernst & Young as the auditor of the Company will be proposed at the AGM.

There is no change of auditor since the Listing Date.

By order of the Board

Xu Xin

Chairman

Hong Kong, 16 March 2026

Independent Auditor’s Report



Ernst & Young
27/F, One Taikoo Place,
979 King’s Road
Quarry Bay, Hong Kong

安永會計師事務所
香港鰂魚涌英皇道979號
太古坊一座27樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

To the shareholders of LC Logistics, Inc.

(Incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of LC Logistics, Inc. (the “Company”) and its subsidiaries (the “Group”) set out on pages 154 to 248, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (the “IASB”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSA”) as issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). Our responsibilities under those standards are further described in the *Auditor’s responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA’s *Code of Ethics for Professional Accountants* (the “Code”), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor’s responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Independent Auditor's Report

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Goodwill impairment	
<p>As at 31 December 2025, the Group had goodwill of RMB8,572,000 in relation to the Group's acquisition of Shanghai Sijin Int'l Transport Co., Ltd.</p> <p>Goodwill is tested for impairment annually. The goodwill impairment review performed by the Group's management includes a number of significant judgements and estimates including those regarding the identification of cash-generating unit ("CGU"), operating profit forecast, the annual revenue growth rate and the discount rate.</p> <p>We identified this area as a key audit matter because of the materiality of the goodwill balance and the uncertainty of estimation made by management on the key assumptions.</p> <p>The significant accounting estimates and disclosures about the goodwill impairment assessment are included in notes 3 and 15 to the consolidated financial statements, respectively.</p>	<p>Our audit procedures included, among others, involving our internal valuation specialists to assist us in evaluating the methodology and discount rate used by the Company for determining the recoverable amount.</p> <p>We examined the underlying data used, such as management's projection on the future revenues and operating result by investigating whether the forecasts were consistent with the financial performance of the CGU during 2025; and we examined the business development plans and historical annual growth of the CGU to evaluate the growth rate of the CGU. We assessed the sensitivity analysis performed by the Group's management on the impact of changes in the key assumptions.</p> <p>We also assessed the adequacy of the Group's disclosures of goodwill impairment in the financial statements.</p>

Independent Auditor's Report

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
<i>Provision for expected credit losses on trade receivables</i>	
<p>As at 31 December 2025, the Group had trade receivables of RMB142,586,000, after making a loss allowance of RMB26,507,000.</p> <p>Management assessed the expected credit losses on trade receivables based on assumptions about risk of default and expected credit loss rates. The Group used judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, ageing profile of the trade receivables, existing market conditions as well as forward-looking estimates at the end of each reporting period.</p> <p>We identified this area as a key audit matter because of the magnitude of the balance of trade receivables and that the assessment of the expected credit losses on trade receivables involved significant judgements and estimates made by management.</p> <p>The significant accounting estimates and disclosures about the provision for expected credit losses on trade receivables are included in notes 3 and 18 to the consolidated financial statements, respectively.</p>	<p>Our audit procedures to assess the provision for expected credit losses on trade receivables included the following:</p> <ul style="list-style-type: none"> (i) Obtaining an understanding of management's key controls in relation to the assessment of the expected credit losses on trade receivables; (ii) Assessing the appropriateness of the credit loss provisioning methodology adopted by management; (iii) Assessing the reasonableness of the forward-looking factors and the estimated credit loss rates by considering historical cash collection performance and movements of the ageing of trade receivables, and taking into account the market conditions; (iv) Testing, on a sampling basis, the accuracy of the ageing analysis of trade receivables prepared by management; and (v) Checking the mathematical accuracy of the calculation of the provision for loss allowance. <p>We also assessed the adequacy of the Group's disclosures of trade receivables in the consolidated financial statements.</p>

Independent Auditor's Report

Other information included in the Annual Report

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated financial statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

Independent Auditor's Report

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

Independent Auditor's Report

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Ho Wai Ling (practising certificate number: P05274).

Ernst & Young

Certified Public Accountants

Hong Kong

16 March 2026

Consolidated Statement of Profit or Loss

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
REVENUE	5	1,872,237	1,946,393
Cost of sales		(1,697,271)	(1,736,303)
Gross profit		174,966	210,090
Other income and gains	5	103,791	369,826
Selling and distribution expenses		(26,335)	(22,941)
Administrative expenses		(78,556)	(98,223)
Other expenses		(11,598)	(9,310)
Finance costs	7	(7,557)	(8,938)
Reversal of impairment/(impairment) losses on financial assets		10,873	(33,683)
Share of loss of associates		(2,777)	(309)
PROFIT BEFORE TAX	6	162,807	406,512
Income tax expense	10	(2,957)	(5,550)
PROFIT FOR THE YEAR		159,850	400,962
Attributable to:			
Owners of the parent		138,003	395,793
Non-controlling interests		21,847	5,169
		159,850	400,962
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted	12	RMB0.24	(Restated) RMB0.69

Consolidated Statement of Comprehensive Income

Year ended 31 December 2025

	2025 RMB'000	2024 RMB'000
PROFIT FOR THE YEAR	159,850	400,962
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	(36,234)	17,328
	(36,234)	17,328
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	(36,234)	17,328
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	255	(532)
Income tax effect	-	-
	255	(532)
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	255	(532)
OTHER COMPREHENSIVE (LOSS)/INCOME FOR YEAR, NET OF TAX	(35,979)	16,796
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	123,871	417,758
Attributable to:		
Owners of the parent	103,270	411,759
Non-controlling interests	20,601	5,999
	123,871	417,758

Consolidated Statement of Financial Position

31 December 2025

	Notes	31 December 2025 RMB'000	31 December 2024 RMB'000
NON-CURRENT ASSETS			
Prepayments and other receivables	19	653,351	426,593
Property, plant and equipment	13	426,257	402,973
Right-of-use assets	14	62,474	74,258
Goodwill	15	8,572	8,572
Other intangible assets	16	1,305	1,670
Investments in associates		27,516	626
Equity investments designated at fair value through other comprehensive income	17	2,023	1,768
Deferred tax assets	25	1,115	429
Total non-current assets		1,182,613	916,889
CURRENT ASSETS			
Inventories		8,863	6,327
Trade receivables	18	142,586	107,605
Due from related parties	32	12,704	19
Prepayments and other receivables	19	68,263	53,778
Income tax recoverable		–	938
Financial assets at fair value through profit or loss	20	58,995	58,371
Cash and bank balances	21	428,704	779,637
Total current assets		720,115	1,006,675
CURRENT LIABILITIES			
Trade payables	22	147,459	135,438
Other payables and accruals	23	97,805	69,187
Interest-bearing bank and other borrowings	24	28,200	57,451
Tax payable		3,126	796
Lease liabilities	14	34,481	30,211
Total current liabilities		311,071	293,083
NET CURRENT ASSETS		409,044	713,592
TOTAL ASSETS LESS CURRENT LIABILITIES		1,591,657	1,630,481

Consolidated Statement of Financial Position

31 December 2025

	Notes	31 December 2025 RMB'000	31 December 2024 RMB'000
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	24	11,572	27,204
Lease liabilities	14	20,916	51,600
Deferred tax liabilities	25	114	42
Total non-current liabilities		32,602	78,846
Net assets		1,559,055	1,551,635
EQUITY			
Equity attributable to owners of the parent			
Share capital	26	205	205
Reserves	27	1,490,778	1,503,550
		1,490,983	1,503,755
Non-controlling interests		68,072	47,880
Total equity		1,559,055	1,551,635

Xu Xin
Director

Zhu Jiali
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2025

	Attributable to ordinary equity holders of the parent									
	Issued capital	Share premium	Capital reserve	Fair value reserve of financial assets at fair value through other comprehensive income	Statutory surplus reserve	Exchange fluctuation reserve	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	Note 26		Note 27(a)	Note 27(b)	Note 27(c)					
At 1 January 2025	205	143,323*	(26,967)*	(723)*	2,222*	97,165*	1,288,530*	1,503,755	47,880	1,551,635
Profit for the year	-	-	-	-	-	-	138,003	138,003	21,847	159,850
Other comprehensive income for the year:										
Changes in fair value of equity investments at fair value through other comprehensive income	-	-	-	252	-	-	-	252	3	255
Exchange differences on translation of foreign operations	-	-	-	-	-	(34,985)	-	(34,985)	(1,249)	(36,234)
Total comprehensive income for the year	-	-	-	252	-	(34,985)	138,003	103,270	20,601	123,871
Acquisition of non-controlling interests	-	-	164	-	-	-	-	164	(409)	(245)
Statutory surplus reserve	-	-	-	-	75	-	-	75	-	75
2024 final dividend	-	-	-	-	-	-	(116,281)	(116,281)	-	(116,281)
At 31 December 2025	205	143,323*	(26,803)*	(471)*	2,297*	62,180*	1,310,252*	1,490,983	68,072	1,559,055

Consolidated Statement of Changes in Equity

Year ended 31 December 2025

Attributable to ordinary equity holders of the parent

	Issued capital	Share premium	Capital reserve	Fair value reserve of financial assets at fair value through other comprehensive income	Statutory surplus reserve	Exchange fluctuation reserve	Retained profits	Total	Non-controlling interests	Total equity
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	Note 26		Note 27(a)	Note 27(b)	Note 27(c)					
At 1 January 2024	205	143,323	(26,967)	(197)	2,154	80,673	935,700	1,134,891	29,512	1,164,403
Profit for the year	-	-	-	-	-	-	395,793	395,793	5,169	400,962
Other comprehensive income for the year:										
Changes in fair value of equity investments at fair value through other comprehensive income	-	-	-	(526)	-	-	-	(526)	(6)	(532)
Exchange differences on translation of foreign operations	-	-	-	-	-	16,492	-	16,492	836	17,328
Total comprehensive income for the year	-	-	-	(526)	-	16,492	395,793	411,759	5,999	417,758
Capital injection from non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	12,369	12,369
Statutory surplus reserve	-	-	-	-	68	-	(68)	-	-	-
2024 special dividend	-	-	-	-	-	-	(42,895)	(42,895)	-	(42,895)
At 31 December 2024	205	143,323*	(26,967)*	(723)*	2,222*	97,165*	1,288,530*	1,503,755	47,880	1,551,635

* These reserve accounts comprise the consolidated reserves of RMB1,490,778,000 (2024: RMB1,503,550,000) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		162,807	406,512
Adjustments for:			
Finance costs	7	7,557	8,938
Interest income	5	(19,609)	(14,852)
Investment income	6	(14,079)	–
Share of loss of associates	6	2,777	309
Gains on disposal of property, plant and equipment	6	(62,440)	(353,342)
Gains on disposal of right-of-use assets	6	–	(156)
Fair value losses on financial assets at fair value through profit or loss		9,970	2,996
Net foreign exchange gain		(4,912)	(2,913)
Depreciation of property, plant and equipment	6, 13	55,762	48,254
Depreciation of right-of-use assets	6, 14	31,411	31,042
Amortisation of intangible assets	6, 16	416	407
Impairment of prepayments and other receivables	6, 19	(11,422)	20,809
Impairment of trade receivables	6, 18	549	12,874
		158,787	160,878
Increase in inventories		(2,536)	(944)
Increase in trade receivables		(35,530)	(52,028)
Decrease/(increase) in prepayments and other receivables		13,613	(18,749)
Increase/(decrease) in trade payables		12,021	(36,960)
Increase in other payables and accruals		21,359	18,722
(Increase)/decrease in amount due from related parties		(6,440)	33
Decrease/(increase) in restricted cash		1,929	(2,348)
		163,203	68,604
Cash generated from operations			
Interest received		17,204	14,852
Tax paid		(303)	(4,176)
		180,104	79,280

continued/...

Consolidated Statement of Cash Flows

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		(379,826)	(460,477)
Purchases of intangible assets		(51)	(210)
Proceeds from disposal of items of property, plant and equipment, and assets held for sale		109,907	981,459
Dividends received		835	–
Advances of loans to associates	32	(49,245)	–
Repayment of loans from associates	32	43,000	–
Advance of loans to a third-party		(57,173)	–
Repayment of loans from a third-party		32,572	–
Purchases of financial assets at fair value through profit or loss		(104,807)	(61,648)
Proceeds from disposals of financial assets at fair value through profit or loss		107,227	13,164
Investment in associates		(29,668)	(800)
Repayment of loans from a non-controlling shareholder of a subsidiary		7,085	1,276
Interest received		2,405	–
Net cash flows (used in)/from investing activities		(317,739)	472,764
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital injection from non-controlling shareholders of subsidiaries		–	12,369
Proceeds from interest-bearing bank and other borrowings		18,400	84,655
Repayment of interest-bearing bank and other borrowings		(63,283)	(51,266)
Acquisition of non-controlling interest		(245)	–
Advances from a non-controlling shareholder of a subsidiary-financing		8,166	–
Dividends paid		(116,281)	–
Interest paid		(3,919)	(3,957)
Increase/(decrease) in pledged deposits		784	(6,970)
Principal portion of lease payments	14(b)	(48,210)	(28,238)
Net cash flows (used in)/from financing activities		(204,588)	6,593
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of year		766,105	203,673
Effect of foreign exchange rate changes, net		(5,997)	3,795
CASH AND CASH EQUIVALENTS AT END OF YEAR		417,885	766,105
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	21	428,704	779,637
Less: Restricted cash	21	419	2,348
Pledged deposits	21	10,400	11,184
Cash and cash equivalents as stated in the consolidated statement of financial position and statement of cash flows		417,885	766,105

Notes to Financial Statements

31 December 2025

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 year, 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.

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company	Principal activities
<u>Directly held:</u>				
樂艙物流國際有限公司 LC Logistics International Co., Limited	The British Virgin Islands	USD50,000	100%	Investment holding
PCW Investment Limited ("PCW Investment")	The British Virgin Islands	USD50,000	100%	Investment holding
<u>Indirectly held:</u>				
PCW (Hong Kong) international Limited ("PCW (HK)")	Hong Kong	HKD1	100%	Investment holding
樂艙(青島)物流供應鏈有限公司 Lcang (Qingdao) Logistics Supply Chain Co., Ltd. ("Lcang (Qingdao)")**	PRC/Mainland China	RMB5,000,000	100%	Investment holding
山東樂艙企業管理服務有限公司 Shandong Lcang Enterprise Management Service Co., Ltd. ("Lcang Enterprise Management")***	PRC/Mainland China	RMB86,000,000	100%	Investment holding
山東樂艙網國際物流股份有限公司 Shandong Lcang International Logistics Inc Corp. Ltd. ("Shandong Lcang")***	PRC/Mainland China	RMB42,618,000	99%	Provision of cross-border logistics services
寧波博亞國際物流有限公司 Ningbo Boya International Logistics Co., Ltd.**	PRC/Mainland China	RMB5,000,000	99%	Provision of cross-border logistics services

Notes to Financial Statements

31 December 2025

1. CORPORATE INFORMATION (continued)

Information about subsidiaries (continued)

Particulars of the Company's principal subsidiaries are as follows: (continued)

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company	Principal activities
Indirectly held:				
上海絲金國際運輸有限公司 Shanghai Sijin Int'l Transport Co., Ltd. ("Shanghai Sijin")***	PRC/Mainland China	RMB7,470,000	74%	Provision of cross-border logistics services
博安航運有限公司 Boan Shipping Enterprise Co., Limited	Hong Kong	HKD10,000	99%	Vessel chartering
深圳樂艙跨境供應鏈科技有限公司 Shenzhen Lcang Cross Border Supply Chain Technology Co., Ltd. ("Shenzhen Lcang Supply Chain")**	PRC/Mainland China	RMB5,000,000	99%	Provision of cross-border logistics and e-commerce services
寶星航運有限公司 Bal Star Shipping Co., Limited	Hong Kong	USD20,000,000	99%	Vessel chartering
樂艙航運有限公司 Lecang Shipping Enterprise Co., Limited	Hong Kong	HKD10,000	99%	Vessel chartering
青島博亞國際物流有限公司 Qingdao Boya International Logistics Co., Ltd.***	PRC/Mainland China	USD1,800,000	99%	Provision of cross-border logistics services
博亞青島航運有限公司 Bal Qingdao Shipping Enterprise Co., Limited	Hong Kong	HKD10,000	99%	Vessel chartering services
博亞國際海運有限公司 Bal Container Line Co., Limited	Hong Kong	HKD1	99%	Provision of cross-border transportation services
LC Western Post Logistic Inc ("LC Western")*	The United States of America	USD480,000	79%	Provision of warehousing services
博亞廣州航運有限公司 Bal Guangzhou Shipping Co., Limited*	Hong Kong	HKD10,000	99%	Not yet commenced operation

Notes to Financial Statements

31 December 2025

1. CORPORATE INFORMATION (continued)

Information about subsidiaries (continued)

Particulars of the Company's principal subsidiaries are as follows: (continued)

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company	Principal activities
Indirectly held:				
LCAW Shipping Co., Limited* ("LCAW Shipping")*	Hong Kong	HKD10,000	50%	Provision of cross-border logistics services
Bal Xiamen Limited ("Bal Xiamen")	Hong Kong	HKD1	100%	Provision of cross-border logistics services
LeHang Boundless Logistics Limited ("Lehang Boundless")	The British Virgin Islands	USD1	100%	Investment holding
樂艙博亞(寧波)物流有限公司 Lcang Boya (Ningbo) Logistics Co., Ltd. ("Lcang Boya (Ningbo)")**	PRC/Mainland China	RMB5,000,000	100%	Provision of cross-border logistics services
樂艙博亞(上海)物流有限公司 Lcang Boya (Shanghai) Logistics Co., Ltd. ("Lcang Boya (Shanghai)")**	PRC/Mainland China	RMB50,000,000	100%	Provision of cross-border logistics services
樂艙博亞(青島)物流有限公司 Lcang Boya (Qingdao) Logistics Co., Ltd. ("Lcang Boya (Qingdao)")**	PRC/Mainland China	RMB10,000,000	100%	Provision of cross-border logistics services
樂艙和盛物流工程(上海)有限公司 Lcang Hesheng Logistics Engineering (Shanghai) Co., Ltd. * ***	PRC/Mainland China	RMB30,000,000	51%	Provision of cross-border logistics services
樂艙易盛國際物流(連雲港)有限公司 Lcang Yisheng International Logistics (Lianyungang) Co., Ltd. * ***	PRC/Mainland China	RMB10,000,000	51%	Provision of cross-border logistics services

Notes to Financial Statements

31 December 2025

1. CORPORATE INFORMATION (continued)

Information about subsidiaries (continued)

Particulars of the Company's principal subsidiaries are as follows: (continued)

* These companies are subsidiaries of non-wholly-owned subsidiaries of the Company and, accordingly, are accounted for as subsidiaries by virtue of the Company having control over them.

** Lcang (Qingdao), Shenzhen Lcang Supply Chain, Lcang Boya (Ningbo), Lcang Boya (Shanghai) and Lcang Boya (Qingdao) are registered as wholly-foreign-owned enterprises under PRC law.

*** These subsidiaries are registered as limited liability companies under PRC law.

The English names of all group companies registered in the PRC represent the best efforts made by the management of the Company to translate the Chinese names of these companies as they do not have official English names.

United States Dollars are hereafter referred to as the "USD".

Japanese yen are hereafter referred to as the "JPY".

Madagascar ariary are hereafter referred to as the "MGA".

Hong Kong Dollars are hereafter referred to as the "HKD".

Australian Dollars are hereafter referred to as the "AUD".

Notes to Financial Statements

31 December 2025

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with IFRS Accounting Standards (which include all International Financial Reporting standards, International Accounting Standards (“IASs”) and Interpretations) as issued by the International Accounting Standards Board (the “IASB”) and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for equity investments designated at fair value through other comprehensive income (“FVOCI”) and financial assets at fair value through profit or loss (“FVTPL”) which have been measured at fair value. These financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2025. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

Notes to Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.1 BASIS OF PREPARATION (continued)

Basis of consolidation (continued)

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted amendments to IAS 21 Lack of Exchangeability for the first time for the current year's financial statements. The Group has not early adopted any other standard or amendment that has been issued but is not yet effective.

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted in and the functional currencies of overseas subsidiaries for translation into the Group's presentation currency were exchangeable, the amendments did not have any impact on the Group's financial statements.

In addition, the IASB has issued amendments to Illustrative Examples on IFRS 7, IFRS 18, IAS 1, IAS 8, IAS 36 and IAS 37 *Disclosures about Uncertainties in the Financial Statements*, which added illustrative examples in the corresponding IFRS Accounting Standards. These examples reflect existing requirements in the corresponding IFRS Accounting Standards to report the effects of uncertainties in the financial statements using climate-related examples. Therefore, the amendments do not have an effective date or transitional provisions.

Notes to Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

The Group has not applied the following new and amended IFRS Accounting Standards, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and amended IFRS Accounting Standards, if applicable, when they become effective.

IFRS 18	<i>Presentation and Disclosure in Financial Statement²</i>
IFRS 19 and its amendments	<i>Subsidiaries without Public Accountability: Disclosures²</i>
Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments¹</i>
Amendments to IFRS 9 and IFRS 7	<i>Contracts Referencing Nature-dependent Electricity¹</i>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture³</i>
Amendments to IAS 21	<i>Translation to a Hyperinflationary Presentation Currency²</i>
<i>Annual Improvements to IFRS Accounting Standards – Volume 11</i>	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 ¹

1 Effective for annual periods beginning on or after 1 January 2026

2 Effective for annual/reporting periods beginning on or after 1 January 2027

3 No mandatory effective date yet determined but available for adoption

Further information about those IFRS Accounting Standards that are expected to be applicable to the Group is described below.

IFRS 18 replaces IAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in IAS 1 are moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as IAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of IFRS 18, limited, but widely applicable, amendments are made to IAS 7 *Statement of Cash Flows*, IAS 33 *Earnings per Share* and IAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other IFRS Accounting Standards. IFRS 18 and the consequential amendments to other IFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of IFRS 18 on the presentation and disclosure of the Group's financial statements.

Notes to Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS (continued)

IFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS Accounting Standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10 *Consolidated Financial Statements*, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with IFRS Accounting Standards. IFRS 19 was amended in April 2025 to include IFRS Accounting Standards in the eligibility criteria for applying the standard. The standard was further amended in October 2025 to (i) remove disclosure objectives from IFRS 19; (ii) reduce the disclosure requirements relating to supplier finance arrangements and a specific class of financial liabilities; and (iii) replace disclosure requirements relating to management-defined performance measures with a cross-reference to IFRS 18 for entities that use these measures. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply IFRS 19 and its amendments. Some of the Company's subsidiaries are considering the application of IFRS 19 and its amendments in their specified financial statements.

Amendments to IFRS 9 and IFRS 7 Amendments to the Classification and Measurement of Financial Instruments clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IFRS 9 and IFRS 7 *Contracts Referencing Nature-dependent Electricity* clarify the application of the "own-use" requirements for in-scope contracts and amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts. The amendments also include additional disclosures that enable users of financial statements to understand the effects these contracts have on an entity's financial performance and future cash flows. The amendments relating to the own-use exception shall be applied retrospectively. Prior periods are not required to be restated and can only be restated without the use of hindsight. The amendments relating to the hedge accounting shall be applied prospectively to new hedging relationships designated on or after the date of the initial application. Earlier application is permitted. The amendments to IFRS 9 and IFRS 7 shall be applied at the same time. The amendments are not expected to have any significant impact on the Group's financial statements.

Notes to Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS (continued)

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the IASB. However, the amendments are available for adoption now.

Amendments to IAS 21 *Translation to a Hyperinflationary Presentation Currency* require the translation from a non-hyperinflationary functional currency into a hyperinflationary presentation currency at the closing rate. The amendments also require an entity whose functional currency and presentation currency are the currency of a hyperinflationary economy to restate the comparative amounts of a foreign operation whose functional currency is that of a non-hyperinflationary economy, by applying the general price index, in accordance with paragraph 34 of IAS 29 *Financial Reporting in Hyperinflationary Economies*, to the foreign operation's comparative figures. The amendments introduce certain additional disclosures. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Annual Improvements to IFRS Accounting Standards – Volume 11 set out amendments to IFRS 1, IFRS 7 (and the accompanying *Guidance on implementing IFRS 7*), IFRS 9, IFRS 10 and IAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- *IFRS 7 Financial Instruments: Disclosures*: The amendments have updated certain wording in paragraph B38 of IFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing IFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing IFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- *IFRS 9 Financial Instruments*: The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply paragraph 3.3.3 of IFRS 9 and recognise any resulting gain or loss in profit or loss. However, the amendments do not address how a lessee distinguishes between a lease modification as defined in IFRS 16 and an extinguishment of a lease liability in accordance with IFRS 9. In addition, the amendments have updated certain wording in paragraph 5.1.3 of IFRS 9 and Appendix A of IFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

2. ACCOUNTING POLICIES (continued)

2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS (continued)

- IFRS 10 *Consolidated Financial Statements*: The amendments clarify that the relationship described in paragraph B74 of IFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of IFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- IAS 7 *Statement of Cash Flows*: The amendments replace the term "cost method" with "at cost" in paragraph 37 of IAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

2.4 MATERIAL ACCOUNTING POLICIES

Investments in associates

An associate is an entity in which the Group has a long-term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investments in associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

The Group's share of the post-acquisition results and other comprehensive income of associates is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's investments in the associates, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates is included as part of the Group's investments in associates.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When an investment in an associate is classified as held for sale, it is accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

Notes to Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or other comprehensive income, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Notes to Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Business combinations and goodwill (continued)

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Notes to Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Fair value measurement

The Group measures its financial assets at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Notes to Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Notes to Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Notes to Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with IFRS 5, as further explained in the accounting policy for “Non-current assets and disposal groups held for sale”. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Containers	10%
Vessels	7% to 13%
Motor vehicles	19% to 24%
Furniture and fixtures	19% to 32%
Electronic equipment	19% to 32%
Decoration and improvements	29% to 50%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Notes to Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Software

Software is stated at cost less any impairment loss and is amortised on the straight-line basis over its estimated useful lives of 3 to 5 years.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Notes to Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Leases (continued)

Group as a lessee (continued)

(a) *Right-of-use assets*

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets as follows:

Buildings	2 to 5 years
Land	99 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) *Lease liabilities*

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g. a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

Notes to Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Leases (continued)

Group as a lessee (continued)

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of buildings and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

Sale and leaseback transactions

The transfer of an asset by the Group does not satisfy the requirements of IFRS 15 to be accounted for as a sale of the asset and the Group continues to recognise the transferred asset and recognise a financial liability equal to the proceeds of the transfer. The Group accounts for the financial liability by applying IFRS 9.

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost and fair value through other comprehensive income and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Notes to Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Derecognition of financial assets (continued)

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

Notes to Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

General approach (continued)

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

- Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings, or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, other payables and accruals, an amount due to a related party and interest-bearing bank and other borrowings.

Notes to Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Financial liabilities (continued)

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (trade and other payables, and borrowings)

After initial recognition, trade and other payables, and interest-bearing borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs are calculated on a specific identification basis. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Notes to Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of each reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Income tax (continued)

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Notes to Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Income tax (continued)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Revenue from contracts with customers (continued)

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

The following is a description of accounting policy for the revenue streams of the Group:

- (a) Revenue from activities related to cross-border logistics services is recognised over time as the performance obligation is satisfied, including a share of revenue from incomplete voyages as at the end of each reporting period.
- (b) Revenue from the operation of overseas warehousing services is recognized over time as customers progressively receive and consume the benefits of the Group's performance. Overseas warehousing services primarily include warehousing services, distribution and delivery services and value added logistics services. These service offerings are interrelated and integrated to provide a combined output, and therefore are jointly considered as a single performance obligation.
- (c) Revenue from the sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the products.

Notes to Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Revenue from other sources

Revenue from a time charter is recognised on the straight-line basis over the period of the charter.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Employee benefits

Pension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for those Hong Kong employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operate in the Chinese mainland are required to participate in a central pension scheme operated by the local municipal government. The subsidiaries operating in Mainland China are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its financial statements, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements. Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

These financial statements are presented in RMB, which is the Company's functional currency because the Group's principal operations are carried out in Mainland China. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Notes to Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Foreign currencies (continued)

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries are currencies other than RMB. As at the end of each reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of each reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in the statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Notes to Financial Statements

31 December 2025

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

The key judgements, estimates and assumptions, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. As at 31 December 2025, the carrying amount of goodwill was RMB8,572,000 (2024: RMB8,572,000). Further details are given in note 15 to the financial statements.

Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, customer type and rating).

The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., inflation rate) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 18 to the financial statements.

Notes to Financial Statements

31 December 2025

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate (“IBR”) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group “would have to pay”, which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary’s functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary’s stand-alone credit rating).

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm’s length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Notes to Financial Statements

31 December 2025

4. 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

	2025 RMB'000	2024 RMB'000
Chinese mainland	1,558,114	1,720,263
Other countries/regions	314,123	226,130
Total revenue	1,872,237	1,946,393

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 area. 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 year (2024: Nil).

Notes to Financial Statements

31 December 2025

5. REVENUE, OTHER INCOME AND GAIN

An analysis is as follows:

	2025 RMB'000	2024 RMB'000
Revenue from contracts with customers	1,797,400	1,868,487
Revenue from other sources		
Time charter income	74,837	77,906
Total	1,872,237	1,946,393

Revenue from contracts with customers

(i) Disaggregated revenue information

For the year ended 31 December 2025 Segments	Cross-border logistics services RMB'000	Others RMB'000	Total RMB'000
Types of goods or services			
Cross-border logistics services	1,670,601	–	1,670,601
Overseas warehousing	126,799	–	126,799
Sale of goods	–	–	–
Total	1,797,400	–	1,797,400
Timing of revenue recognition			
Services transferred over time	1,797,400	–	1,797,400
Goods transferred at a point in time	–	–	–
Total	1,797,400	–	1,797,400
Geographical markets			
Chinese mainland	1,558,114	–	1,558,114
Other countries/regions	239,286	–	239,286
Total	1,797,400	–	1,797,400

Notes to Financial Statements

31 December 2025

5. REVENUE, OTHER INCOME AND GAIN (continued)

Revenue from contracts with customers (continued)

(i) Disaggregated revenue information (continued)

For the year ended	Cross-border	Others	Total
31 December 2024	logistics services	RMB'000	RMB'000
Segments	RMB'000	RMB'000	RMB'000
Types of goods or services			
Cross-border logistics services	1,710,414	–	1,710,414
Overseas warehousing	123,212	–	123,212
Sale of goods	–	34,861	34,861
Total	1,833,626	34,861	1,868,487
Timing of revenue recognition			
Services transferred over time	1,833,626	–	1,833,626
Goods transferred at a point in time	–	34,861	34,861
Total	1,833,626	34,861	1,868,487
Geographical markets			
Chinese mainland	1,685,402	34,861	1,720,263
Other countries/regions	148,224	–	148,224
Total	1,833,626	34,861	1,868,487

The following table shows the amount of revenue recognised in the current reporting period that was included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2025	2024
	RMB'000	RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the year:		
Cross-border logistics services	2,825	2,910

Notes to Financial Statements

31 December 2025

5. REVENUE, OTHER INCOME AND GAIN (continued)

Revenue from contracts with customers (continued)

(ii) Performance obligations

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

Cross-border logistics services

The revenues from the operation of the 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 year.

Overseas warehousing

The performance obligation is satisfied over time as services are rendered and payment is generally due within 15 to 30 days from rendering the services. Warehousing service contracts are for periods of one year or less, and services are billed based on the time incurred.

Sale of goods

The performance obligation is satisfied upon delivery of the goods and payment is generally due within 30 to 90 days from delivery, except for small customers, where payment in advance is normally required.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	2025 RMB'000	2024 RMB'000
Amounts expected to be recognised as revenue:		
Within one year	24,866	2,825

Notes to Financial Statements

31 December 2025

5. REVENUE, OTHER INCOME AND GAIN (continued)

Revenue from contracts with customers (continued)

(ii) Performance obligations (continued)

Sale of goods (continued)

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.

	2025 RMB'000	2024 RMB'000
Other income and gains		
Government grants	214	117
Interest income	19,609	14,852
Foreign exchange gains, net	4,912	–
Investment income	14,079	1,120
Gain on disposal of items of property, plant and equipment	62,440	353,342
Gain on disposal of items of right-of-use assets	–	156
Others	2,537	239
Total	103,791	369,826

Notes to Financial Statements

31 December 2025

6. PROFIT BEFORE TAX

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

	Notes	2025 RMB'000	2024 RMB'000
Cost of services provided**		1,631,103	1,642,025
Cost of inventories sold		6,710	34,568
Depreciation of property, plant and equipment	13	55,762	48,254
Depreciation of right-of-use assets	14(a)	31,411	31,042
Amortisation of intangible assets	16	416	407
Impairment of financial assets, net			
– Trade receivables	18	549	12,874
– Other receivables	19	(11,422)	20,809
Fair value losses on financial assets at fair value through profit or loss		9,970	2,996
Share of losses of associates		2,777	309
Government grants		(214)	(117)
Foreign exchange differences, net	5	(4,912)	3,281
Interest income		(19,609)	(14,852)
Investment income		(14,079)	(1,120)
Gains on disposal of property, plant and equipment		(62,440)	(353,342)
Gains on disposal of right-of-use assets		–	(156)
Auditor's remuneration		2,820	1,980
Employee benefit expense (excluding directors' and chief executive's remuneration (note 8)):			
Wages, salaries and other allowances		60,912	52,407
Pension scheme contributions and social welfare*		11,647	8,860
Total		72,559	61,267

* There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

** The depreciation of property, plant and equipment, depreciation of right-of-use assets and amortisation of intangible assets of RMB47,936,000 (2024: RMB38,346,000), RMB25,819,000 (2024: RMB25,672,000) and RMB292,000 (2024: RMB292,000) for the year ended 31 December 2025, respectively, are recorded in "Cost of services provided" in profit or loss.

Notes to Financial Statements

31 December 2025

7. FINANCE COSTS

An analysis of finance costs from continuing operations is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Interest on bank and other borrowings	3,919	3,957
Interest on lease liabilities (note 14(b))	3,638	4,981
Total	7,557	8,938

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Fees	461	450
Other emoluments:		
Salaries, allowances and benefits in kind	3,159	4,005
Performance related bonuses	182	164
Pension scheme contributions and social welfare	300	254
Subtotal	3,641	4,423
Total	4,102	4,873

Notes to Financial Statements

31 December 2025

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

(a) Independent non-executive directors

Dr. Gu Lin and Mr. Qi Yinliang were appointed as independent non-executive directors of the Company on 23 August 2023. Mr. Du Haibo was resigned as an independent non-executive director of the Company on 20 June 2025. Dr. Yang Kequan was appointed as an independent non-executive director of the Company on 20 June 2025.

The fees paid to independent non-executive directors during the year were as follows:

	2025 RMB'000	2024 RMB'000
Independent non-executive directors		
Dr. Yang Kequan	90	–
Mr. Du Haibo	71	150
Dr. Gu Lin	150	150
Mr. Qi Yinliang	150	150
Total	461	450

There were no other emoluments payable to the independent non-executive directors during the year.

(b) Executive directors and the chief executive

2025

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance- related bonuses RMB'000	Pension scheme contributions and social welfare RMB'000	Total remuneration RMB'000
Executive directors:					
Ms. Li Yan	–	1,293	100	129	1,522
Ms. Zhu Jiali	–	385	60	38	483
Mr. Yu Zhenrong	–	150	–	–	150
Subtotal	–	1,828	160	167	2,155
Chief executive:					
Mr. Xu Xin	–	1,331	22	133	1,486
Total	–	3,159	182	300	3,641

Notes to Financial Statements

31 December 2025

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

(b) Executive directors and the chief executive (continued)

2024

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance- related bonuses RMB'000	Pension scheme contributions and social welfare RMB'000	Total remuneration RMB'000
Executive directors:					
Ms. Li Yan	–	1,552	100	74	1,726
Ms. Zhu Jiali	–	384	32	39	455
Mr. Yu Zhenrong	–	150	–	–	150
Subtotal	–	2,086	132	113	2,331
Chief executive:					
Mr. Xu Xin	–	1,919	32	141	2,092
Total	–	4,005	164	254	4,423

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year (2024: Nil).

During the year ended 31 December 2025, no payments were made to any director as an inducement to join or upon joining the Company or any member of the Group (2024: Nil).

During the year ended 31 December 2025, no compensation was paid or is receivable by any director or past director for the loss of office as a director of any member of the Group or of any other office in connection with the management of the affairs of any member of the Group, whether by way of contractual payment or otherwise (2024: Nil).

Notes to Financial Statements

31 December 2025

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two directors (2024: two director). Details of directors' remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining three (2024: three) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2025 RMB'000	2024 <i>RMB'000</i>
Salaries, allowances and benefits in kind	1,913	2,247
Performance-related bonuses	212	289
Pension scheme contributions and social welfare	294	207
Total	2,419	2,743

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	2025 Number of employees	2024 <i>Number of employees</i>
Nil to HK\$1,000,000	3	2
HK\$1,000,001 to HK\$1,500,000	–	1
Total	3	3

Notes to Financial Statements

31 December 2025

10. 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 for the year.

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 year 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.

	2025 RMB'000	2024 RMB'000
Current:		
Chinese mainland – income taxes	519	4,437
Hong Kong profits tax	–	–
Elsewhere – income taxes	3,052	481
Deferred (note 25)	(614)	632
Total tax charge for the year	2,957	5,550

Notes to Financial Statements

31 December 2025

10. INCOME TAX (continued)

A reconciliation of tax expense applicable to profit before tax at the statutory tax rate for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the income tax expense at the effective tax rate is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Profit before tax	162,807	406,512
Tax at the statutory tax rate	40,702	101,628
Effect of different tax rates applicable to subsidiaries	(18,610)	(36,211)
Expenses not deductible for tax	522	670
Income not subject to tax (a)	(24,133)	(70,111)
Tax losses and deductible temporary differences not recognised	3,807	9,497
Profits and losses attributable to associates	669	77
Tax charge at the Group's effective rate	2,957	5,550

(a) The Group's Hong Kong subsidiaries' shipping business profits were not derived from or arising from Hong Kong which were exempted from Hong Kong income tax and were reflected as income not subject to tax.

The share of tax attributable to associates amounted to RMB669,000 (2024: RMB77,000), is included in "Share of loss of associates" in the consolidated statement of profit or loss.

11. DIVIDENDS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Proposed final – HK44 cent (2024: Nil) per ordinary share	–	116,281

The board of directors approved the declaration and payment of a special dividend of RMB0.15 per ordinary share to shareholders, totalling approximately RMB43,000,000 in aggregate on 8 November 2024.

Notes to Financial Statements

31 December 2025

12. 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 ordinary shares of 572,538,312 (2024: (Restated) 572,538,312) outstanding 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 years ended 31 December 2025 and 2024.

The calculations of basic and diluted earnings per share are based on:

	2025 RMB'000	2024 RMB'000
Earnings		
Profit attributable to ordinary equity holders of the parent	138,003	395,793

	2025	2024 (Restated)
Shares		
Weighted average number of ordinary shares outstanding during the year	572,538,312	572,538,312

The Company implemented the share subdivision on the basis that each existing share of par value of USD0.0001 each in the share capital of the Company be subdivided into two subdivided shares of par value of USD0.00005 each. The share subdivision was effective on 28 July 2025.

Notes to Financial Statements

31 December 2025

13. PROPERTY, PLANT AND EQUIPMENT

	Containers RMB'000	Vessels RMB'000	Motor vehicles RMB'000	Furniture and fixtures RMB'000	Electronic equipment RMB'000	Decoration and improvements RMB'000	Construction in Progress RMB'000	Total RMB'000
31 December 2025								
At 1 January 2025:								
Cost	295,907	117,951	35,034	2,296	4,171	35,264	-	490,623
Accumulated depreciation	(50,994)	(12,612)	(10,177)	(1,424)	(2,958)	(30,938)	-	(109,103)
Exchange realignment	18,708	2,295	5	1	4	440	-	21,453
Net carrying amount	263,621	107,634	24,862	873	1,217	4,766	-	402,973
At 1 January 2025								
Additions	47,437	70,345	6,215	99	164	9,378	3,573	137,211
Disposals	(14,739)	(31,630)	(913)	(23)	(16)	(141)	-	(47,462)
Depreciation provided during the year (note 6)	(24,955)	(11,418)	(9,334)	(357)	(494)	(9,204)	-	(55,762)
Exchange realignment	(6,291)	(3,924)	(381)	331	(7)	(405)	(26)	(10,703)
At 31 December 2025, net of accumulated depreciation	265,073	131,007	20,449	923	864	4,394	3,547	426,257
At 31 December 2025								
Cost	324,208	149,989	39,191	2,315	4,101	44,501	3,573	567,878
Accumulated depreciation	(71,552)	(17,354)	(18,366)	(1,724)	(3,234)	(40,142)	-	(152,372)
Exchange realignment	12,417	(1,628)	(376)	332	(3)	35	(26)	10,751
Net carrying amount	265,073	131,007	20,449	923	864	4,394	3,547	426,257

Notes to Financial Statements

31 December 2025

13. PROPERTY, PLANT AND EQUIPMENT (continued)

	Containers RMB'000	Vessels RMB'000	Motor vehicles RMB'000	Furniture and fixtures RMB'000	Electronic equipment RMB'000	Decoration and improvements RMB'000	Total RMB'000
31 December 2024							
At 1 January 2024:							
Cost	288,859	159,395	14,836	2,238	3,276	26,549	495,153
Accumulated depreciation	(51,188)	(13,739)	(4,548)	(1,055)	(2,420)	(18,182)	(91,132)
Exchange realignment	18,432	2,262	5	1	4	186	20,890
Net carrying amount	256,103	147,918	10,293	1,184	860	8,553	424,911
At 1 January 2024							
Additions	2,309	1,327	20,198	135	980	8,715	33,664
Disposals	(30,429)	(33,597)	-	(36)	(28)	-	(64,090)
Depreciation provided during the year (note 6)	(20,816)	(8,048)	(5,629)	(410)	(595)	(12,756)	(48,254)
Transferred from assets held for sale	56,179	-	-	-	-	-	56,179
Exchange realignment	275	34	-	-	-	254	563
At 31 December 2024, net of accumulated depreciation	263,621	107,634	24,862	873	1,217	4,766	402,973
At 31 December 2024							
Cost	295,907	117,951	35,034	2,296	4,171	35,264	490,623
Accumulated depreciation	(50,994)	(12,612)	(10,177)	(1,424)	(2,958)	(30,938)	(109,103)
Exchange realignment	18,708	2,295	5	1	4	440	21,453
Net carrying amount	263,621	107,634	24,862	873	1,217	4,766	402,973

Certain of the Group's vessel with a net carrying amount of approximately RMB49,861,000 (2024: RMB56,137,000) were pledged to secure other borrowings granted to the Group as at 31 December 2025.

Notes to Financial Statements

31 December 2025

14. LEASES

The Group as a lessee

The Group has lease contracts for various items of buildings, vessels and containers. Leases of buildings generally have lease terms between 2 and 5 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group. Vessels and containers generally have lease terms of 12 months or less. The Group has elected not to recognise right-of-use assets on this short-term lease contract. There are no restrictions or covenants imposed.

(a) Right-of-use assets

The carrying amount of the Group's right-of-use assets and the movements during the year are as follows:

	Buildings RMB'000	Land RMB'000
As at 1 January 2024		
Carrying amount at 1 January 2024	6,984	–
Additions	99,190	–
Disposal	(2,271)	–
Depreciation provided (note 6)	(31,042)	–
Exchange realignment	1,397	–
	<hr/>	
Carrying amount at 31 December 2024	74,258	–
As at 1 January 2025		
Carrying amount at 1 January 2025	74,258	–
Additions	7,324	13,518
Disposal	–	–
Depreciation provided (note 6)	(31,411)	–
Exchange realignment	(1,117)	(98)
	<hr/>	
Carrying amount at 31 December 2025	49,054	13,420

Notes to Financial Statements

31 December 2025

14. LEASES (continued)

The Group as a lessee (continued)

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Carrying amount at 1 January	81,811	6,775
New leases	7,324	99,190
Disposal	–	(2,427)
Accretion of interest recognised during the year	3,638	4,981
Payments	(36,094)	(28,238)
Exchange realignment	(1,282)	1,530
Carrying amount at 31 December	55,397	81,811
	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Analysed into:		
Current portion	34,481	30,211
Non-current portion	20,916	51,600

The maturity analysis of lease liabilities is disclosed in note 35 to the financial statements.

Notes to Financial Statements

31 December 2025

14. LEASES (continued)

The Group as a lessee (continued)

(c) *The amounts recognised in profit or loss in relation to leases are as follows:*

	2025 RMB'000	2024 RMB'000
Interest on lease liabilities	3,638	4,981
Depreciation charge of right-of-use assets	31,411	31,042
Expense relating to short-term leases (included in cost of sales)	2,715	8,031
Total amount recognised in profit or loss	37,764	44,054

The total cash outflow for leases is disclosed in note 29(c) to the financial statements.

The Group as a lessor

The Group leases certain of its container vessels to third parties under operating lease arrangements. Leases for container vessels are negotiated for terms ranging from 1 month to 12 months.

The rental income recognised by the Group during the year was RMB74,837,000 (2024: RMB77,906,000), details of which are included in note 5 to the financial statements.

As at December 2025, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	2025 RMB'000	2024 RMB'000
Within one year	12,766	19,204

Notes to Financial Statements

31 December 2025

15. GOODWILL

	<i>RMB'000</i>
<hr/>	
At 1 January 2024:	
Cost	8,572
Accumulated impairment	—
	<hr/>
Net carrying amount	8,572
	<hr/>
Cost at 1 January 2024, net of accumulated impairment	8,572
Impairment during the year	—
	<hr/>
At 31 December 2024	8,572
	<hr/>
At 31 December 2024:	
Cost	8,572
Accumulated impairment	—
	<hr/>
Net carrying amount	8,572
	<hr/>
Cost at 1 January 2025, net of accumulated impairment	8,572
Impairment during the year	—
	<hr/>
Cost and net carrying amount at 31 December 2025	8,572
	<hr/>
At 31 December 2025:	
cost	8,572
Accumulated impairment	—
	<hr/>
Net carrying amount	8,572
	<hr/>

Notes to Financial Statements

31 December 2025

15. GOODWILL (continued)

Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the following cash-generating unit for impairment testing:

Shanghai Sijin cash-generating unit

The recoverable amount of the Shanghai Sijin cash-generating unit has been determined based on a value-in-use calculation using cash flow projections based on financial budgets covering a five-year period approved by management. The discount rate applied to the cash flow projections is 11.24% (2024: 12.6%) per annum. The growth rate used to extrapolate the cash flows beyond the five-year period is 2% (2024: 2.3%).

The management of the Group believes that any reasonably possible change in the key assumptions of the value-in-use calculation would not cause the carrying amount to exceed the recoverable amount of the Shanghai Sijin cash-generating unit.

The carrying amount of goodwill allocated to the cash-generating unit is as follows:

	2025 RMB'000	2024 RMB'000
Shanghai Sijin	8,572	8,572

Assumptions were used in the value-in-use calculation of the Shanghai Sijin cash-generating unit for 31 December 2025 and 31 December 2024. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Budgeted revenue – Amounts of the budgeted sales are based on the historical data and management's expectation on the future market.

Budgeted gross margins – The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budget year.

Long-term growth rate – The basis used to determine the value assigned to the annual revenue growth rate is the annual revenue achieved in the year immediately before the budget year, increased for expected efficiency improvements, and expected market development.

Discount rate – The discount rate used is before tax and reflects specific risks relating to the relevant unit.

Notes to Financial Statements

31 December 2025

15. GOODWILL (continued)

Impairment testing of goodwill (continued)

Shanghai Sijin cash-generating unit (continued)

The values assigned to the key assumptions on the annual revenue growth rates of Shanghai Sijin and discount rate are consistent with external information sources.

Sensitivity to changes in key assumptions:

The management of the Company has performed sensitivity test by decreasing 1% of long-term growth rates or increasing 1% of discount rates, with all other assumptions held constant. The impacts on the amount by which the Shanghai Sijin cash-generating unit's recoverable amount exceeds its carrying amount (headroom) are as follows:

	2025	2024
	RMB'000	RMB'000
Headroom	3,632	4,397
Impact by decreasing long-term growth rates	(2,246)	(2,035)
Impact by increasing discount rates	(2,940)	(2,767)

Considering there was still sufficient headroom based on the assessment, the management of the Company believes that a reasonably possible change in the above key parameters would not cause the carrying amount of the Shanghai Sijin cash-generating unit to exceed its recoverable amount as at 31 December 2025.

The goodwill had been tested for impairment as at 31 December 2025. The directors of the Company concluded there were no significant changes on the key assumptions adopted compared with those used when completing the impairment assessment of the goodwill as at 31 December 2025 and were of the opinion that there was no impairment provision as at 31 December 2025.

Notes to Financial Statements

31 December 2025

16. OTHER INTANGIBLE ASSETS

	Software RMB'000
31 December 2025	
Cost at 1 January 2025, net of accumulated amortisation	1,670
Additions	51
Amortisation provided during the year (note 6)	(416)
	<hr/>
At 31 December 2025	1,305
	<hr/>
At 31 December 2025:	
Cost	7,537
Accumulated amortisation	(6,232)
	<hr/>
Net carrying amount	1,305
	<hr/>
31 December 2024	
Cost at 1 January 2024, net of accumulated amortisation	1,867
Additions	210
Amortisation provided during the year (note 6)	(407)
	<hr/>
At 31 December 2024	1,670
	<hr/>
At 31 December 2024:	
Cost	7,083
Accumulated amortisation	(5,413)
	<hr/>
Net carrying amount	1,670
	<hr/>

Notes to Financial Statements

31 December 2025

17. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Equity investments designated at fair value through other comprehensive income		
Unlisted equity investments, at fair value	2,023	1,768

The above equity investments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.

18. TRADE RECEIVABLES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade receivables	169,093	136,982
Impairment	(26,507)	(29,377)
Net carrying amount	142,586	107,605

The Group's trading terms with its customers are mainly on credit. The credit period is generally 30 to 60 days. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

Notes to Financial Statements

31 December 2025

18. TRADE RECEIVABLES (continued)

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:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within 1 month	81,641	62,696
1 to 3 months	34,704	31,657
3 to 6 months	13,206	7,887
6 to 12 months	6,136	5,365
Over 1 year	6,899	–
Total	142,586	107,605

The movements in the loss allowance for impairment of trade receivables are as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
At beginning of year	29,377	17,363
Impairment losses, net (note 6)	549	12,874
Amount written off as uncollectible	(3,419)	(860)
At end of year	26,507	29,377

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Notes to Financial Statements

31 December 2025

18. TRADE RECEIVABLES (continued)

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

31 December 2025

	Past due					Total
	Less than 1 month	1 to 3 months	3 to 6 months	6 to 12 months	Over 1 year	
Expected credit loss rate	0.94%	3.59%	18.90%	32.32%	71.04%	14.92%
Gross carrying amount (RMB'000)	82,415	35,997	16,284	9,066	23,821	167,583
Expected credit losses (RMB'000)	773	1,293	3,078	2,930	16,922	24,997

31 December 2024

	Past due					Total
	Less than 1 month	1 to 3 months	3 to 6 months	6 to 12 months	Over 1 year	
Expected credit loss rate	1.09%	5.17%	20.23%	46.13%	100.00%	14.76%
Gross carrying amount (RMB'000)	63,389	33,382	9,887	9,960	9,620	126,238
Expected credit losses (RMB'000)	693	1,725	2,000	4,595	9,620	18,633

The Group recognises lifetime ECLs for trade receivables relating to a customer and measures the lifetime ECLs on a specific basis according to management's assessment of the recoverability of the individual receivables, with a gross carrying amount of RMB1,510,000 (2024: RMB10,744,000) and expected credit losses of RMB1,510,000 (2024: RMB10,744,000).

Notes to Financial Statements

31 December 2025

19. PREPAYMENTS AND OTHER RECEIVABLES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Prepayments (a)	680,381	449,921
Consideration receivables for disposal of containers	206	211
Deposits	22,622	26,214
Dividend receivable	–	835
Other tax recoverable	429	452
Loan to a non-controlling shareholder of a subsidiary	–	7,188
Loans to third parties	24,601	11,000
Others	3,613	6,210
	731,852	502,031
Impairment allowance	(10,238)	(21,660)
	721,614	480,371
Analysed into:		
Current portion	68,263	53,778
Non-current portion	653,351	426,593

(a) The amount of prepayments for the purchase of property, plant and equipment is RMB650,892,000 (2024: RMB424,078,000), presented as non-current assets.

(b) Except for the loans to a non-controlling shareholder of a subsidiary and third parties, and other receivables are unsecured, non-interest-bearing and have no fixed terms of repayment.

Notes to Financial Statements

31 December 2025

19. PREPAYMENTS AND OTHER RECEIVABLES (continued)

The movements in the loss allowance for impairment of other receivables and deposits are as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
At beginning of year	21,660	1,751
(Impairment losses reversed)/recognised (note 6)	(11,422)	20,809
Amount written off as uncollectible	–	(900)
At end of year	10,238	21,660

The other deposits mainly represent rental deposits and deposits with suppliers. Where applicable, an impairment analysis is performed at each reporting date by considering the probability of default of comparable companies with published credit ratings. As at 31 December 2025, the probability of default applied ranged from 1.50% to 100% and the loss given default was estimated to be 100%.

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Listed equity investments, at fair value	49,852	49,391
Unlisted equity investment, at fair value	9,143	8,980
Total	58,995	58,371

The above equity investments were classified as financial assets at fair value through profit or loss as they were held for trading.

The above unlisted investments were wealth management products issued by banks in the Chinese mainland China. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest. The Group has estimated the fair value of the unlisted investment by using the asset-based approach, the significant unobservable input of which is the adjusted carrying amount of net asset.

Notes to Financial Statements

31 December 2025

21. CASH AND BANK BALANCES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Cash and bank balances	428,704	779,637
Less: Pledged deposits (a)	10,400	11,184
Restricted cash	419	2,348
Cash and cash equivalents	417,885	766,105

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates.

- (a) As at 31 December 2025, the pledged deposits amounted to RMB10,400,000 (2024: RMB11,184,000), which were pledged for the insurance of a letter of credit for the purchase of vessels.

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Cash and bank balances:		
Denominated in RMB	27,545	22,828
Denominated in USD	373,198	753,128
Denominated in JPY	-	2
Denominated in MGA	11,445	2,773
Denominated in HKD	16,420	892
Denominated in SGD	96	-
Denominated in AUD	-	14
Total	428,704	779,637

At the end of the reporting period, the cash and bank balances of the Group denominated in RMB amounted to RMB27,545,000 (2024: RMB22,828,000). The RMB is not freely convertible into other currencies, however, under the Chinese mainland's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents approximated to their fair values.

Notes to Financial Statements

31 December 2025

22. TRADE PAYABLES

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within 1 year	127,858	123,969
Over 1 year	19,601	11,469
Total	147,459	135,438

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

23. OTHER PAYABLES AND ACCRUALS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Contract liabilities (a)	24,866	2,825
Deposits	14,499	13,810
Payroll and welfare payables	9,226	6,792
Payables for purchase of containers	851	1,758
Other tax payables	654	296
Due to non-controlling shareholders of subsidiaries	16,466	5,600
Others (b)	31,243	38,106
Total	97,805	69,187

Notes:

(a) Details of contract liabilities are as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Short-term advances received from customers		
Cross-border logistics services	24,866	2,825

Contract liabilities include short-term advance payments received from the customers of the cross-border logistics services, which will be recognised as revenue as the performance obligation is satisfied within one year.

(b) Other payables are interest-free and has no fixed terms of repayment.

Notes to Financial Statements

31 December 2025

24. INTEREST-BEARING BANK AND OTHER BORROWINGS

	31 December 2025			31 December 2024		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Bank loans – secured	2.75-2.85	2026	10,000	2.85-3.90	2025	20,000
Bank loans – unsecured	3.55	2026	3,000	3.65-3.95	2025	21,595
Current portion of other long-term loans – secured	7.71	2026	15,200	7.71	2025	15,856
Subtotal			28,200			57,451
Non-current						
Other loans – secured	7.71	2027	11,572	7.71	2026-2027	27,204
Other loans – unsecured			–			–
Subtotal			11,572			27,204
Total			39,772			84,655
				2025	2024	
				RMB'000	RMB'000	
Analysed into:						
Bank loans repayable:						
Within one year			13,000			41,595
Other borrowings repayable:						
Within one year			15,200			15,856
In the second year			11,572			15,545
In the third year			–			11,659
Subtotal			26,772			43,060
Total			39,772			84,655

Notes to Financial Statements

31 December 2025

24. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

Except for the borrowings in the amount of RMB26,772,000 denominated in USD (2024: RMB43,060,000), the remaining borrowings of the Group were denominated in RMB as at 31 December 2025.

Certain of the bank and other borrowings up to RMB10,000,000 were guaranteed by a non-controlling shareholder of a subsidiary and independent third parties as at 31 December 2025 (2024: RMB10,000,000).

Certain of the bank and other borrowings up to RMB26,772,000 (2024: RMB43,060,000) were secured by mortgages over the dry bulk vessel with a net carrying amount of approximately RMB49,861,000 (2024: RMB56,137,000) as at 31 December 2025.

25. DEFERRED TAX

The movements in deferred tax liabilities and assets during the year are as follows:

Deferred tax liabilities

	Fair value adjustments arising from business combinations <i>RMB'000</i>	Right-of-use assets <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2025	378	1,162	1,540
Deferred tax (credited)/charged to profit or loss during the year	(88)	508	420
At 31 December 2025	290	1,670	1,960

Deferred tax assets

Segments	Lease liability <i>RMB'000</i>	Impairment of financial assets <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2025	1,043	884	1,927
Deferred tax credited to profit or loss during the year	510	524	1,034
At 31 December 2025	1,553	1,408	2,961

Notes to Financial Statements

31 December 2025

25. DEFERRED TAX (continued)

Deferred tax liabilities

	Fair value adjustments arising from business combinations <i>RMB'000</i>	Right-of-use assets <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2024	466	1,486	1,952
Deferred tax credited to profit or loss during the year	(88)	(324)	(412)
At 31 December 2024	378	1,162	1,540

Deferred tax assets

	Lease liability <i>RMB'000</i>	Accrued expenses <i>RMB'000</i>	Losses available for offsetting against future taxable profits <i>RMB'000</i>	Impairment of financial assets <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2024	1,447	5	690	829	2,971
Deferred tax (charged)/credited to profit or loss during the year	(404)	(5)	(690)	55	(1,044)
At 31 December 2024	1,043	–	–	884	1,927

Notes to Financial Statements

31 December 2025

25. DEFERRED TAX (continued)

For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated statement of financial position. The following is an analysis of the deferred tax balances for financial reporting purposes:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Net deferred tax assets recognised in the consolidated statement of financial position	1,115	429
Net deferred tax liabilities recognised in the consolidated statement of financial position	(114)	(42)
Net deferred tax assets in respect of continuing operations	1,001	387

Deferred tax assets have not been recognised in respect of the following item:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Tax losses	86,764	91,240

The Group has tax losses arising in the Chinese mainland of RMB86,764,000 (2024: RMB91,240,000) that will expire in one to five years for offsetting against future taxable profits.

Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

The Group is liable for withholding taxes on dividends distributed by those subsidiaries established in the Chinese mainland in respect of earnings generated from 1 January 2008. The applicable tax rate is 5% for the Group.

As at 31 December 2025, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in the Chinese mainland. In the opinion of the directors of the Company, the Group's fund will be retained in the Chinese mainland for the expansion of the Group's operations so it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amounts of temporary differences associated with investments in subsidiaries for which deferred tax liabilities have not been recognised totalled approximately RMB1,247,875,000 as at 31 December 2025 (2024: RMB1,117,158,000).

Notes to Financial Statements

31 December 2025

26. SHARE CAPITAL

Shares

	31 December 2025 RMB'000	31 December 2024 RMB'000
Issued and fully paid:		
572,538,312 ordinary shares of USD0.00005 (2024: 286,269,156 ordinary shares of USD0.0001)	205	205

The ordinary shares of the Company do not have a par value.

A summary of movements in the Company's share capital is as follows:

	<i>Note</i>	Number of shares in issue	Share capital RMB'000
At 1 January 2024		286,269,156	205
At 31 December 2024 and 1 January 2025		286,269,156	205
Share subdivision	(a)	286,269,156	–
At 31 December 2025		572,538,312	205

- (a) The Company implemented the share subdivision on the basis that each existing share of par value of USD0.0001 each in the share capital of the Company be subdivided into two (2) subdivided shares of par value of USD0.00005 each. The share subdivision was effective on 28 July 2025.

Notes to Financial Statements

31 December 2025

27. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity.

(a) Capital reserve

The capital reserve of the Group represents the issued capital of the then holding company of the companies now comprising the Group and the capital contributions from the equity holders of certain subsidiaries now comprising the Group before the completion of the reorganisation.

(b) Fair value reserve of financial assets at fair value through other comprehensive income

The fair value reserve of financial assets at fair value through other comprehensive income represents unrealised fair value gains or losses for equity investments designated at FVOCI.

(c) Statutory surplus reserve

In accordance with the PRC Company Law and the articles of association of the subsidiaries established in the PRC, the Group is required to appropriate 10% of its net profit after tax, as determined under the Chinese Accounting Standards, to the statutory surplus reserve until the reserve balance reaches 50% of its registered capital. Subject to certain restrictions set out in the relevant PRC regulations and in the articles of association of the Group, the statutory surplus reserve may be used either to offset losses, or to be converted to increase share capital provided that the balance after such conversion is not less than 25% of the registered capital of the Group. The reserve cannot be used for purposes other than those for which it is created and is not distributable as cash dividends.

(d) Share premium reserve

The application of the share premium account is governed by the Companies Law of the Cayman Islands. Under the constitutional documents and the Companies Law of the Cayman Islands, the share premium is distributable as dividend on the condition that the Company is able to pay its debts when they fall due in the ordinary course of business at the time the proposed dividend is to be paid.

28. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

	2025	2024
Percentage of equity interest held by non-controlling interests:		
Shandong Lcang	1%	1%
LC Western Post	21%	21%
LCAW Shipping	50%	50%

Notes to Financial Statements

31 December 2025

28. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (continued)

	2025 RMB'000	2024 RMB'000
Total comprehensive income/(loss) for the year allocated to non-controlling interests:		
Shandong Lcang	1,097	1,098
LC Western Post	2,253	(978)
LCAW Shipping	8,265	10,153
Accumulated balances of non-controlling interests at the reporting date:		
Shandong Lcang	13,025	13,440
LC Western Post	5,882	3,636
LCAW Shipping	37,669	29,414

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

2025	Shandong Lcang RMB'000	LC WESTERN RMB'000	LCAW SHIPPING RMB'000
Revenue	1,532,972	150,529	103,760
Total expenses	(1,411,227)	(139,277)	(85,693)
Profit for the year	121,745	11,252	18,067
Total comprehensive income for the year	103,273	10,729	16,530
Current assets	650,370	36,004	109,841
Non-current assets	1,093,238	49,336	1,238
Current liabilities	(410,171)	(38,806)	(35,879)
Non-current liabilities	(30,906)	(18,524)	-
Net cash flows from operating activities	18,528	2,067	15,331
Net cash flows (used in)/from investing activities	(249,736)	2,506	(8,177)
Net cash flows used in financing activities	(6,139)	-	-
Effect of foreign exchange rate changes, net	3,980	(468)	(1,307)
Net (decrease)/increase in cash and cash equivalents	(233,367)	4,105	5,847

Notes to Financial Statements

31 December 2025

28. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (continued)

2024	Shandong Lcang <i>RMB'000</i>	LC WESTERN <i>RMB'000</i>	LCAW SHIPPING <i>RMB'000</i>
Revenue	1,736,244	129,093	106,286
Total expenses	(1,653,499)	(133,847)	(86,680)
Profit/(loss) for the year	82,745	(4,754)	19,606
Total comprehensive income/(loss) for the year	103,273	(4,657)	20,306
Current assets	827,336	34,410	73,552
Non-current assets	940,490	76,285	–
Current liabilities	(407,559)	(44,353)	(14,724)
Non-current liabilities	(96,200)	(49,026)	–
Net cash flows from/(used in) operating activities	171,039	(14,043)	(12,121)
Net cash flows from/(used in) investing activities	161,810	(2,017)	–
Net cash flows from financing activities	19,386	–	10,781
Effect of foreign exchange rate changes, net	(7,806)	–	(21)
Net increase/(decrease) in cash and cash equivalents	344,429	(16,060)	(1,361)

29. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB7,324,000 (2024: RMB99,190,000) and RMB7,324,000 (2024: RMB99,190,000), respectively, in respect of lease arrangement for buildings.

Notes to Financial Statements

31 December 2025

29. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(continued)

(b) Changes in liabilities arising from financing activities

	Interest-bearing bank and other borrowings <i>RMB'000</i>	Lease liabilities <i>RMB'000</i>
At 1 January 2025	84,655	81,811
Changes from financing cash flows	(48,802)	(36,094)
Interest expense	3,919	3,638
New leases	–	7,324
Exchange realignment	–	(1,282)
At 31 December 2025	39,772	55,397
At 1 January 2024	51,266	6,775
Changes from financing cash flows	29,432	(28,238)
Disposals	–	(2,427)
Interest expense	3,957	4,981
New leases	–	99,190
Exchange realignment	–	1,530
At 31 December 2024	84,655	81,811

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within operating activities	2,715	8,031
Within financing activities	48,210	28,238
Total	50,925	36,269

30. PLEDGE OF ASSETS

Details of the Group's assets pledged for the Group's bank loans and other loans, and pledged for the issuance of letters of credit are included in notes 24 and 21, respectively, to the financial statements.

Notes to Financial Statements

31 December 2025

31. COMMITMENTS

	2025 RMB'000	2024 RMB'000
Contracted but not provided for Container vessels	712,439	1,721,163

32. RELATED PARTY TRANSACTIONS

(a) Name of related parties and relationship with the Group

Name of related parties	Relationship with the Group
樂艙網國際物流(無錫)有限公司 ("Lecang International Logistics (Wuxi) Co., Ltd.")	Associate of the Group
樂艙(上海)投資管理有限公司 ("LeCang (Shanghai) Investment Management Co., Ltd.")	Associate of the Group
LCAW TRADING CO., LIMITED	Associate of the Group
BAL SHIPBROKING PTE. LTD.	Associate of the Group
GRAND TRUCK SARL	Associate of the Group

Notes to Financial Statements

31 December 2025

32. RELATED PARTY TRANSACTIONS (continued)

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Associates:		
Provision of services	3,975	2,935
Advances of loans to associates	49,245	–
Repayment of loans from associates	43,000	–
Collection by others	4,266	–

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

(c) Outstanding balances with related parties

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade-related		
Due from related parties	6,538	19
Non-trade related		
Due from related parties	6,166	–
Total	12,704	19

(d) Compensation of key management personnel of the Group

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Salaries, allowances and benefits in kind	5,818	7,597
Performance-related bonuses	494	593
Pension scheme contributions and social welfare	656	648
Total compensation paid to key management personnel	6,968	8,838

Further details of directors' emoluments are included in note 8 to the financial statements.

Notes to Financial Statements

31 December 2025

33. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

31 December 2025

Financial assets

	Financial assets at fair value through profit or loss	Equity investments designated at fair value through other comprehensive income	Financial assets at amortised cost <i>RMB'000</i>	Total <i>RMB'000</i>
	Mandatorily designated as such <i>RMB'000</i>	Equity investments <i>RMB'000</i>		
Financial assets included in prepayments and other receivables	-	-	61,890	61,890
Financial assets at fair value through profit or loss (note 20)	58,995	-	-	58,995
Equity investments at fair value through other comprehensive income (note 17)	-	2,023	-	2,023
Trade receivables (note 18)	-	-	142,586	142,586
Due from related parties (note 32)	-	-	12,704	12,704
Pledged deposits and restricted cash	-	-	10,819	10,819
Cash and cash equivalents (note 21)	-	-	417,885	417,885
Total	58,995	2,023	645,884	706,902

Financial liabilities

	Financial liabilities at amortised cost <i>RMB'000</i>
Trade payables (note 22)	147,459
Financial liabilities included in other payables and accruals	61,963
Interest-bearing bank and other borrowings (note 24)	39,772
Total	249,194

Notes to Financial Statements

31 December 2025

33. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: (continued)

31 December 2024

Financial assets

	Financial assets at fair value through profit or loss	Equity investments designated at fair value through other comprehensive income	Financial assets at amortised cost	Total
	Mandatorily designated as such <i>RMB'000</i>	Equity investments <i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Financial assets included in prepayments and other receivables	–	–	29,998	29,998
Financial assets at fair value through profit or loss (note 20)	58,371	–	–	58,371
Equity investments at fair value through other comprehensive income (note 17)	–	1,768	–	1,768
Trade receivables (note 18)	–	–	107,605	107,605
Due from related parties (note 32)	–	–	19	19
Pledged deposits and restricted cash	–	–	13,532	13,532
Cash and cash equivalents (note 21)	–	–	766,105	766,105
Total	58,371	1,768	917,259	977,398

Financial liabilities

	Financial liabilities at amortised cost <i>RMB'000</i>
Trade payables (note 22)	135,438
Financial liabilities included in other payables and accruals	59,034
Interest-bearing bank and other borrowings (note 24)	84,655
Total	279,127

Notes to Financial Statements

31 December 2025

34. 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	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
Financial assets				
Financial assets at fair value through profit or loss	58,995	58,371	58,995	58,371
Equity investments designated at fair value through other comprehensive income	2,023	1,768	2,023	1,768
Total	61,018	60,139	61,018	60,139

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

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer and the audit committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

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 the listed investments are based on quoted market prices.

Notes to Financial Statements

31 December 2025

34. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

The fair values of unlisted investments have been estimated by using the asset-based approach, the significant unobservable inputs of which is the adjusted carrying amount of net assets. A significant increase in the 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 profit for the year would have been approximately RMB839,400 lower/higher (2024: RMB898,000). The fair values of other unlisted investments are based on quoted market prices.

The fair value of the unlisted equity investments designated at fair value through other comprehensive income has been estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors to determine comparable public companies (peers) based on industry, size, leverage and strategy, and to calculate the ratio of price to book value ("P/B ratio") for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by an earnings measure. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the unlisted equity investments to measure the fair value. 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 the reporting period.

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December 2025 and 2024:

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Unlisted equity investments	Valuation multiples	Average P/B multiple of peers	1.51 (2024: 1.25)	5% (2024: 5%) increase/decrease in multiple would result in increase/decrease in fair value by RMB108,000 (2024: RMB88,000)
		Discount for lack of marketability	30.00% (2024: 27.09%)	5% (2024: 5%) increase/decrease in discount would result in decrease/increase in fair value by RMB46,000 (2024: RMB30,000)

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

Notes to Financial Statements

31 December 2025

34. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

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 2025

	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	
Equity investments designated at fair value through other comprehensive income	–	–	2,023	2,023
Financial assets at fair value through profit or loss	49,852	–	9,143	58,995
Total	49,852	–	11,166	61,018

31 December 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	
Equity investments designated at fair value through other comprehensive income	–	–	1,768	1,768
Financial assets at fair value through profit or loss	49,391	–	8,980	58,371
Total	49,391	–	10,748	60,139

Notes to Financial Statements

31 December 2025

34. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

Assets measured at fair value: (continued)

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

	2025 RMB'000	2024 RMB'000
Equity investments at FVTPL and FVOCI:		
At 1 January	10,748	12,270
Purchase	–	–
Total losses included in other income recognised in the statement of profit or loss	163	(83)
Total gains/(losses) recognised in other comprehensive income	255	(532)
Disposals	–	(907)
At 31 December	11,166	10,748

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 during the year ended 31 December 2025 (2024: Nil). Equity investments were in Level 3 for there were no observable recent transactions for the unlisted investments.

Liabilities measured at fair value:

The Group did not have any financial liabilities measured at fair value as at 31 December 2025 and 2024.

Notes to Financial Statements

31 December 2025

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments mainly include financial assets included in trade receivables, an amount due from a related party, financial assets included in prepayments and other receivables, cash and cash equivalents, restricted cash and financial liabilities included in other payables and accruals, which arise directly from its operations. The Group has other financial assets and liabilities such as pledged deposits and 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. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below. The Group's accounting policies in relation to derivatives are set out in note 2.4 to the financial statements.

Interest rate risk

The Group's exposure to risk of changes in market interest rates relates primarily to the Group's other borrowings as set out in note 24. 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.

The following table demonstrates the sensitivity at the end of each reporting period to a reasonably possible change in the USD exchange rate, with all other variables held constant, of the Group's profit before tax (arising from USD denominated financial instruments).

	Increase/(decrease) in rate %	Increase/(decrease) in profit before tax RMB'000
2025		
If RMB weakens against USD	(5)	4,789
If RMB strengthens against USD	5	(4,789)
	Increase/(decrease) in rate %	Increase/(decrease) in profit before tax RMB'000
2024		
If RMB weakens against USD	(5)	4,413
If RMB strengthens against USD	5	(4,413)

Notes to Financial Statements

31 December 2025

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(continued)

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating units, the Group does not offer credit terms without the specific approval of the Head of Credit Control.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification.

The amounts presented are gross carrying amounts for financial assets and the exposure to credit risk for the financial guarantee contracts.

As at 31 December 2025

	12-month ECLs		Lifetime ECLs		Total RMB'000
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	
Trade receivables*	–	–	1,510	167,583	169,093
Financial assets included in prepayments and other receivables – Normal**	51,042	–	–	–	51,042
Pledged deposits and restricted cash					
– Not yet past due	10,819	–	–	–	10,819
Due from related parties	12,704	–	–	–	12,704
Cash and cash equivalents					
– Not yet past due	417,885	–	–	–	417,885
Total	492,450	–	1,510	167,583	661,543

Notes to Financial Statements

31 December 2025

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(continued)

Credit risk (continued)

Maximum exposure and year-end staging (continued)

As at 31 December 2024

	12-month ECLs		Lifetime ECLs		Total RMB'000
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	
Trade receivables*	–	–	10,744	126,238	136,982
Financial assets included in prepayments and other receivables – Normal**	51,658	–	–	–	51,658
Pledged deposits and restricted cash					
– Not yet past due	13,532	–	–	–	13,532
Due from related parties	19	–	–	–	19
Cash and cash equivalents					
– Not yet past due	766,105	–	–	–	766,105
Total	831,314	–	10,744	126,238	968,296

* For trade receivables to which the Group applied the simplified approach for impairment, information based on the provision matrix is disclosed in note 18 to the financial statements.

** The credit quality of the financial assets included in prepayments and other receivables and an amount due from related parties is considered to be “normal” when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be “doubtful”.

Further quantitative data in respect of the Group’s exposure to credit risk arising from trade receivables are disclosed in note 18 to the financial statements.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty, by geographical region and by industry sector. There are no significant concentrations of credit risk within the Group as the customer bases of the Group’s trade receivables are widely dispersed in different sectors and industries.

Notes to Financial Statements

31 December 2025

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(continued)

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.

The maturity profile of the Group's financial liabilities as at the end of each reporting period, based on the contractual undiscounted payments, was as follows:

31 December 2025

	Less than 3 months or on demand <i>RMB'000</i>	More than 3 months and within 1 year <i>RMB'000</i>	Over 1 year <i>RMB'000</i>	Total <i>RMB'000</i>
Lease liabilities	8,505	27,424	21,265	57,194
Interest-bearing bank and other borrowings	7,442	22,996	12,022	42,460
Trade payables (note 22)	147,459	–	–	147,459
Other payables and accruals	99,805	–	–	99,803
Total contractual undiscounted payments	263,211	50,420	33,287	346,918

31 December 2024

	Less than 3 months or on demand <i>RMB'000</i>	More than 3 months and within 1 year <i>RMB'000</i>	Over 1 year <i>RMB'000</i>	Total <i>RMB'000</i>
Lease liabilities	8,846	25,454	53,976	88,276
Interest-bearing bank and other borrowings	8,052	53,337	29,306	90,695
Trade payables (note 22)	135,438	–	–	135,438
Other payables and accruals	59,034	–	–	59,034
Total contractual undiscounted payments	211,370	78,791	83,282	373,443

Notes to Financial Statements

31 December 2025

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(continued)

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2025 and 31 December 2024.

The Group monitors capital using a gearing ratio, which is the interest-bearing bank and other borrowings divided by total equity. The gearing ratios as at the end of the reporting periods were as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Interest-bearing bank and other borrowings (note 24)	39,772	84,655
Total equity	1,559,055	1,551,635
Gearing ratio	2.55%	5.37%

Notes to Financial Statements

31 December 2025

36. EVENTS AFTER THE REPORTING PERIOD

At the meeting of the Board held on Tuesday, 27 January 2026, the Board approved the declaration and payment of a special dividend of HK\$0.25 per ordinary share of the Company to the Shareholders, amounting to approximately HK\$143 million in aggregate.

In December 2025, the Group entered into agreements to sell a vessel under construction at the price of USD170 million to a purchaser (the “Purchaser”) controlled by Mediterranean Shipping Company S.A., pursuant to which, the Purchaser 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 of the Company dated 20 January 2026. On 2 December 2025, the Group has entered into heads of agreements with Blue Anchor and novation agreements with Jiangnan Shipyard (Group) Co., Ltd. and China Shipbuilding Trading Co., Ltd. for the purpose of acquisition of the vessel subject to the independent shareholders’ approval, details of which has been disclosed in the announcement of the Company dated 20 January 2026.

In February 2026, the Group entered into agreements to acquire two vessels under construction at the price of USD236 million from two sellers (the “sellers”), pursuant to which, the Group will take over all of the sellers’ rights and obligations under the corresponding shipbuilding agreements. For details, please refer to the announcement of the Company dated 27 February 2026. On 27 February 2026, the Group has entered into heads of agreements with Shanghai Waigaoqiao and China Shipbuilding for the purpose of acquisition of the vessels subject to the independent shareholders’ approval, details of which has been disclosed in the announcement of the Company dated 27 February 2026.

Saved as disclosed above, there has been no other material events affecting the Company since 31 December 2025 and up to the date of this report.

Notes to Financial Statements

31 December 2025

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
NON-CURRENT ASSET		
Long-term Prepayments and other receivables	21,086	–
Investments in subsidiaries	8,390	8,390
Total non-current assets	29,476	8,390
CURRENT ASSETS		
Prepayments and other receivables	29	63
Due from related parties	28,739	33,938
Financial assets at fair value through profit or loss	49,761	49,390
Cash and bank balances	16,674	36,328
Total current assets	95,203	119,719
CURRENT LIABILITIES		
Trade payables	2,451	323
Dividend payable	102	–
Due to subsidiaries	22	43,403
Total current liabilities	2,575	43,726
NET CURRENT ASSETS	92,628	75,993
Net assets	122,104	84,383
EQUITY		
Equity attributable to owners of the parent		
Share capital	205	205
Reserves (note)	121,899	84,178
Total equity	122,104	84,383

Notes to Financial Statements

31 December 2025

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note:

A summary of the Company's reserves is as follows:

	Share premium <i>RMB'000</i>	Exchange fluctuation reserve <i>RMB'000</i>	Retained profits <i>RMB'000</i>	Total <i>RMB'000</i>
Balance at 1 January 2024	143,323	(1,749)	(9,117)	132,457
Total comprehensive loss for the year	–	1,512	108,540	110,052
2024 Special Dividend	–	–	(42,895)	(42,895)
At 31 December 2024 and 1 January 2025	143,323	(237)	56,528	199,614
Total comprehensive income for the year	–	(1,265)	39,831	38,566
2024 Final Dividend	–	–	(116,281)	(116,281)
At 31 December 2025	143,323	(1,502)	(19,922)	121,899

38. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 16 March 2026.

Financial Summary

	Years ended 31 December				
	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
Revenue	1,872,237	1,946,393	1,238,471	4,607,929	4,195,393
Cost of sales	(1,697,271)	(1,736,303)	(1,011,853)	(4,062,629)	(3,738,556)
Gross profit	174,966	210,090	226,618	545,300	456,837
Other income and gains	103,791	369,826	5,710	9,507	23,731
Selling and distribution expenses	(26,335)	(22,941)	(17,366)	(18,608)	(14,686)
Administrative expenses	(78,556)	(98,223)	(83,083)	(87,141)	(49,816)
Other expenses	(11,598)	(9,310)	(1,351)	(3,396)	(4,154)
Finance costs	(7,557)	(8,938)	(5,388)	(4,827)	(8,033)
Impairment losses on assets held for sale	–	–	–	(36,450)	–
Impairment losses on financial assets	10,873	(33,683)	(2,426)	(8,843)	(2,116)
Share of loss of an associate	(2,777)	(309)	(46)	(159)	5,960
Profit before tax	162,807	406,512	122,668	395,383	407,723
Income tax expense	(2,957)	(5,550)	(3,081)	(9,076)	(15,685)
PROFIT FOR THE YEAR	159,850	400,962	119,587	386,307	392,038
Attributable to:					
Owners of the parent	138,003	395,793	118,877	380,944	384,085
Non-controlling interests	21,847	5,169	710	5,363	7,953
	159,850	400,962	119,587	386,307	392,038

Financial Summary

	As at 31 December				
	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
ASSETS					
Non-current assets	1,182,613	916,889	1,026,813	801,828	294,040
Current assets	720,115	1,006,675	418,674	638,679	839,546
Total assets	1,902,728	1,923,564	1,445,487	1,440,507	1,133,586
EQUITY AND LIABILITIES					
Total equity	1,559,055	1,551,635	1,164,403	891,179	481,965
Non-current liabilities	32,602	78,846	2,352	44,258	25,454
Current liabilities	311,071	293,083	278,732	505,070	626,167
Total liabilities	343,673	371,929	281,084	549,328	651,621
Total equity and liabilities	1,902,728	1,923,564	1,445,487	1,440,507	1,133,586

Glossary and Definition

“AGM”	the annual general meeting of the Company to be held on 26 June 2026
“Articles of Association”	the amended and restated articles of association of the Company, conditionally adopted on 23 August 2023 which came into effect upon Listing
“Audit Committee”	the audit committee of the Company
“Board”	The board of Directors
“CG Code”	Corporate Governance Code as set out in Appendix C1 to the Listing Rules
“China” or “PRC”	the People’s Republic of China, but for the purpose of this report and for geographical reference only and except where the context requires otherwise, references in this report to “China” and the “PRC” do not apply to Hong Kong, Macao and Taiwan
“cross-border logistics”	products transfer among countries around the globe
“customs clearance”	the process of declaring imports and exports to customs and related authorities for approval
“Directors”	director(s) of the Company
“FVTPL”	fair value losses on financial assets at fair value through profit or loss
“Group”	the Company and its subsidiaries
“LC Logistics” or “Company”	LC Logistics, Inc. (乐舱物流股份有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 27 July 2022
“Listing”	the listing of the Company on the main board of the Stock Exchange on 25 September 2023
“Listing Date”	the date of listing of the Company on the main board of the Stock Exchange i.e. 25 September 2023
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
“Nomination Committee”	the nomination committee of the Company
“Prospectus”	prospectus of the Company dated 13 September 2023

Glossary and Definition

“Qingdao Jiliang”	Qingdao Jiliang Enterprise Management Consulting Co., Ltd. (青島集諒企業管理諮詢有限公司), a company established in the PRC with limited liability on 25 May 2015, which is owned as to 60% by Mr. Xu Xin, 25% by Ms. Li Yan and 15% by Ms. Liu Quanxiang, our ultimate Controlling Shareholders
“Remuneration Committee”	the remuneration committee of the Company
“RMB”	Renminbi, the lawful currency in China
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shandong Lcang”	Shandong Lcang International Logistics Inc. Corp. Ltd (山東樂艙網國際物流股份有限公司) (formerly known as Shandong Boya International Logistics Co., Ltd. (山東博亞國際物流有限公司), Qingdao Chuangxin International Freight Forwarding Co., Ltd. (青島創鑫國際貨運代理有限公司) and Qingdao Chuangxin Freight Forwarding Co., Ltd. (青島創鑫貨運代理有限公司)), a company established in the PRC with limited liability on 16 November 2004 and converted into a joint-stock company with limited liability on 27 November 2015 and an indirect non-wholly owned subsidiary of the Company
“Share(s)”	ordinary share(s) in the capital of the Company with the nominal value of US\$0.0001 each
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TEU”	twenty-foot equivalent unit, a standard unit of measurement of the volume of a container with a length of 20 feet, height of eight feet six inches and width of eight feet
“time charter”	a form of charter where the vessel owner provides a manned vessel to the charterer, and the charterer employs the vessel during the contractual period for the agreed service against payment of hire
“ultra large container vessel”	a cargo ship with a capacity of 14,000 to 24,000 TEUs that carries all of its load in truck-size intermodal containers
“USD”	United States dollars, the lawful currency in the United States
“Year”	the year ended 31 December 2025