
HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

OUR HISTORY AND DEVELOPMENT

History

Our history can be traced back to 2004, when Shandong Lcang was established in the PRC by Mr. Xu, our Controlling Shareholder, executive Director, chief executive officer, president and chairman of our Board. Since the establishment of Shandong Lcang, we have grown from a freight forwarding company to an integrated cross-border logistics service provider. In the early stage of our development, we gradually set our footprint in key ports in China and established branches in cities on the east coast to carry out our cross-border logistics services. Being customer-centric, we closely follow customers’ demands and industry trends to expand our business scope and coverage regions. We ranked 15th in the cross-border logistics service market in China with an approximately 0.2% market share in terms of revenue in 2022.

Business Development Milestones

The following sets forth of our Group’s key business development milestones.

<u>Year</u>	<u>Milestone events</u>
2004	Shandong Lcang, our principal operating subsidiary, was established in Qingdao, Shandong in November 2004.
2012	We obtained the qualification of Non-Vessel Operating Common Carrier (NVOCC) granted by the Ministry of Transport of the PRC in December 2012.
2015	We established “lcang.com” as an internet e-commerce system for our seaborne cross-border service in 2015.
2016	Shandong Lcang became quoted on the NEEQ from August 2016.
2017	We were accredited as an Innovation Layer Enterprise of the NEEQ (新三板創新層企業) in June 2017.
	We became a member corporation of International Shipping Enterprise Alliance (國際航運企業聯盟) in June 2017.
	We were nominated as one of the China’s Top 100 B2B Enterprises in 2017 (2017中國B2B百強企業) by China Electronic Commerce Association B2B Industry Branch (中國電子商務協會B2B行業分會) in December 2017.
	We became a member enterprise of Qingdao Enterprise Non-listed Public Companies Association (青島市非上市公眾公司協會會員單位) in December 2017.

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<u>Year</u>	<u>Milestone events</u>
2018	<p>We were awarded the Internet Innovation Award 2017 (2017互聯網創新大獎) by China Shipping Gazette (中國航務週刊) and the Committee of China Freight Awards (中國貨運大獎組委會) in January 2018.</p> <p>We purchased our first vessel, BOYA, with a capacity of 735 TEU in June 2018.</p>
2019	<p>We acquired 75% of equity interest of Shanghai Sijin in April 2019.</p> <p>We were awarded the Panelist Certificate (委員證書) by China Containerized Freight Index Compiling Panel of Shanghai Shipping Exchange (上海航運交易所中國出口集裝箱運價指數編製委員會) in May 2019.</p> <p>We were awarded the Best Innovation NEEQ Company Award (新三板最佳公司創新獎) by the Committee of China NEEQ Annual Billboard (中國新三板年度風雲榜組委會) in October 2019.</p> <p>We were awarded the Company of the Year - Consumption Upgrading (年度消費升級領軍企業) in the NEEQ Year-end Selection of Wabei in 2019 (2019挖貝新三板年終評選) hosted by Wabei.cn (挖貝網) and Wabei NEEQ Research Institute (挖貝新三板研究院) in December 2019.</p>
2020	<p>We were accredited as a member of the deputy council institutions (副理事長單位) by Qingdao Enterprise Non-listed Public Companies Association (青島市非上市公眾公司協會) in October 2020.</p>
2021	<p>We started to prepare for the commencement of self-operated services in January 2021.</p> <p>We established our cross-border seaborne transportation between China and the United States in May 2021.</p> <p>We became a registered enterprise with Dun & Bradstreet (鄧白氏註冊) in June 2021.</p>
2022	<p>Shandong Lcang voluntarily ceased to be quoted on the NEEQ from April 2022.</p>

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OUR CORPORATE DEVELOPMENTS

Our Company

Our Company was incorporated in the Cayman Islands under the Cayman Companies Act as an exempted company with limited liability on July 27, 2022 and became the holding company and the [REDACTED] vehicle of our Group. For details, see “—Reorganization.”

Our principal operating subsidiaries

We had been carrying out our business through various subsidiaries during the Track Record Period and as of the Latest Practicable Date. Our principal operating subsidiaries comprise major holding companies and/or subsidiaries which had material contributions to our Group’s asset, revenue and profit during the Track Record Period. The principal business activities and the place and date of incorporation or establishment of each of our principal operating subsidiaries are set out below:

<u>Name of company</u>	<u>Place of incorporation or establishment</u>	<u>Principal business activities</u>	<u>Date of incorporation or establishment</u>
Shandong Lcang	PRC	Provision of cross-border logistics services	November 16, 2004
BAL Container Line	Hong Kong	Provision of cross-border transportation services	August 14, 2012
Shanghai Sijin	PRC	Provision of cross-border logistics services	January 8, 1996
Ningbo Boya	PRC	Provision of cross-border logistics services	January 11, 2017

Major shareholding changes of our Company and our principal operating subsidiaries

Our Company

Our Company was incorporated in the Cayman Islands under the Cayman Companies Act as an exempted company with limited liability on July 27, 2022. As of the date of its incorporation, the authorized share capital of our Company was US\$50,000 divided into 500,000,000 ordinary shares with a par value of US\$0.0001 each. For details of the shareholding changes of our Company upon incorporation, see “—Reorganization—Offshore Reorganization.”

For subsequent shareholding changes of our Company as part of the Reorganization, see “—Reorganization—Offshore Reorganization.”

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Shandong Lcang

Establishment and initial shareholding changes

Shandong Lcang was established in the PRC as a limited liability company on November 16, 2004 with an initial registered capital of RMB100,000, which was fully paid in cash. As of the date of its establishment, Shandong Lcang was owned as to 90% by Mr. Xu, our executive Director and one of our Controlling Shareholders, and 10% by Ms. Lv.

Subsequent to a series of increase in registered share capital during the period from November 16, 2004 to June 1, 2015, the share capital of Shandong Lcang was increased to RMB15,000,000, which was owned as to approximately 92.87% by Mr. Xu and 7.13% by Ms. Lv.

On July 21, 2015, Mr. Xu transferred 70% of the equity interest in Shandong Lcang to Qingdao Jiliang (a company controlled by Mr. Xu) at a consideration of RMB10,500,000, which was determined with reference to the paid up registered capital of Shandong Lcang at the time of such transfer and was fully settled on May 5, 2016. Qingdao Jiliang was owned as to 75% by Mr. Xu and 25% by Ms. Li at the time of such transfer. On the same day, Mr. Xu transferred approximately 22.87% of the equity interest in Shandong Lcang to Qingdao Boan (a limited partnership controlled by Mr. Xu) at a consideration of RMB3,430,000, which was determined with reference to the paid up registered capital of Shandong Lcang at the time of such transfer and was fully settled on March 31, 2016. Qingdao Boan is a limited partnership established in the PRC on June 25, 2015, which was owned as to approximately 5% by Qingdao Jiliang (the general partner of Qingdao Boan and a company controlled by Mr. Xu), 74.94% by Mr. Xu, 4.86% by Ms. Zhu Jiali (朱佳麗) (our executive Director), 3.89% by Mr. Zhang Feng (張峰) (our senior management member), 0.49% by Ms. Ding Sujun (丁素君) (our joint company secretary) and 10.82% by other 10 limited partners, all being the existing employees of our Group, as of the Latest Practicable Date. See “[REDACTED] Investments” for further details. Upon completion of such equity transfers, Shandong Lcang was owned as to 70% by Qingdao Jiliang, approximately 22.87% by Qingdao Boan and approximately 7.13% by Ms. Lv.

Quotation on the NEEQ and Delisting from the NEEQ

On November 27, 2015, in preparation for the quotation of shares of Shandong Lcang on the NEEQ, Shandong Lcang was converted from a limited liability company into a joint stock company with limited liability, and the registered capital of Shandong Lcang was subsequently increased to RMB22,000,000 divided into 22,000,000 shares with a nominal value of RMB1.00 each on December 18, 2015, which was fully paid up. Upon completion of such capital increase, Shandong Lcang was owned as to approximately 30.88% by Mr. Xu, 47.73% by Qingdao Jiliang, 15.59% by Qingdao Boan and 5.8% by Ms. Lv. On August 8, 2016, the shares of Shandong Lcang became quoted on the NEEQ under the stock short name “樂艙網” (stock code: 838349).

Subsequent to a series of increase in registered share capital during the period from June 30, 2017 to May 31, 2018, the registered share capital of Shandong Lcang was further increased from RMB22,000,000 to RMB42,618,000.

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The NEEQ is a trading platform in the PRC for off-market transfer of non-listed public shares open to qualified investors only. We considered that the low liquidity of shares quoted on the NEEQ was generally difficult for our Company to publicly raise funds to continuously support our business development and strategic needs. Considering our business development and long-term strategic planning needs, including our aspirations to become more competitive in the industry we operate, our needs to raise business profile and to further attract equity investments through [REDACTED] on a stock exchange recognized internationally to maximize its shareholders’ interests, the then shareholders of Shandong Lcang held a general meeting on March 25, 2022, and a resolution to voluntarily delist Shandong Lcang from the NEEQ (the “**Resolution**”) has been proposed. In such general meeting, (i) the then shareholders holding 41,922,670 shares, representing approximately 98.37% of the total issued shares of Shandong Lcang, voted in favor of the Resolution; (ii) the then shareholders holding 182,000 shares, representing approximately 0.43% of the total issued shares of Shandong Lcang, voted against the Resolution; and (iii) the then shareholders holding 513,330 shares, representing approximately 1.20% of the total issued shares of Shandong Lcang, did not attend such general meeting. Accordingly, the Resolution has been passed and Shandong Lcang made an application to have its shares voluntarily ceased to be quoted on the NEEQ (the “**Delisting from the NEEQ**”) on April 8, 2022, which was approved by the NEEQ on April 19, 2022. Subsequently, Shandong Lcang was delisted from the NEEQ from April 21, 2022 (the “**NEEQ Delisting Date**”). Immediately prior to the Delisting from the NEEQ, Shandong Lcang had 128 shareholders and their shareholdings are set forth below:

<u>Name of Shareholders</u>	<u>Number of shares</u>	<u>Approximate percentage shareholding</u>
Qingdao Jiliang ^(Note 1)	12,820,300	30.08%
Mr. Xu	7,643,475	17.93%
Qingdao Boan ^(Note 1)	5,145,000	12.07%
Other shareholders ^(Note 2)	17,009,225	39.92%
Total	42,618,000	100.00%

Notes:

1. This is an entity controlled by Mr. Xu.
2. Other shareholders included 125 shareholders of Shandong Lcang. Save for Ms. Lv (interested in 4.54%), Ms. Xu Xiaoling (許曉玲) (Mr. Xu’s sister and interested in 3.01%), Mr. Fu Dazheng (傅達正) (a director and a substantial shareholder of Shanghai Sijin and interested in 0.92%) and Ms. Yang Jie (楊潔) (the spouse of Mr. Hong Yan (洪研) who is a director and a substantial shareholder of Shanghai Sijin, and interested in 0.75%), each of the remaining 121 other shareholders of Shandong Lcang was an Independent Third Party.

As a result of the Delisting from the NEEQ, shares of Shandong Lcang were no longer tradeable or transferrable on an open trading platform. The then shareholders of Shandong Lcang could either (i) dispose of their shares to the other then shareholders of Shandong Lcang or third parties at a consideration to be agreed between parties; or (ii) continue to hold shares of Shandong Lcang. In addition, as a protection measure offered to minority dissenting

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shareholders pursuant to the applicable PRC laws for the Delisting from the NEEQ, Mr. Xu and Ms. Li, the then controlling shareholders of Shandong Lcang, granted a repurchase right to eligible minority shareholders, who were entitled to vote at, but did not attend the general meeting of Shandong Lcang or did not vote in favor for the Resolution, upon which they may make a written request to Mr. Xu and Ms. Li (or their designated third party) to repurchase the shares of Shandong Lcang held by them at a price subject to negotiation with reference to (i) their original investment price; and (ii) the average closing price of 20 consecutive trading days immediately preceding to March 9, 2022 (being the date of which the board of directors of Shandong Lcang approved the Resolution) within the period as announced by Shandong Lcang, i.e. 60 calendar days from the NEEQ Delisting Date and shall be completed within 90 calendar days from the NEEQ Delisting Date (the “**Share Repurchase**”). As of July 21, 2022, Mr. Xu repurchased an aggregate of 816,874 shares from 72 minority shareholders of Shandong Lcang, representing approximately 1.92% of the total issued shares of Shandong Lcang, at a consideration which was determined with reference to (i) the original investment price paid by each minority shareholder; and (ii) the average closing price of 20 consecutive trading days of Shandong Lcang immediately preceding to March 9, 2022 (being the date of which the board of directors of Shandong Lcang approved the Resolution) and were settled. 40 shareholders of Shandong Lcang, being the Minority Shareholders holding an aggregate of approximately 1.06% issued shares of Shandong Lcang, decided to continue holding shares of Shandong Lcang given that they did not reach commercial agreements with any then shareholders of Shandong Lcang or third parties to dispose of their shares to effect the divestment in Shandong Lcang or dispose of their shares pursuant to the Reorganization. The remaining 16 shareholders of Shandong Lcang disposed of their shares pursuant to the Reorganization and became our Shareholders upon completion of the Reorganization.

Our Directors believe that the Delisting from the NEEQ and the application for the [REDACTED] will be beneficial to our business development for the following reasons: (i) the Stock Exchange, as a leading player of the international financial market, could offer us direct access to the international capital market, enhance our fund-raising capabilities and channels and broaden our Shareholders base; (ii) the [REDACTED] on the Stock Exchange would in turn help us attract and motivate the talents that we need to support our rapid growth, retain key management personnel for our business and enhance our operating efficiency on an ongoing basis and improve our corporate governance; and (iii) the [REDACTED] will allow us to further build our business profile, gain international recognition, promote our brand awareness and thus, enhance our ability to attract international customers, business partners and strategic investors as well as to deepen our global business footprint.

As confirmed by our PRC Legal Advisors, the Delisting from the NEEQ was duly completed and all applicable approvals have been obtained. Our Directors confirmed that, during the quotation of shares of Shandong Lcang on the NEEQ, (i) Shandong Lcang had been operating in compliance with all applicable PRC securities laws and regulations as well as rules and regulations of the NEEQ in all material respects; (ii) Shandong Lcang, its directors, supervisors, and subsidiaries had not been subject to any administrative penalty by the NEEQ or the CSRC; and (iii) there has not been any matter that should be brought to the attention of the Stock Exchange and our Company’s shareholders.

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Based solely on the facts known to the Joint Sponsors through conducting reasonable due diligence in the circumstances, namely: (a) with the assistance of the PRC legal advisors to the Joint Sponsors, reviewing relevant filings and announcements published on the website of the NEEQ during the period of our listing on the NEEQ up to our Delisting from the NEEQ; (b) with the assistance of the PRC legal advisors to the Joint Sponsors, reviewing the background search results on Shandong Lcang conducted by an independent search agent; (c) making due diligence enquires with our Company with a view to understanding the rationale for the Delisting from the NEEQ and confirming whether there have been any non-compliance incidents in relation to the listing on and the Delisting from the NEEQ; and (d) with the assistance of the PRC legal advisors to the Joint Sponsors, reviewing the PRC legal opinion prepared by our PRC Legal Advisors, according to which Shandong Lcang had not been subject to administrative penalty by the NEEQ or the CSRC during the period of our listing on the NEEQ up to our Delisting from the NEEQ, and on the basis that there were no misrepresentations or omissions to the Joint Sponsors’ due diligence inquiries, nothing has come to the attention of the Joint Sponsors that would lead them to cast doubts on the Directors’ confirmations above.

Subsequent investments by Ms. Wang Wang and Ms. Liu Lin after the Delisting from the NEEQ

Subsequent to the Delisting from the NEEQ, on 5 May, 2022, Ms. Wang Wang (汪汪), an Independent Third Party, acquired 937,500 shares, representing approximately 2.20% of the total issued shares of Shandong Lcang from Jiangxi Wang’s Bee Garden Co., Ltd. (江西汪氏蜜蜂園有限公司) (“**Wang’s Bee Garden**”), a former shareholder of Shandong Lcang and an Independent Third Party, at a consideration of RMB10,125,000, which was determined after arm’s length negotiations between the parties with reference to the average closing price of 20 consecutive trading days of Shandong Lcang immediately preceding to March 9, 2022 (being the date of which the board of directors of Shandong Lcang approved the proposal of voluntary cessation of quotation on the NEEQ) and was fully settled on May 13, 2022. Ms. Wang is the second largest shareholder of Wang’s Bee Garden and the daughter of the controlling shareholder of Wang’s Bee Garden.

On May 20, 2022, Ms. Liu Lin (劉琳) acquired 1,680,200 shares, representing approximately 3.94% of the total issued shares of Shandong Lcang from Mr. Qiu Ronghao (邱榮浩), a former shareholder of Shandong Lcang and an Independent Third Party, at a consideration of RMB9,409,120, which was determined after arm’s length negotiations between the parties with reference to the then consideration paid by Mr. Qiu Ronghao for purchasing shares of Shandong Lcang through quotation and trading on the NEEQ and was fully settled on May 28, 2022. Ms. Liu Lin is the spouse of Mr. Zhu Junchen (朱駿晨) who is a director of Shanghai Sijin (a non-wholly owned subsidiary of our Company) and therefore a connected person of our Company.

See “[REDACTED] Investments” of this section for further details about Ms. Wang Wang and Ms. Liu Lin.

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Share transfers and change in registered capital pursuant to the Reorganization

As part of the Reorganization, certain share transfers and change in the registered capital of Shandong Lcang were conducted. As a result of the Reorganization, on October 10, 2022, Shandong Lcang became indirectly owned by our Company. For details, see “—Reorganization.”

BAL Container Line

BAL Container Line was incorporated in Hong Kong with limited liability on August 14, 2012 with an authorized share capital of HK\$10,000. On November 29, 2013, the authorized share capital of BAL Container Line was increased from HK\$10,000 to HK\$20,000,000. On July 23, 2015, for the purpose of expanding our cross-border logistics services, Burngroup Holding (an indirectly non-wholly owned subsidiary of our Company) acquired 100% shares of BAL Container Line from Reputable Capital Overseas Limited, a company incorporated in the BVI with limited liability which was ultimately controlled by an Independent Third Party, at a consideration of US\$2,499,000, which was determined with reference to the total net asset of BAL Container Line as of May 31, 2015 and was fully settled on July 21, 2015. Upon completion of such acquisition, BAL Container Line became our non-wholly owned subsidiary and its financial results had since been consolidated into the financial statements of our Group.

Shanghai Sijin

Shanghai Sijin was established in the PRC as a sino-foreign joint venture company with limited liability on January 8, 1996 with an initial registered capital of US\$1,200,000 and was converted into a domestic company on April 18, 2007 with registered capital of RMB9,960,000. On April 19, 2019, for the purpose of expanding our market share of cross border logistics services and further enhance the service coverage of our internet system, Shandong Lcang acquired 41.25% and 33.75% of equity interest in Shanghai Sijin from Mr. Fu Dazheng and Mr. Hong Yan, respectively, for a total consideration of RMB9,750,000, which was determined after arm’s length negotiations between the parties with reference to the total net asset of Shanghai Sijin at the time of such transfer and was fully settled on June 12, 2019. As part of the agreement for such acquisition, Mr. Fu Dazheng and Ms. Yang Jie subsequently acquired an aggregate of 709,000 shares of Shandong Lcang through the NEEQ at a total consideration of RMB5,325,609.19 and was fully settled on June 21, 2019. Upon completion of the above acquisitions and equity transfers, (i) Shanghai Sijin became a non-wholly owned subsidiary of our Company and its financial results had since been consolidated into the financial statements of our Group; and (ii) Mr. Fu Dazheng and Ms. Yang Jie became shareholders of Shandong Lcang who were interested in approximately 0.92% and 0.75% of the then total issued shares in Shandong Lcang, respectively. Shanghai Sijin has been owned as to 75% by Shandong Lcang, 13.75% by Mr. Fu Dazheng (a director of Shanghai Sijin) and 11.25% by Mr. Hong Yan (洪研) (a director of Shanghai Sijin and the spouse of Ms. Yang Jie who is the ultimate beneficial owner of Lecang Amazing, our Shareholder) since April 19, 2019 and as of the Latest Practicable Date.

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Ningbo Boya

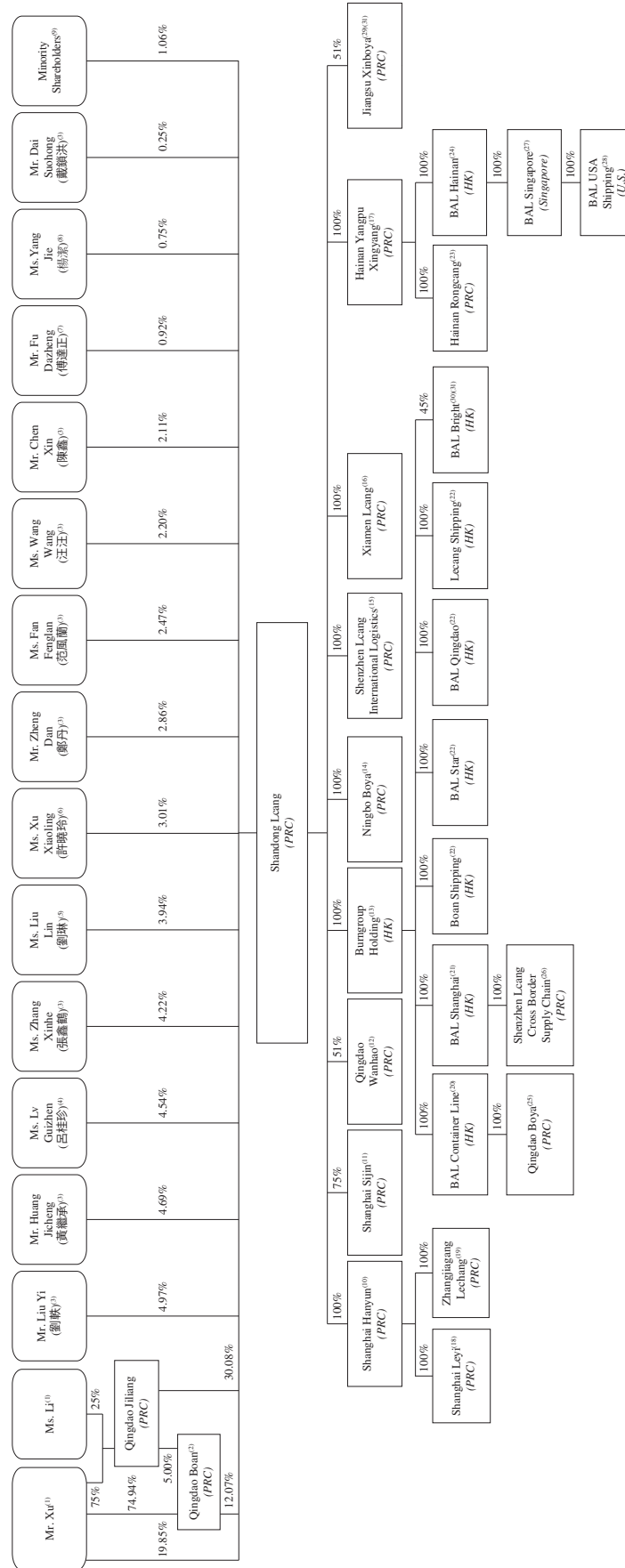
Ningbo Boya is a company established in the PRC with limited liability on January 11, 2017 with a registered share capital of RMB5,000,000. Upon its establishment, Ningbo Boya was owned as to 70% by Shandong Lcang and 30% by Ningbo Avenue Zhonghe Enterprise Management Partnership (Limited Partnership) (寧波大道中和企業管理合夥企業(有限合夥)) (“**Zhonghe Enterprise**”), which was ultimately controlled by Mr. Cao Xiang (曹翔), a former employee of our Group. Since Zhonghe Enterprise intended to divest its interest in Ningbo Boya and it has not contributed to the registered share capital of RMB1,500,000 as committed at the time of establishment of Ningbo Boya, on October 11, 2019, Shandong Lcang acquired 30% of the registered share capital in Ningbo Boya from Zhonghe Enterprise at nil consideration. Upon completion of such acquisition on October 11, 2019, Ningbo Boya became a wholly-owned subsidiary of Shandong Lcang and an indirect non-wholly owned subsidiary of our Company.

Our Directors confirm that our Company did not conduct any major acquisition or major disposal during the Track Record Period and up to the Latest Practicable Date.

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REORGANIZATION

In preparation for the [REDACTED], we underwent the Reorganization pursuant to which our Company became the holding company and [REDACTED] vehicle of our Group. The following chart sets forth a simplified shareholding structure of our Group immediately before the Reorganization:



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Notes:

1. Ms. Li is one of our ultimate Controlling Shareholders, executive Director and vice president and is Mr. Xu’s spouse.
2. Qingdao Boan, a limited partnership established in the PRC on June 25, 2015, was owned as to approximately 5% by Qingdao Jiliang (the general partner of Qingdao Boan and a company controlled by Mr. Xu), 74.94% by Mr. Xu, 4.86% by Ms. Zhu Jiali (our executive Director), 3.89% by Mr. Zhang Feng (our senior management member), 0.49% by Ms. Ding Sujun (our joint company secretary) and 10.82% by other 10 limited partners, all being existing employees of our Group, as of the Latest Practicable Date.
3. Each of Mr. Liu Yi (劉軼), Mr. Huang Jicheng (黃繼承), Ms. Zhang Xinhe (張鑫鶴), Mr. Zheng Dan (鄭丹), Ms. Fan Fenglan (范風蘭), Ms. Wang Wang (汪汪), Mr. Chen Xin (陳鑫) and Mr. Dai Suohong (戴鎖洪) is an Independent Third Party.
4. Ms. Lv is Mr. Xu’s mother and Ms. Li’s mother-in-law.
5. Ms. Liu Lin is the spouse of Mr. Zhu Junchen, a director of Shanghai Sijin (a non-wholly owned subsidiary of Shandong Lcang). For details of Ms. Liu Lin, see “[REDACTED] Investments—Information Relating to Our [REDACTED] Investors.”
6. Ms. Xu Xiaoling is Mr. Xu’s sister.
7. Mr. Fu Dazheng is a substantial shareholder and a director of Shanghai Sijin (a non-wholly owned subsidiary of Shandong Lcang).
8. Ms. Yang Jie is the spouse of Mr. Hong Yan, a substantial shareholder and a director of Shanghai Sijin (a non-wholly owned subsidiary of Shandong Lcang).
9. Minority Shareholders refer to 40 shareholders of Shandong Lcang, each of whom was an Independent Third Party and held less than 0.5% of the total issued shares of Shandong Lcang.
10. Shanghai Hanyun is principally engaged in the provision of cross-border logistics services.
11. Shanghai Sijin is principally engaged in the provision of cross-border logistics services.
12. Qingdao Wanhao is principally engaged in the provision of vessel management, marketing and operational support services. As of the Latest Practicable Date, Qingdao Wanhao was owned as to 51% by Shandong Lcang and 49% by Qingdao Hongyi Enterprise Management Partnership (Limited Partnership) (青島弘毅企業管理合夥企業(有限合夥)), which was in turn controlled by Yang Jisheng (楊積生) and Chen Shuyi (陳姝亦), each being an Independent Third Party.
13. Burngroup Holding is an investment holding company of certain subsidiaries of our Company conducting seaborne transportation operations and vessel chartering business.
14. Ningbo Boya is principally engaged in provision of cross-border logistics services.
15. Shenzhen Lcang International Logistics is principally engaged in the provision of cross-border logistics services.
16. Xiamen Lcang is principally engaged in the provision of cross-border logistics services.
17. Hainan Yangpu Xingyang has not carried out business since its establishment.
18. Shanghai Leyi is principally engaged in road cargo transportation business.
19. Zhangjiagang Lechang has not carried out business since its establishment.
20. BAL Container Line is principally engaged in provision of cross-border transportation services.
21. BAL Shanghai is principally engaged in vessel operation and chartering business.

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22. Each of Boan Shipping, BAL Star, BAL Qingdao and Lecang Shipping is principally engaged in vessel chartering business.
23. Hainan Rongchang has not commenced business since its establishment.
24. BAL Hainan has not carried out business since its establishment.
25. Qingdao Boya is principally engaged in the provision of cross-border logistics services.
26. Shenzhen Lcang Cross Border Supply Chain is principally engaged in cross-border logistics business.
27. BAL Singapore is an investment holding company of our Company.
28. BAL USA Shipping is principally engaged in providing customer service in the U.S.
29. Jiangsu Xinboya was principally engaged in freight forwarding business and owned as to 51% by Shandong Lcang, 24.5% by Mr. Zhu Dong (朱東) and 24.5% by Ms. Tang Lili (唐麗麗), both being Independent Third Parties. With a view to focusing on cross-border logistics and related services and in view of the different business strategies, development directions and expectations among the shareholders of Jiangsu Xinboya, we disposed of 36% equity interest of Jiangsu Xinboya in December 2021 to Mr. Zhu Dong and Ms. Tang Lili and retained 15% equity interest after the completion of aforesaid disposal such that Mr. Zhu Dong and Ms. Tang Lili could continuously bring in synergy of freight forwarding business to our Group in the future. Jiangsu Xinboya ceased to be a subsidiary of Shandong Lcang upon completion of such disposal.
30. BAL Bright was owned as to 55% by Skyfield Dragon Ltd., an Independent Third Party, and 45% by Burngroup Holding. Given that we were not able to acquire majority stake in BAL Bright nor control BAL Bright in the long run and with a view to realizing our investment return, we disposed of all our equity interest in BAL Bright to Skyfield Dragon Ltd. in December 2021.
31. As confirmed by our Directors, each of Jiangsu Xinboya and BAL Bright was not subject to any material non-compliant incidents, claims, litigations or legal proceedings (whether actual or threatened) prior to the disposals made by our Group.
32. Shareholding percentages may not add up to 100% due to rounding.

Onshore Reorganization

Establishment of Lcang Enterprise Management and acquisition of 29.38% of the total issued shares of Shandong Lcang

Lcang Enterprise Management was established in the PRC with limited liability on May 31, 2022 as the intermediate holding company of our Group in the PRC with a registered capital of RMB5,000,000, which was fully paid on August 23, 2022. On the date of its establishment, Lcang Enterprise Management was wholly owned by Lcang Technology, a company established in the PRC with limited liability on May 25, 2022 and owned by 11 then shareholders of Shandong Lcang (including approximately 16.90% by Mr. Liu Yi (劉軼), 15.97% by Mr. Huang Jicheng (黃繼承), 14.37% by Ms. Zhang Xinde (張鑫鶴), 13.42% by Ms. Liu Lin, 9.74% by Mr. Zheng Dan (鄭丹), 8.42% by Ms. Fan Fenglan (范風蘭), 7.49% by Ms. Wang Wang, 7.19% by Mr. Chen Xin (陳鑫), 3.11% by Mr. Fu Dazheng, 2.55% by Ms. Yang Jie and 0.84% by Mr. Dai Suohong (戴鎖洪)).

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On June 20, 2022, Lcang Enterprise Management acquired an aggregate of 12,522,248 shares, representing approximately 29.38% of the total issued shares of Shandong Lcang from 11 individual shareholders of Shandong Lcang (namely, Mr. Liu Yi, Mr. Huang Jicheng, Ms. Zhang Xinhe, Ms. Liu Lin, Mr. Zheng Dan, Ms. Fan Fenglan, Ms. Wang Wang, Mr. Chen Xin, Mr. Fu Dazheng, Ms. Yang Jie and Mr. Dai Suohong). Other than Mr. Fu Dazheng (a director and a substantial shareholder of Shanghai Sijin), Ms. Yang Jie (the spouse of Mr. Hong Yan who is a director and a substantial shareholder of Shanghai Sijin) and Ms. Liu Lin (the spouse of Mr. Zhu Junchen who is a director of Shanghai Sijin) who are connected persons of our Company, each of the other eight individual shareholders of Shandong Lcang is an Independent Third Party. The consideration of such acquisitions was determined after arm’s length negotiations among the parties with reference to the net book value of Shandong Lcang as of March 31, 2022 and was fully settled on August 31, 2022.

Equity transfers from Mr. Xu to Ms. Liu

For the purpose of showing support to Mr. Xu on one hand and with a view to giving an opportunity for Ms. Liu, the mother-in-law of Mr. Xu, to invest in Shandong Lcang and share the success of our business on the other hand, on July 10, 2022, Mr. Xu transferred (i) 2,087,078 shares, representing approximately 4.90% of the total issued shares of Shandong Lcang at a consideration of RMB3,180,289.46; and (ii) 15% of equity interest in Qingdao Jiliang (a then shareholder of Shandong Lcang which was owned as to 75% by Mr. Xu and 25% by Ms. Li prior to such transfer) at a consideration of RMB1,462,635, to Ms. Liu. The consideration was determined after arm’s length negotiations between the parties with reference to the net book value of Shandong Lcang as of March 31, 2022, and were fully settled on August 23, 2022.

Capital increase of Lcang Technology by existing shareholders of Shandong Lcang

On July 25, 2022, four shareholders of Shandong Lcang (namely, Mr. Xu, Ms. Liu, Ms. Lv and Ms. Xu Xiaoling) and beneficial owners of Qingdao Jiliang and Qingdao Boan (including Mr. Xu, Ms. Li, Ms. Liu and other 13 existing employees of our Group) made a total capital contribution of RMB695,539 into the registered capital of Lcang Technology. Upon completion of such capital increase, the registered capital of Lcang Technology was increased from RMB293,826 to RMB989,365. See “Our Corporate Developments—Major shareholding changes of our Company and our principal operating subsidiaries—Shandong Lcang” of this section for further details of Qingdao Boan.

Acquisition of 54.60% of the total issued shares of Shandong Lcang

On August 5, 2022, Lcang Enterprise Management acquired an aggregate of 23,269,103 shares, representing approximately 54.60% of the total issued shares of Shandong Lcang from five shareholders of Shandong Lcang (namely, Qingdao Jiliang, Qingdao Boan, Ms. Liu, Ms. Lv and Ms. Xu Xiaoling). Each of these shareholders is a connected person of our Company. The consideration of such acquisition was determined after arm’s length negotiations among the parties with reference to the net book value of Shandong Lcang as of March 31, 2022 and

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was fully settled on September 1, 2022. Upon completion of such acquisition, Shandong Lcang was owned as to approximately 83.98% by Lcang Enterprise Management, 14.96% by Mr. Xu, 0.0002% by PCW (HK) and 1.06% by the Minority Shareholders who did not dispose of their shares in Shandong Lcang pursuant to the Reorganization or participated in the Share Repurchase (each of the Minority Shareholders was an Independent Third Party holding less than 0.5% of the total issued shares of Shandong Lcang and was not entitled to any special rights in Shandong Lcang).

Due to the restriction of share transfer of directors of a joint stock company under the PRC Company Law, as a part of the Reorganization, Mr. Xu resigned as a director, the chairman of the board of directors and the general manager of Shandong Lcang on August 5, 2022. Subsequent to his resignation, on August 5, 2022, Mr. Xu and Lcang Enterprise Management entered into a share transfer agreement with a deferred closing date, together with a voting rights entrustment agreement and an income rights transfer agreement (collectively, the “**Relevant Agreements**”), pursuant to which (i) Mr. Xu agreed that he shall transfer 6,373,171 shares, representing approximately 14.96% of the total issued shares of Shandong Lcang (the “**Relevant Shares**”) to Lcang Enterprise Management on February 5, 2023 at a consideration of RMB9,711,437.97, which was determined after arm’s length negotiations among the parties with reference to the net book value of Shandong Lcang as of March 31, 2022; (ii) prior to the transfer of the Relevant Shares, Mr. Xu agreed to entrust the voting rights and income (including dividends, other distributions and other economic benefits) rights of the Relevant Shares to Lcang Enterprise Management from August 5, 2022. Accordingly, the Relevant Shares were transferred from Mr. Xu to Lcang Enterprise Management on February 5, 2023 and the consideration was settled on February 6, 2023 pursuant to the share transfer agreement with a deferred closing date. Lcang Enterprise Management has been in control of approximately 98.94% of the voting rights in Shandong Lcang upon signing of such agreements, and has become the shareholder holding approximately 98.94% of the total issued shares of Shandong Lcang upon completion of such transfers.

As advised by our PRC Legal Advisors, the Relevant Agreements have been fully authorized and duly executed, constitute binding obligations on parties to such agreements, and are legal, enforceable and valid; the terms of the Relevant Agreements are not in conflict with any PRC law or regulation and the Relevant Agreements as well as the transfer of the Relevant Shares from Mr. Xu to Lcang Enterprise Management on February 5, 2023, being a date after six months of Mr. Xu’s resignation as a director, the chairman of the board of directors and the general manager of Shandong Lcang, are not in violation of the PRC Company Law, and do not constitute as a circumvention of the relevant PRC law.

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Capital Increase of Lcang Enterprise Management

On August 24, 2022, Lcang Technology (the sole shareholder of Lcang Enterprise Management) made a capital contribution of RMB50,000,000, of which RMB940,000 contributed as the registered capital and RMB49,060,000 as the capital reserve of Lcang Enterprise Management. Upon completion of such capital increase, the registered capital of Lcang Enterprise Management was increased from RMB5,000,000 to RMB5,940,000.

Investment in Shandong Lcang and Lcang Enterprise Management by PCW

On August 4, 2022, PCW (HK), a company wholly owned by PCW, acquired 100 shares, representing approximately 0.0002% of the total issued shares of Shandong Lcang from Mr. Xu at a consideration of RMB1,247 (or the equivalent amount in US dollars), which was determined through arm’s length negotiations between the parties with reference to the average closing price for 20 consecutive trading days of Shandong Lcang immediately preceding to March 9, 2022 (being the date of which the board of directors of Shandong Lcang approved the proposal of voluntary cessation of quotation on the NEEQ) and was fully settled on August 30, 2022.

On September 27, 2022, PCW (HK), subscribed for 1% of the registered capital of Lcang Enterprise Management at a consideration of RMB8,132,808 (or the equivalent amount in US dollars), which was determined through arm’s length negotiation between the parties with reference to the total net asset value of Lcang Enterprise Management as of August 31, 2022 as appraised by an independent professional valuer and was fully paid on October 20, 2022.

Upon completion of such acquisition and capital contribution, PCW (HK) became interested in 100 shares of Shandong Lcang approximately 0.0002% of the total issued shares of Shandong Lcang and 1% of the registered capital in Lcang Enterprise Management. PCW (HK) is a company incorporated in Hong Kong with limited liability, which was wholly-owned by PCW at the time of such transfer. PCW is wholly owned by Mr. Wang Cheng (王瑋), an Independent Third Party and our [REDACTED] Investor. For details of PCW (HK) and Mr. Wang Cheng, see “[REDACTED] Investments—Information Relating to Our [REDACTED] Investors.”

Offshore Reorganization

Incorporation of our Company

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on July 27, 2022 to act as the holding company and [REDACTED] vehicle of our Group. As of the date of its incorporation, the authorized share capital of our Company was US\$50,000 divided into 500,000,000 ordinary shares with a par value of US\$0.0001 each. On the date of its incorporation, one Share was allotted and issued at par to an initial subscriber, an Independent Third Party, which was then transferred at par to Lecang Shining, a company ultimately controlled by Ms. Li (one of our ultimate Controlling Shareholders). For the purpose

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of reflecting the then shareholding structure of Shandong Lcang before the Reorganization at the offshore level, on the same date, our Company allotted and issued 42,164,521 Shares to the offshore holding vehicles of each of the then shareholders of Shandong Lcang corresponding to their respective shareholdings in Shandong Lcang. Upon completion of the share allotment and issuance, the shareholding of our Company is set forth below:

Name of Shareholders	Number of Shares held	Approximate percentage of shareholding upon the completion of the allotment and issuance
Lecang Altitude ⁽¹⁾	12,649,387	30.00%
Lecang Fantasy ⁽²⁾	1,415,965	3.36%
Glorious Sailing ⁽³⁾	5,042,100	11.96%
Lecang Shining ⁽⁴⁾	3,269,387	7.75%
Lecang Flourishing ⁽⁵⁾	4,048,710	9.60%
Power Bright ⁽⁶⁾	2,116,907	5.02%
Lecang Liberty ⁽⁷⁾	2,000,000	4.74%
Cassia Treasure ⁽⁸⁾	1,933,700	4.59%
Lecang Vast Galaxy ⁽⁹⁾	1,800,000	4.27%
Lecang Crystal ⁽¹⁰⁾	1,784,841	4.23%
Lecang Blooming ⁽¹¹⁾	1,283,025	3.04%
Lecang Champion ⁽¹²⁾	1,220,000	2.89%
Wind Blue ⁽¹³⁾	1,054,000	2.50%
Lecang Luxuriant ⁽¹⁴⁾	937,500	2.22%
Lecang Soar ⁽¹⁵⁾	900,000	2.14%
Lecang Vast Star ⁽¹⁶⁾	390,000	0.93%
Lecang Amazing ⁽¹⁷⁾	319,000	0.76%
Total	42,164,522	100.00%

Notes:

1. Lecang Altitude is a company incorporated in the BVI with limited liability and is wholly owned by Grand Sailing, which is in turn wholly owned by Mr. Xu.
2. Lecang Fantasy is a company incorporated in the BVI with limited liability and is wholly owned by Lecang Boundless Limited, which is in turn wholly owned by Mr. Xu.
3. Glorious Sailing is owned as to approximately 79.53% by Mr. Xu, 4.96% by Ms. Zhu Jiali (朱佳麗) (our executive Director), 3.97% by Mr. Zhang Feng (張峰) (our senior management member), 0.50% by Ms. Ding Sujun (丁素君) (our joint company secretary) and 11.04% by other 10 existing employees of our Group. Other than Mr. Xu, each of the shareholders in Glorious Sailing is a [REDACTED] Investor, whose particulars are set forth in “—Information relating to our [REDACTED] Investors”.
4. Lecang Shining is a company incorporated in the BVI with limited liability and is wholly owned by Peace Seaworld, which is in turn wholly owned by Ms. Li.
5. Lecang Flourishing is a company incorporated in the BVI with limited liability and is wholly owned by Spring Wealth, which is in turn wholly owned by Ms. Liu.

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6. Power Bright is a company incorporated in the BVI with limited liability and is wholly owned by Mr. Liu Yi (劉軼), an Independent Third Party.
7. Lecang Liberty is a company incorporated in the BVI with limited liability and is wholly owned by Mr. Huang Jicheng (黃繼承), an Independent Third Party.
8. Cassia Treasure is a company incorporated in the BVI with limited liability and is wholly owned by Ms. Lv.
9. Lecang Vast Galaxy is a company incorporated in the BVI with limited liability and is wholly owned by Ms. Zhang Xinhe (張鑫鶴), an Independent Third Party.
10. Lecang Crystal is a company incorporated in the BVI with limited liability and is wholly owned by Ms. Liu Lin (劉琳), the spouse of Mr. Zhu Junchen (朱駿晨) who is a director of Shanghai Sijin, a non-wholly owned subsidiary of our Company.
11. Lecang Blooming is a company incorporated in the BVI with limited liability and is wholly owned by Ms. Xu Xiaoling (許曉玲), Mr. Xu’s sister.
12. Lecang Champion is a company incorporated in the BVI with limited liability and is wholly owned by Mr. Zheng Dan (鄭丹), an Independent Third Party.
13. Wind Blue is a company incorporated in the BVI with limited liability and is wholly owned by Ms. Fan Fenglan (范風蘭), an Independent Third Party.
14. Lecang Luxuriant is a company incorporated in the BVI with limited liability and is wholly owned by Ms. Wang Wang (汪汪), an Independent Third Party.
15. Lecang Soar is a company incorporated in the BVI with limited liability and is wholly owned by Mr. Chen Xin (陳鑫), an Independent Third Party.
16. Lecang Vast Star is a company incorporated in the BVI with limited liability and is wholly owned by Mr. Fu Dazheng (傅達正), a substantial shareholder and a director of Shanghai Sijin, a non-wholly owned subsidiary of our Company.
17. Lecang Amazing is a company incorporated in the BVI with limited liability and is wholly owned by Ms. Yang Jie (楊潔), the spouse of Mr. Hong Yan (洪研) who is a substantial shareholder and a director of Shanghai Sijin, a non-wholly-owned subsidiary of our Company.

Incorporation of LC (BVI)

LC (BVI) was incorporated in the BVI with limited liability on August 5, 2022 as the intermediate holding company of our Group in the BVI. On the date of its incorporation, one share of LC (BVI) was allotted and issued to our Company at par and LC (BVI) then became wholly owned by our Company.

Incorporation of LC (HK)

LC (HK) was incorporated in Hong Kong with limited liability on August 18, 2022 as the intermediate holding company of our Group in Hong Kong. On the date of its incorporation, one share of LC (HK) was allotted and issued to LC (BVI) at par and LC (HK) then became wholly owned by LC (BVI).

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Share Swap between our Company and PCW

On October 7, 2022, PCW entered into a share swap agreement with our Company, pursuant to which PCW transferred one share of PCW Investment, representing the entire issued share capital of PCW Investment, to our Company in consideration of the issuance of 426,004 Shares, representing approximately 1.00% of our issued share capital, by our Company to PCW. Upon completion of such share swap, PCW Investment became a wholly-owned subsidiary of our Company and PCW (HK), the wholly-owned subsidiary of PCW Investment, became an indirect wholly-owned subsidiary of our Company. PCW is a company incorporated in BVI with limited liability and is wholly owned by Mr. Wang Cheng, an Independent Third Party and our [REDACTED] Investor. For details of PCW, see “[REDACTED] Investments—Information relating to our [REDACTED] Investors.”

Acting in Concert Arrangement

On October 15, 2022, our ultimate Controlling Shareholders, Mr. Xu. Ms. Li and Ms. Liu, executed the Acting in Concert Deed, pursuant to which each of Mr. Xu. Ms. Li and Ms. Liu agreed and confirmed that from the date they became the registered owners, the ultimate controllers and/or beneficial owners of the equity interests in our Group to the date when any of them ceases to be our Controlling Shareholder, they had been and would continue to be parties acting in concert. See “Relationship with Our Controlling Shareholders” for further details.

Establishment of Lcang (Qingdao) and capital contribution and acquisition of equity interest in Lcang Enterprise Management by Lcang (Qingdao)

Lcang (Qingdao) is our intermediate holding company in the PRC. It was established in the PRC with limited liability on October 8, 2022 with a registered capital of RMB5,000,000 to be fully paid up pursuant to the articles of association of Lcang (Qingdao). Since its establishment, Lcang (Qingdao) has been wholly-owned by LC (HK).

On October 9, 2022, Lcang (Qingdao) contributed RMB80,000,000 to Lcang Enterprise Management for subscribing for approximately 93.02% of the registered capital of Lcang Enterprise Management. The amount of capital contribution was determined after arm’s length negotiations among the parties with reference to the then registered capital of Lcang Enterprise Management at the time prior to such capital contribution and was fully settled on October 14, 2022. On October 10, 2022, Lcang (Qingdao) acquired approximately 6.91% of the registered capital in Lcang Enterprise Management from Lcang Technology at a consideration of RMB62,287,680.30, which was determined after arm’s length negotiations among the parties with reference to (i) the total net asset of Lcang Enterprise Management as of August 31, 2022 by an independent professional valuer; and (ii) the amount of capital contribution contributed by each of PCW (HK) and Lcang (Qingdao), and was settled in full on October 19, 2022. Upon completion of such capital contribution and acquisition, Lcang Enterprise Management has been owned as to 99.93% by Lcang (Qingdao) and 0.07% by PCW (HK) since then.

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[REDACTED] INVESTMENTS

Our Company attracted several rounds of investment from our [REDACTED] Investors (the “[REDACTED] Investments”), details of which are set out below:

	Employees [REDACTED] Investment ⁽⁵⁾		Ms. Liu Lin's Investment ⁽⁶⁾		Ms. Wang Wang's Investment ⁽⁷⁾		Ms. Liu's Investment ⁽⁸⁾		PCW's Investment ⁽⁹⁾	
Date of agreement of initial investments	July 26, 2015	July 1, 2017	July 10, 2018	May 20, 2022	July 29, 2022	May 5, 2022	July 10, 2022	August 4, 2022	September 26, 2022	
Name of [REDACTED] Investors	Ms. Zhu Jiali, Ms. Zhang Xiaojing, Mr. Fu Kai, Mr. Feng Wenxiang, Ms. Sun Yao and Mr. Ji Chunfeng	Mr. Feng Wenxiang	Ms. Zhu Jiali, Ms. Zhang Xiaojing, Mr. Zhang Feng, Ms. Sun Yao, Ms. Ding Sujun, Mr. Ji Chunfeng, Mr. Zeng Xiangdi, Mr. Liu Zhenfei, Ms. Shao Jingwen, Ms. Yu Lan and Mr. Sun Zhenlin ⁽³⁾	Ms. Liu Lin	Ms. Liu Qianxiang	Ms. Wang Wang	Ms. Liu Qianxiang		PCW	
Amount of consideration paid for initial investments and basis of consideration ⁽⁵⁾⁻⁽⁹⁾	RMB300,000	RMB50,000	RMB1,191,800	RMB9,411,575		RMB10,125,000	RMB4,642,924.46		RMB8,134,055	
Date of full settlement of consideration for initial investments	As of October 9, 2015	July 2, 2019	As of September 7, 2018	May 28, 2022	July 29, 2022	May 13, 2022	August 23, 2022	August 30, 2022	October 20, 2022	

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	Employees' [REDACTED] Investment ⁽⁵⁾	Ms. Liu Lin's Investment ⁽⁶⁾	Ms. Wang Wang's Investment ⁽⁷⁾	Ms. Liu's Investment ⁽⁸⁾	PCW's Investment ⁽⁹⁾
Approximate shareholding in our Company immediately after the completion of the Reorganization	11.84% held by Glorious Sailing ⁽⁴⁾	4.19% held by Lecang Crystal	2.20% held by Lecang Luxuriant	9.51% held by Lecang Flourishing	1.00% held by PCW
Approximate shareholding in our Company immediately after the completion of the [REDACTED] and the [REDACTED] (assuming the [REDACTED] is not exercised)	[REDACTED]% held by Glorious Sailing ⁽⁴⁾	[REDACTED]% held by Lecang Crystal	[REDACTED]% held by Lecang Luxuriant	[REDACTED]% held by Lecang Flourishing	[REDACTED]% held by PCW
Cost per Share paid under the [REDACTED] Investments ⁽¹⁾	RMB[REDACTED]	RMB[REDACTED]	RMB[REDACTED]	RMB[REDACTED]	RMB[REDACTED]
Discount to the [REDACTED] of the indicative [REDACTED] range ⁽²⁾	[REDACTED]%	[REDACTED]%	[REDACTED]%	[REDACTED]%	[REDACTED]%
[REDACTED]	For general working capital needs of the Group. As of the Latest Practicable Date, we had utilized all net proceeds from the Qingdao Boan Investment.	N/A	N/A	N/A	For general working capital needs of the Group. As of the Latest Practicable Date, we had not utilized any net proceeds from the PCW's Investment.

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	Employees' [REDACTED] Investment ⁽⁵⁾	Ms. Liu Lin's Investment ⁽⁶⁾	Ms. Wang Wang's Investment ⁽⁷⁾	Ms. Liu's Investment ⁽⁸⁾	PCW's Investment ⁽⁹⁾
Special rights					
[REDACTED]	Save for (1) Ms. Liu, together with Spring Wealth and Lecang Flourishing, are subject to the restriction on disposal of Shares as Controlling Shareholders pursuant to Rule 10.07 of the Listing Rules (For further details, see “[REDACTED]—Undertakings to the Stock Exchange pursuant to the Listing Rules—By our Controlling Shareholders”); and (2) each of PCW and the Employee [REDACTED] Investors has agreed that if/he/she will not, at any time prior to the end of six months following the [REDACTED], dispose any Shares directly or indirectly held by it/him/her, none of the other [REDACTED] Investors is subject to any lock-up restriction	Not applicable			
Strategic benefits of the [REDACTED] Investments	Our Directors were of the view that the investments by our Employee [REDACTED] Investors demonstrated their confidence in the operation and prospects of our Group and served as endorsements to our long-term sustainable development. In addition, our Group can benefit from the motivation generated to optimize the performance efficiency of the Employee [REDACTED] Investors by giving them opportunity to participate in the equity investment in our Company.	Our Directors were of the view that the investments from Ms. Liu Lin and Ms. Wang Wang demonstrated their confidence in the operation and prospects of our Group and served as their respective endorsement to our Group's performance, strengths and long-term sustainable development.	Our Directors were of the view that (i) of the view that the investment from Ms. Liu demonstrated her confidence in the operation and prospects of our Group which is under Mr. Xu's leadership.	Our Directors were of the view that (i) our Group would benefit from the additional capital provided by PCW for our development and daily operations, as well as Mr. Wang Cheng's knowledge and experience in finance and accounting; and (ii) the PCW's Investment has broadened our shareholder base and demonstrated the Mr. Wang's confidence in the development capacities and prospects of our Group.	

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Notes:

- (1) The approximate cost per Share is calculated based on the amount of consideration paid by each [REDACTED] Investor in the initial investment divided by the number of Shares to be held by it/him/her upon [REDACTED] (assuming the [REDACTED] is not exercised).
- (2) The discount to the [REDACTED] is calculated based on the assumption that the [REDACTED] is HK\$[REDACTED] per [REDACTED], being the [REDACTED] of the indicative [REDACTED] range of HK\$[REDACTED] to HK\$[REDACTED].
- (3) Mr. Sun Zhenlin (our existing employee) acquired 0.20% partnership interest in Qingdao Boan from his spouse in December 2021.
- (4) For the purpose of reflecting the then indirect shareholding of Shandong Lcang held by the Employees [REDACTED] Investors through Qingdao Boan before the Reorganization at the offshore level, Glorious Sailing (our Shareholder) subscribed for 5,042,100 Shares, representing approximately 11.84% of the total issued Shares of our Company immediately after the completion of the Reorganization. Glorious Sailing was owned as to approximately 79.53% by Mr. Xu, 4.96% by Ms. Zhu Jiali (朱佳麗) (our executive Director), 3.97% by Mr. Zhang Feng (張峰) (our senior management member), 0.50% by Ms. Ding Sujun (丁素君) (our joint company secretary), 4.96% by Ms. Zhang Xiaojing (張曉靜), 2.08% by Mr. Feng Wenxiang (馮文祥), 1.49% by Mr. Fu Kai (符凱), 1.10% by Ms. Sun Yao (孫瑤), 0.49% by Mr. Ji Chunfeng (吉春峰), 0.34% by Mr. Zeng Xiangdi (曾祥蒂), 0.20% by Mr. Liu Zhenfei (劉振飛), 0.20% by Mr. Sun Zhenlin (孫振林), 0.10% by Ms. Yu Lan (于蘭) and 0.10 % by Ms. Shao Jingwen (邵景文).
- (5) Initial investments of the Employees' [REDACTED] Investment included several rounds of acquisitions of partnership interest in Qingdao Boan by the Employee [REDACTED] Investors on July 26, 2015, July 1, 2017 and July 10, 2018 respectively. Qingdao Boan was a then shareholder of Shandong Lcang prior to the Reorganization and is controlled by Mr. Xu. For further details of Qingdao Boan, see “—Our Corporate Developments—Major shareholding changes of our Company and our principal operating subsidiaries— Shandong Lcang.” Consideration was determined after arm’s length negotiation among the parties with reference to the partnership interest in Qingdao Boan held by the Employee [REDACTED] Investors and the then equity interest in Shandong Lcang held by Qingdao Boan.
- (6) Initial investments of Ms. Liu Lin’s Investment included the acquisition of approximately 3.94% of the total issued shares of Shandong Lcang from Mr. Qiu Ronghao (a former shareholder of Shandong Lcang and an Independent Third Party) at a consideration of RMB9,409,120, which was determined after arm’s length negotiations among the parties with reference to the then consideration paid by Mr. Qiu Ronghao for acquiring shares of Shandong Lcang through quotation and trading on the NEEQ and the acquisition of approximately 0.25% of the equity interest in Lcang Technology from Mr. Dai Suohong at a consideration of RMB2,455, which was determined after arm’s length negotiation between the parties with reference to the paid-up registered capital of Lcang Technology prior to such transfer. Mr. Dai Suohong is a former shareholder of Shandong Lcang and an Independent Third Party and owned 104,641 shares, representing approximately 0.25% of the total issued shares of Shandong Lcang prior to the Reorganization.
- (7) Initial investments of Ms. Wang Wang’s Investment represented the acquisition of approximately 2.20% of the total issued shares of Shandong Lcang from Wang’s Bee Garden at a consideration of RMB10,125,000, which was determined after arm’s length negotiation between the parties with reference to the average closing price of 20 consecutive trading days of Shandong Lcang immediately preceding to March 9, 2022 (being the date of which the board of directors of Shandong Lcang approved the proposal of voluntary cessation of quotation on the NEEQ). Wang’s Bee Garden is a former shareholder of Shandong Lcang and an Independent Third Party.
- (8) Initial investments of Ms. Liu’s Investment included the transfer of approximately 4.90% of the total issued shares of Shandong Lcang from Mr. Xu and the transfer of 15% of equity interest in Qingdao Jiliang from Mr. Xu, consideration of which was determined after arm’s length negotiation between the parties with reference to the net book value of Shandong Lcang as of March 31, 2022. Qingdao Jiliang was a then shareholder of Shandong Lcang prior to the Reorganization and is controlled by Mr. Xu.
- (9) Initial investments of PCW’s Investment included the acquisition of approximately 0.0002% of the total issued shares of Shandong Lcang from Mr. Xu at a consideration of RMB1,247 (or the equivalent amount in US dollars), which was determined through arm’s length negotiation between the parties with reference to the average closing price for 20 consecutive trading days of Shandong Lcang immediately preceding to March 9, 2022 (being the date of which the board of directors of Shandong Lcang approved the proposal of voluntary cessation of quotation on the NEEQ) and 1.00% of capital contribution in Lcang Enterprise Management by PCW (HK) at a consideration of RMB8,132,808 (or the equivalent amount in US dollars), which was determined through arm’s length negotiation between the parties with reference to the total net asset value of Lcang Enterprise Management as of August 31, 2022 as appraised by an independent professional valuer.

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Information Relating to Our [REDACTED] Investors

The background information of our [REDACTED] Investors is set out below:

[REDACTED] Investor	Background
Ms. Zhu Jiali	Ms. Zhu Jiali is our executive Director and chief financial officer, who joined our Group in November 2004. For further details of biographical information of Ms. Zhu, see “Directors and Senior Management.”
Ms. Zhang Xiaojing	Ms. Zhang Xiaojing joined our Group in November 2004 and successively served as a manager of the commercial department at Shandong Lcang and a manager of the marketing department at Qingdao Boya. She has been serving as a chief officer of marketing department (short-sea seaborne transportation) at BAL Container Line since May 2020, where she has been primarily responsible for overseeing short-sea seaborne transportation operation, tariff management, cabin allocation as well as domestic and overseas customer management. Save for being an employee of our Group, Ms. Zhang is an Independent Third Party.
Mr. Fu Kai	Mr. Fu Kai joined our Group in October 2011 and has been serving as a manager of logistics sales department at Shanghai branch of Shandong Lcang since October 2011, where he has been primarily responsible for overseeing our carrier owned container cross-border logistics business. Save for being an employee of our Group, Mr. Fu is an Independent Third Party.
Mr. Feng Wenxiang	Mr. Feng Wenxiang joined our Group in November 2004 and served as a manager of technique department at Shandong Lcang. He has been serving as a deputy manager of vessel operation department at Shandong Lcang since March 2022, where he has been primarily responsible for vessel management. Save for being an employee of our Group, Mr. Feng is an Independent Third Party.
Ms. Sun Yao	Ms. Sun Yao joined our Group in July 2011 and has been serving as a manager of container management department at Shandong Lcang since March 2022, where she has been primarily responsible for container management. Save for being an employee of our Group, Ms. Sun is an Independent Third Party.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

[REDACTED]

<u>Investor</u>	<u>Background</u>
Mr. Ji Chunfeng	Mr. Ji Chunfeng joined our Group in November 2004 and served as a site manager at Shandong Lcang. He has been serving as a technician of container management department at BAL Container Line since July 2015, where he has been primarily responsible for overall on-site management, inspection of containers, maintenance and container temperature monitoring of Huangdao site (黃島場地) in Qingdao, the PRC. Save for being an employee of our Group, Mr. Ji is an Independent Third Party.
Mr. Zhang Feng	Mr. Zhang Feng is our vice president and joined our Group in June 2017. For further details of biographical information of Mr. Zhang, see “Directors and Senior Management.”
Ms. Ding Sujun	Ms. Ding Sujun is our joint company secretary, who joined our Group in July 2017. For further details of biographical information of Ms. Ding, see “Directors and Senior Management.”
Mr. Zeng Xiangdi	Mr. Zeng Xiangdi joined our Group in February 2017 and has been serving as a salesperson of logistics sales department at Ningbo Boya where he has been primarily responsible for marketing promotion of our superior routes and logistics chain related products and business documentary (including quotation, delivery and collection of payment). Save for being an employee of our Group, Mr. Zeng is an Independent Third Party.
Mr. Liu Zhenfei	Mr. Liu Zhenfei joined our Group in January 2014 and served as a sales manager at Shandong Lcang, where he was primarily responsible for merchandising and overall management of sales. He has been serving as a manager of logistics sales department at Qingdao branch of Shanghai Hanyun since September 2019, where he has been primarily responsible for merchandising and overall management of sales and marketing in Qingdao branch of Shanghai Hanyun. Save for being an employee of our Group, Mr. Liu is an Independent Third Party.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

[REDACTED]

Investor

Background

Ms. Shao
Jingwen

Ms. Shao Jingwen joined our Group in January 2016 and has been serving as a head of commercial department (short-sea seaborne transportation) at BAL Container Line since December 2021, where she has been primarily responsible for communication with destination port agents, assistance with solving emergencies of our short-sea seaborne transportation, processing and collating of business data and profit evaluation of vessels. Save for being an employee of our Group, Ms. Shao is an Independent Third Party.

Ms. Yu Lan

Ms. Yu Lan joined our Group in August 2016 and has been serving as a senior financial officer of financial department at Shandong Lcang since September 2022, where she has been primarily responsible for the financial matters of BAL Container Line. Save for being an employee of our Group, Ms. Yu is an Independent Third Party.

Mr. Sun Zhenlin

Mr. Sun Zhenlin joined our Group in June 2021 and has been serving as a manager of information technology department at Shandong Lcang, where he has been primarily responsible for management of the technical research and development team and informatization construction of our Group. Save for being an employee of our Group, Mr. Sun is an Independent Third Party.

Ms. Liu Lin

Ms. Liu Lin is the spouse of Mr. Zhu Junchen (朱駿晨) (a director of Shanghai Sijin (a non-wholly owned subsidiary of our Company) and a director of Zhangjiagang Lechang (a non-wholly owned subsidiary of our Company)). Ms. Liu has over seven years of experience in investing companies listed on Shanghai Stock Exchange and Shenzhen Stock Exchange through open market transactions. Her personal investments portfolio range across different industries including technology, consumer and high-end manufacturing industries. For further details of the investments made by Ms. Liu Lin, see “—Reorganization.”

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

[REDACTED]

Investor

Background

Ms. Wang Wang Ms. Wang Wang is the second largest shareholder of Jiangxi Wang’s Bee Garden Co., Ltd. (江西汪氏蜜蜂園有限公司) (“**Wang’s Bee Garden**”) and the daughter of the controlling shareholder of Wang’s Bee Garden. She has an investment portfolio covering bee-keeping, pharmaceutical and commercial industries. Each of Ms. Wang and Wang’s Bee Garden is an Independent Third Party. We became acquainted with Ms. Wang through introduction of Wang’s Bee Garden, a former shareholder of Shandong Lchang. For further details of the investment made by Ms. Wang Wang, see “—Reorganization.”

Ms. Liu Ms Liu is the mother of Ms. Li and the mother-in-law of Mr. Xu. From September 1978 to April 2005, she served as a salesperson at the supply and marketing cooperatives of neighborhood committee (居委會供銷社) at Changlai town, Lechang city, Guangdong province of the PRC and had been retired since April 2005.

PCW PCW is an investment holding company incorporated in the BVI with limited liability and is wholly owned by Mr. Wang Cheng, an Independent Third Party. Mr. Wang is an independent tax advisor and investor with extensive experience in tax consultancy and tax regulatory compliance services cross various industries gained from KPMG and EY. Through his previous professional experiences and his feasibility study and assessment, Mr. Wang became interested in the global cross-border logistics industry and developed confidence in the performance and prospect of our Group, which led to his investment in our Group. PCW invested in our Group through PCW (HK), a direct wholly-owned subsidiary of PCW Investment, which is in turn directly wholly-owned by PCW. For further details of the investments made by PCW, see “—Reorganization.” Each of PCW and Mr. Wang is an Independent Third Party, we became acquainted with Mr. Wang through the introduction of Mr. Xu (our Controlling Shareholder). Mr. Xu and Mr. Wang were classmates in secondary school in Qingdao, the PRC.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

[REDACTED]

Glorious Sailing is owned as to approximately 79.53% by Mr. Xu and 20.47% by the Employee [REDACTED] Investors and is therefore a core connected person of our Company. Ms. Liu Lin is the spouse of Mr. Zhu Junchen, a director of Shanghai Sijin (a non-wholly owned subsidiary of our Company) and a director of Zhangjiagang Lechang (a non-wholly owned subsidiary of our Company) and therefore a core connected person of our Company. Ms. Liu is one of our ultimate Controlling Shareholders. Accordingly, Shares held by Glorious Sailing (through which the Employee [REDACTED] Investors are interested in our Shares), Lecang Crystal (which is wholly owned by Ms. Liu Lin) and Lecang Flourishing (which is wholly owned by Ms. Liu) will not be counted towards the [REDACTED] after the [REDACTED].

As Ms. Wang Wang and Mr. Wang Cheng are not core connected persons of our Company and Ms. Wang Wang’s Investment and PCW’s Investment are not financed directly or indirectly by any core connected persons of our Company, Shares held by each of Lecang Luxuriant (which is wholly owned by Ms. Wang Wang) and PCW (which is wholly owned by Mr. Wang Cheng) will be counted towards the [REDACTED] after the [REDACTED].

Immediately after the completion of the [REDACTED] and the [REDACTED] and assuming the [REDACTED] or any options which may be granted under the [REDACTED] Share Scheme is not exercised, an aggregate of approximately [REDACTED]% of the issued Shares (comprising approximately [REDACTED]% of the issued Shares held by existing Shareholders (including Power Bright, Lecang Liberty, Lecang Vast Galaxy, Lecang Champion, Wind Blue, Lecang Luxuriant, Lecang Soar and PCW) and approximately [REDACTED]% of the issued Shares held by public Shareholders who will [REDACTED] for our Shares in the [REDACTED]) will be counted towards the [REDACTED] upon [REDACTED].

Compliance with Interim Guidance and Guidance Letters

On the basis that, as confirmed by our Directors, (i) the [REDACTED], being the first day of [REDACTED] of our Shares on the Stock Exchange, will take place no earlier than 120 clear days after completion of the [REDACTED] Investments; and (ii) no special rights were granted to [REDACTED] Investors in connection with its [REDACTED] Investments, the Joint Sponsors are of the view that each of the [REDACTED] Investments is in compliance with the Interim Guidance on [REDACTED] Investments issued by the Stock Exchange, and the Guidance Letter HKEx-GL43-12 issued by the Stock Exchange. The Guidance Letter HKEx-GL44-12 issued by the Stock Exchange is not applicable to the [REDACTED] Investments as no convertible instrument was issued.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Notes:

1. See “—Information relating to our [REDACTED] Investors” to this section above for the detailed background information of each of the [REDACTED] Investors.
2. Glorious Sailing is owned as to approximately 79.53% by Mr. Xu (our ultimate Controlling Shareholder and executive Director), 4.96% by Ms. Zhu Jiali (our executive Director), 3.97% by Mr. Zhang Feng (our senior management member), 0.50% by Ms. Ding Sujun (our 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 our Group.
3. Each of Mr. Liu Yi, Mr. Huang Jicheng, Ms. Zhang Xinhe, Mr. Zheng Dan, Ms. Fan Fenglan, Ms. Wang Wang, Mr. Chen Xin and Mr. Wang Cheng is an Independent Third Party. Accordingly, the Shares held by each of Power Bright, Lecang Liberty, Lecang Vast Galaxy, Lecang Champion, Wind Blue, Lecang Luxuriant, Lecang Soar and PCW will be counted towards the [REDACTED] upon [REDACTED].
4. Ms. Lv is Mr. Xu’s mother and Ms. Li’s mother-in-law.
5. Ms. Liu Lin is the spouse of Mr. Zhu Junchen (a director of Shanghai Sijin, a non-wholly owned subsidiary of our Company).
6. Ms. Xu Xiaoling is Mr. Xu’s sister.
7. Mr. Fu Dazheng is a substantial shareholder and a director of Shanghai Sijin, a non-wholly owned subsidiary of our Company.
8. Ms. Yang Jie is the spouse of Mr. Hong Yan (a substantial shareholder and a director of Shanghai Sijin, a non-wholly-owned subsidiary of our Company).
9. Minority Shareholders refer to 40 shareholders of Shandong Lcang, each of whom is an Independent Third Party save for Mr. Zhao Chengbin (趙成斌) who is uncle-in-law of Ms. Zhu Jiali (our executive Director) and held less than 0.5% of the total issued shares of Shandong Lcang as of the Latest Practicable Date.
10. Shanghai Hanyun is principally engaged in the provision of cross-border logistics services.
11. Shanghai Sijin is principally engaged in the provision of cross-border logistics services.
12. Qingdao Wanhao is principally engaged in the provision of vessel management, marketing and operational support services. As of the Latest Practicable Date, Qingdao Wanhao was owned as to 51% by Shandong Lcang and 49% by Qingdao Hongyi Enterprise Management Partnership (Limited Partnership) (青島弘毅企業管理合夥企業(有限合夥)), which was in turn controlled by Yang Jisheng (楊積生) and Chen Shuyi (陳姝亦), each being an Independent Third Party.
13. Burngroup Holding is an investment holding company of certain subsidiaries of our Company conducting cross border seaborne transportation operations and vessel chartering business.
14. Ningbo Boya is principally engaged in the provision of cross-border logistics services.
15. Shenzhen Lcang International Logistics is principally engaged in the provision of cross-border logistics services.
16. Xiamen Lcang is principally engaged in the provision of cross-border logistics services.
17. Hainan Yangpu Xinyang has not carried out business since its establishment.
18. Shanghai Leyi is principally engaged in road cargo transportation business.
19. Zhangjiagang Lechang has not carried out business since its establishment.
20. BAL Container Line is principally engaged in the provision of cross-border transportation services.
21. BAL Shanghai is principally engaged in vessel operation and chartering business.
22. Each of Boan Shipping, BAL Star, BAL Qingdao and Lecang Shipping is principally engaged in vessel chartering business.
23. Hainan Rongcang has not commenced business since its establishment.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

24. BAL Hainan has not carried out business since its establishment.
25. Qingdao Boya is principally engaged in the provision of cross-border logistics services.
26. Shenzhen Lcang Cross Border Supply Chain is principally engaged in cross-border logistics business.
27. Shanghai Rongcang has not commenced business since its establishment.
28. BAL Singapore is an investment holding company of our Company.
29. BAL USA Shipping is principally engaged in providing customer service in the U.S.
30. BAL USA Logistic is principally engaged in the provision of bill of lading handling and destination port agency services.
31. BAL Australia has not carried out business operation since its incorporation.
32. BAL Vietnam has not carried out business operation since its incorporation.
33. LC Western is principally engaged in providing warehousing services. As of the Latest Practicable Date, LC Western was owned as to 80% by BAL USA Logistic and 20% by Western Post (USA) Inc..
34. BAL Shandong has not carried out business since its incorporation.
35. BAL Guangzhou has not carried out business since its incorporation.
36. Shareholding percentages may not add up to 100% due to rounding.

INCREASE IN AUTHORIZED SHARE CAPITAL

On August 23, 2023, our authorized share capital was increased from US\$50,000 to US\$2,000,000 by the creation of additional 19,500,000,000 Shares, and following such increase, the authorized share capital of our Company was US\$2,000,000 divided into 20,000,000,000 Shares of US\$0.0001 each.

[REDACTED]

Pursuant to the written resolution of our Shareholders passed on August 23, 2023, conditional on the share premium account of our Company being credited as a result of the [REDACTED], our Directors are authorized to [REDACTED] an amount of US\$[REDACTED] standing to the credit of the share premium account of our Company by applying such sum of towards the paying up in full at par a total of [REDACTED] Shares for allotment and issue to holders of Shares whose names appear on the register of members of our Company on the date of passing such resolutions in proportion (as near as possible without involving fractions so that no fraction of a share shall be allotted and issued) to their then existing respective shareholding in our Company.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Notes:

1. For the detailed background information of each of the [REDACTED] Investors, see “—Information relating to our [REDACTED] Investors.”
2. Glorious Sailing is owned as to approximately 79.53% by Mr. Xu (our ultimate Controlling Shareholder and executive Director), 4.96% by Ms. Zhu Jiali (our executive Director), 3.97% by Mr. Zhang Feng (our senior management member), 0.50% by Ms. Ding Sujun (our 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 our Group.
3. Each of Mr. Liu Yi, Mr. Huang Jicheng, Ms. Zhang Xinhe, Mr. Zheng Dan, Ms. Fan Fenglan, Ms. Wang Wang, Mr. Chen Xin and Mr. Wang Cheng is an Independent Third Party. Accordingly, the Shares held by each of Power Bright, Lecang Liberty, Lecang Vast Galaxy, Lecang Champion, Wind Blue, Lecang Luxuriant, Lecang Soar and PCW will be counted towards the [REDACTED] upon [REDACTED].
4. Ms. Lv is Mr. Xu’s mother and Ms. Li’s mother-in-law.
5. Ms. Liu Lin is the spouse of Mr. Zhu Junchen (a director of Shanghai Sijin, a non-wholly owned subsidiary of our Company).
6. Ms. Xu Xiaoling is Mr. Xu’s sister.
7. Mr. Fu Dazheng is a substantial shareholder and a director of Shanghai Sijin, a non-wholly owned subsidiary of our Company.
8. Ms. Yang Jie is the spouse of Mr. Hong Yan (a substantial shareholder and a director of Shanghai Sijin, a non-wholly-owned subsidiary of our Company).
9. Minority Shareholders refer to 40 shareholders of Shandong Lcang, each of whom is an Independent Third Party save for Mr. Zhao Chengbin who is uncle-in-law of Ms. Zhu Jiali (our executive Director) and held less than 0.5% of the total issued shares of Shandong Lcang as of the Latest Practicable Date.
10. Shanghai Hanyun is principally engaged in the provision of cross-border logistics services.
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12. Qingdao Wanhao is principally engaged in the provision of vessel management, marketing and operational support services. As of the Latest Practicable Date, Qingdao Wanhao was owned as to 51% by Shandong Lcang and 49% by Qingdao Hongyi Enterprise Management Partnership (Limited Partnership) (青島弘毅企業管理合夥企業(有限合夥)), which was in turn controlled by Yang Jisheng (楊積生) and Chen Shuyi (陳姝亦), each being an Independent Third Party.
13. Burngroup Holding is an investment holding company of certain subsidiaries of our Company conducting cross border seaborne transportation operations and vessel chartering business.
14. Ningbo Boya is principally engaged in the provision of cross-border logistics services.
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16. Xiamen Lcang is principally engaged in the provision of cross-border logistics services.
17. Hainan Yangpu Xinyang has not carried out business since its establishment.
18. Shanghai Leyi is principally engaged in road cargo transportation business.
19. Zhangjiagang Lechang has not carried out business since its establishment.
20. BAL Container Line is principally engaged in the provision of cross-border transportation services.
21. BAL Shanghai is principally engaged in vessel operation and chartering business.
22. Each of Boan Shipping, BAL Star, BAL Qingdao and Lecang Shipping is principally engaged in vessel chartering business.
23. Hainan Rongcang has not commenced business since its establishment.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

24. BAL Hainan has not carried out business since its establishment.
25. Qingdao Boya is principally engaged in the provision of cross-border logistics services.
26. Shenzhen Lcang Cross Border Supply Chain is principally engaged in the provision cross-border logistics services.
27. Shanghai Rongcang has not commenced business since its establishment.
28. BAL Singapore is an investment holding company of our Company.
29. BAL USA Shipping is principally engaged in providing customer service in the U.S.
30. BAL USA Logistic is principally engaged in the provision of bill of lading handling and destination port agency services.
31. BAL Australia has not carried out business operation since its incorporation.
32. BAL Vietnam has not carried out business operation since its incorporation.
33. LC Western is principally engaged in providing warehousing services. As of the Latest Practicable Date, LC Western was owned as to 80% by BAL USA Logistic and 20% by Western Post (USA) Inc..
34. BAL Shandong has not carried out business since its incorporation.
35. BAL Guangzhou has not carried out business since its incorporation.
36. Shareholding percentages may not add up to 100% due to rounding.

PRC REGULATORY REQUIREMENTS

Our PRC Legal Advisors have confirmed that all the equity transfers and increases in registered capital in respect of the PRC companies in our Group as described above had been properly and legally completed and settled and we have obtained all necessary government approvals and permits and the government procedures involved are in accordance with the applicable PRC laws and regulations. Our PRC Legal Advisors have also confirmed that we have obtained all necessary approvals from relevant PRC regulatory authorities required for the implementation of the Reorganization.

M&A Rules

Pursuant to the Provisions on M&A of a Domestic Enterprise by Foreign Investors (《關於外國投資者併購境內企業的規定》) (hereinafter referred to as the “**Provisions on M&A**”) jointly promulgated by the Ministry of Commerce and other departments under the State Council on August 8, 2006 and came into force on September 8, 2006, and recently amended and implemented by the Ministry of Commerce on June 22, 2009, foreign investors’ purchase of equity interest from shareholders of domestic enterprises with no foreign investment (hereinafter referred to as “**Domestic Companies**” and each a “**Domestic Company**”) or the subscription to the increased registered capital of Domestic Companies by foreign investors resulting Domestic Companies changing into a foreign investment enterprise; or foreign investors’ purchase of assets of Domestic Companies by agreement and operation of such assets through foreign investment enterprises established by foreign investors, or foreign investors’ purchase of assets of Domestic Companies by agreement shall comply with the PRC laws and regulations. The approval from the Ministry of Commerce is required to be obtained in certain circumstances, including but not limited to (1) a PRC individual or a PRC enterprise acquires its affiliated PRC Domestic Company through a foreign company controlled by such

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

individual or enterprise; (2) a foreign investor acquires a PRC Domestic Company at the consideration of equity interests from a foreign company; and (3) establishing a foreign special purpose vehicle controlled directly or indirectly by a PRC individual or PRC enterprise for the purpose of offshore listing of equity interests in a Domestic Company beneficially owned by such PRC individual or PRC enterprise. Moreover, offshore listing of shares of a special purpose vehicle is subject to CSRC approval under Provisions on M&A.

Given that (1) the CSRC currently has not issued any definitive rule or interpretation concerning whether the proposed [REDACTED] is subject to the Provisions on M&A; (2) PCW (HK) had no affiliation with the Group prior to making a capital injection into Lcang Enterprise Management on September 27, 2022, and such investment was in compliance with the requirements under the PRC laws and regulations; and (3) Lcang Enterprise Management was a foreign investment enterprise when Lcang (Qingdao) made a capital injection into and acquired equity interests in Lcang Enterprise Management, therefore the [REDACTED] does not require approval from the Ministry of Commerce and the CSRC. However, there remain uncertainties in respect of the interpretation or implementation of the Provisions on M&A and whether the CSRC or other relevant government authorities will reach the same conclusion with our PRC Legal Advisors.

SAFE Circular 37

Pursuant to the Circular of the State Administration of Foreign Exchange on Relevant Issues Concerning Foreign Exchange Administration on Domestic Residents’ Overseas Investment, Financing and Round-Trip Investment through Special Purpose Vehicles (《國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) (the “SAFE Circular 37”) promulgated and implemented by SAFE on July 4, 2014, a special purpose vehicle refers to an overseas enterprise directly established or indirectly controlled by a domestic resident (including domestic institutions and domestic individual residents) for the purpose of investment and financing by utilizing the domestic corporate assets or interests or overseas assets or interests he/she/it legally holds. A domestic resident shall apply to the SAFE for foreign exchange registration of overseas investments before investing the domestic or overseas legal assets or interests into a special purpose vehicle. Where a domestic resident invest legally owned domestic assets or interests into a special purpose vehicle, he/she/it shall apply for registration to the local SAFE branch at the place of incorporation or where the domestic corporate assets or interests are located. Where a domestic resident invest legally owned overseas assets or interests into a special purpose vehicle, he/she/it shall apply for registration to the local SAFE branch at the place of incorporation or household registration.

Each of our ultimate Controlling Shareholders (namely, Mr. Xu, Ms. Li and Ms. Liu) and the ultimate beneficial owner(s) of our Shareholders (namely, Mr. Liu Yi, Mr. Huang Jicheng, Ms. Lv, Ms. Zhang Xinhe, Ms. Liu Lin, Ms. Xu Xiaoling, Mr. Zheng Dan, Ms. Fan Fenglan, Ms. Wang Wang, Mr. Chen Xin, Mr. Fu Dazheng, Ms. Yang Jie, Ms. Zhang Xiaojing, Ms. Zhu Jiali, Mr. Zhang Feng, Mr. Feng Wenxiang, Mr. Fu Kai, Ms. Sun Yao, Ms. Ding Sujun, Mr. Ji Chunfeng, Mr. Zeng Xiangdi, Mr. Liu Zhenfei, Mr. Sun Zhenlin, Ms. Yu Lan and Ms. Shao Jingwen) has completed their respective registration under the SAFE Circular 37 on September 29, 2022.