LC Logistics, Inc.
乐舱物流股份有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 2490)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

FINANCIAL AND OPERATION HIGHLIGHT

- Revenue for the year ended 31 December 2024 was RMB1,946.4 million.
- Profit attributable to owners of the parent for the year ended 31 December 2024 was RMB395.8 million.
- Basic earnings per share for the year ended 31 December 2024 was RMB1.38.
- Container shipping volume of cross-border logistics services for the year ended 31 December 2024 was 331,043 TEUs.

ANNUAL RESULTS

The board (the "**Board**") of directors (the "**Directors**") of LC Logistics, Inc. (the "**Company**" or "**LC Logistics**") is pleased to announce the consolidated annual results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2024 (the "**Year**") with comparative figures for the year ended 31 December 2023. These annual results have been prepared in accordance with International Financial Reporting Standards (the "**IFRSs**") and have also been reviewed and agreed by the audit committee of the Company (the "**Audit Committee**").

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2024

	Notes	**2024** **RMB'000**	2023 RMB'000
REVENUE	3	**1,946,393**	1,238,471
Cost of sales		**(1,736,303)**	(1,011,853)
Gross profit		**210,090**	226,618
Other income and gains		**369,826**	5,710
Selling and distribution expenses		**(22,941)**	(17,366)
Administrative expenses		**(98,223)**	(83,083)
Other expenses		**(9,310)**	(1,351)
Finance costs	4	**(8,938)**	(5,388)
Impairment losses on financial assets		**(33,683)**	(2,426)
Share of loss of associates		**(309)**	(46)
PROFIT BEFORE TAX	5	**406,512**	122,668
Income tax expense	6	**(5,550)**	(3,081)
PROFIT FOR THE YEAR		**400,962**	119,587
Attributable to:			
Owners of the parent		**395,793**	118,877
Non-controlling interests		**5,169**	710
		400,962	119,587
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	8		
Basic and diluted		**RMB1.38**	RMB0.45

	2024	2023
	RMB'000	*RMB'000*
PROFIT FOR THE YEAR	**400,962**	119,587
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	**17,328**	2,145
	17,328	2,145
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	**17,328**	2,145
Other comprehensive loss 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	**(532)**	(91)
Income tax effect	**–**	(28)
	(532)	(119)
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods	**(532)**	(119)
OTHER COMPREHENSIVE INCOME FOR YEAR, NET OF TAX	**16,796**	2,026
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**417,758**	121,613
Attributable to:		
Owners of the parent	**411,759**	120,873
Non-controlling interests	**5,999**	740
	417,758	121,613

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

	Notes	31 December 2024 RMB'000	31 December 2023 RMB'000
NON-CURRENT ASSETS			
Prepayments and other receivables		**426,593**	580,869
Property, plant and equipment		**402,973**	424,911
Right-of-use assets		**74,258**	6,984
Goodwill		**8,572**	8,572
Intangible assets		**1,670**	1,867
Investments in associates		**626**	135
Equity investments designated at fair value through other comprehensive income		**1,768**	2,300
Deferred tax assets		**429**	1,175
Total non-current assets		**916,889**	1,026,813
CURRENT ASSETS			
Inventories		**6,327**	5,383
Assets held for sale		**–**	74,859
Trade receivables	*9*	**107,605**	89,260
Due from a related party		**19**	52
Prepayments and other receivables		**53,778**	30,355
Income tax recoverable		**938**	908
Financial assets at fair value through profit or loss		**58,371**	9,970
Cash and bank balances		**779,637**	207,887
Total current assets		**1,006,675**	418,674
CURRENT LIABILITIES			
Trade payables	*10*	**135,438**	172,398
Other payables and accruals		**69,187**	50,465
Interest-bearing bank and other borrowings		**57,451**	51,266
Tax payable		**796**	24
Lease liabilities		**30,211**	4,579
Total current liabilities		**293,083**	278,732
NET CURRENT ASSETS		**713,592**	139,942
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,630,481**	1,166,755

	31 December 2024 *RMB'000*	31 December 2023 *RMB'000*
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	**27,204**	–
Lease liabilities	**51,600**	2,196
Deferred tax liabilities	**42**	156
Total non-current liabilities	**78,846**	2,352
Net assets	**1,551,635**	1,164,403
EQUITY		
Equity attributable to owners of the parent		
Share capital	**205**	205
Reserves	**1,503,550**	1,134,686
	1,503,755	1,134,891
Non-controlling interests	**47,880**	29,512
Total equity	**1,551,635**	1,164,403

NOTES TO FINANCIAL STATEMENTS

1.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") (which include all International Financial Reporting standards, International Accounting Standards ("**IASs**") and Interpretations) 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 2024. 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.

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.

1.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised IFRSs for the first time for the current year's financial statements.

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

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

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

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

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

(c) Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's financial statements.

2. 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

	2024	2023
	RMB'000	*RMB'000*
Mainland China	**1,720,263**	955,420
Others	**226,130**	283,051
Total revenue	**1,946,393**	1,238,471

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 (2023: Nil).

3. REVENUE

An analysis is as follows:

	2024	2023
	RMB'000	*RMB'000*
Revenue from contracts with customers	**1,868,487**	1,020,238
Revenue from other sources		
Time charter income	**77,906**	218,233
Total	**1,946,393**	1,238,471

4. FINANCE COSTS

An analysis of finance costs from continuing operations is as follows:

	2024	2023
	RMB'000	*RMB'000*
Interest on bank and other borrowings	**3,957**	4,812
Interest on lease liabilities	**4,981**	576
Total	**8,938**	5,388

5. PROFIT BEFORE TAX

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

	2024	2023
	RMB'000	*RMB'000*
Cost of services provided	**1,642,025**	938,616
Cost of inventories sold	**34,568**	23,462
Depreciation of property, plant and equipment	**48,254**	39,509
Depreciation of right-of-use assets	**31,042**	4,853
Amortisation of intangible assets	**407**	402
Impairment of financial assets, net		
– Trade receivables	**12,874**	1,524
– Other receivables	**20,809**	902
Fair value losses/(gains) on financial assets at fair value through profit or loss	**2,996**	(202)
Share of loss of associates	**309**	46
Government grants	**(117)**	(895)
Foreign exchange losses/(gains)	**3,281**	(2,007)
Interest income	**(14,852)**	(1,959)
(Gains)/losses on disposal of property, plant and equipment	**(353,342)**	877
(Gains)/losses on disposal of right-of-use assets	**(156)**	39
Listing fee	**–**	24,536
Auditor's remuneration	**1,980**	1,650
Employee benefit expense (excluding directors' and chief executive's remuneration:		
Wages, salaries and other allowances	**52,407**	41,241
Pension scheme contributions and social welfare*	**8,860**	8,481
Total	**61,267**	49,722

* There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

6. 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 Mainland China current income tax is based on the statutory rate of 25% of the assessable profits of the subsidiaries in Mainland China as determined in accordance with the Corporate Income Tax Law.

	2024 ***RMB'000***	2023 *RMB'000*
Current tax:		
Mainland China	**4,437**	1,106
Hong Kong	**–**	264
Elsewhere	**481**	–
Deferred tax	**632**	1,711
Total tax charge for the year	**5,550**	3,081

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:

	2024 ***RMB'000***	2023 *RMB'000*
Profit before tax	**406,512**	122,668
Tax at the statutory tax rate	**101,628**	30,667
Effect of different tax rates applicable to subsidiaries	**(36,211)**	(13,136)
Expenses not deductible for tax	**670**	142
Income not subject to tax *(a)*	**(70,111)**	(28,565)
Tax losses and deductible temporary differences not recognised	**9,497**	13,962
Profits and losses attributable to associates	**77**	11
Tax charge at the Group's effective rate	**5,550**	3,081

(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.

7. DIVIDENDS

The Board approved the declaration and payment of a special dividend of RMB0.15 per ordinary share to shareholders, totalling approximately RMB43,000,000 in aggregate (the "**Special Dividend**") on 8 November 2024. The Special Dividend was declared in Renminbi and paid in Hong Kong dollars. Based on the exchange rate of HK$1: RMB0.9217, being the central parity rate of Renminbi to Hong Kong dollars as published by the People's Bank of China on 7 November 2024, the amount of the Special Dividend payable per Share was equivalent to approximately HK$0.1627.

Subsequent to the end of reporting period, a final dividend in respect of the year ended 31 December 2024 of HK$0.44 (2023: nil) per ordinary share, in an aggregate amount of HK$125,958,428.64 (2023: Nil), has been proposed by the Directors and is subject to approval by the shareholders in the forthcoming general meeting.

8. 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 year attributable to ordinary equity holders of the parent, and the weighted average number of 286,269,156 (2023: 263,607,277) ordinary shares outstanding during the year, as adjusted for the assumption that 212,952,630 new shares issued by way of capitalisation had been completed throughout 2023.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2024 and 2023.

The calculations of basic and diluted earnings per share are based on:

	2024	2023
	RMB'000	*RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the parent	**395,793**	118,877

	Number of shares	
	2024	2023
Shares		
Weighted average number of ordinary shares outstanding during the year	**286,269,156**	263,607,277

9. TRADE RECEIVABLES

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

	2024	2023
	RMB'000	*RMB'000*
Within 1 month	**62,696**	41,509
1 to 3 months	**31,657**	14,595
3 to 6 months	**7,887**	7,857
6 to 12 months	**5,365**	1,395
Over 1 year	**–**	23,904
Total	**107,605**	89,260

10. 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:

	2024	2023
	RMB'000	*RMB'000*
Within 1 year	**123,969**	147,842
Over 1 year	**11,469**	24,556
Total	**135,438**	172,398

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

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. In 2024, the Group commenced self-operated cross-border logistics services when the market freight rate went up to capture market opportunities. During the Year, self-operated cross-border logistics services contributed approximately 16.5% of revenue from cross-border logistics services. The Company's self-operated cross-border logistics services include container shipping services and break bulk cargo transportation services. The Group's service volume of self-operated cross-border seaborne transportation was 9,501 twenty-foot equivalent unit (the "**TEUs**") and 162,516 revenue tons in the Year. The Group's average price per TEU and revenue ton of self-operated cross-border seaborne transportation was RMB20,721 and RMB654 in the Year, respectively.

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 321,542 TEUs in the Year, which was higher than the 233,903 TEUs in 2023, primarily due to favorable prevailing market conditions in 2024. The Group's average price per TEU of cross-border seaborne transportation provided by third parties increased from approximately RMB4,000 in the year ended 31 December 2023 to approximately RMB4,343 in the Year, primarily due to an increase in market freight rates.

Time charter services

The Group has flexible business plans to utilize its shipping capacity in time charter services with reference to market conditions and charter rates. During the Year, the Group chartered out four vessels and generated revenue of RMB77.9 million. The average daily charter rate was approximately RMB77,000 in the Year, which was lower than the approximately RMB136,000 in the same period in 2023, as affected by the decline of market charter rate during the Year.

Others

During the Year, the Group generated RMB34.9 million of revenue from trading of imported goods under supply chain solutions, which is a natural business extension of cross-border logistics services. During the Year, this service offering was limited to importing paper products from the United States.

Business Outlook

In 2025, in face of a complex and volatile global economy, the Company will continue to actively respond to challenges and seize opportunities. Although the global economic growth may continue to slow down, the Company's profound experience in cross-border logistics and vessel chartering will provide it with a solid business foundation. Through optimizing operations, expanding business scope and practicing the concept of green shipping, the Company will further enhance its market competitiveness in order to achieve sustainable growth in performance.

Market Environment Analysis:

Global economic situation: According to the World Bank's forecast, while the global economy is likely to remain under growth pressure in 2025, industrial relocation in the Asian region will continue to drive growth in logistics demand on trade routes in Southeast Asia and India. Furthermore, as the global supply chain gradually recovers, the logistics industry will encounter new development opportunities.

Industry Trends:

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

- Cross-border e-commerce: The swift growth of the global cross-border e-commerce market will continue to drive the demand for overseas warehouses and cross-border logistics services, especially given the enormous growth potential in the European, American, and Southeast Asian markets.

- Green shipping: With the global demand for environmental protection becoming increasingly stringent, green shipping is set to emerge as a key industry trend, prompting logistics companies to transit towards a low-carbon, eco-friendly direction.

Corporate Strategies and Plans:

Cross-border logistics services:

The Company will continue to optimize the operation and management of its cross-border logistics services, in order to improve service standards and efficiency. The Company plans to expand the coverage of its services by launching self-operated routes in regions, such as the Americas, through its own operation or jointly with other partners, in order to meet customers' needs for cross-border cargo transportation. Meanwhile, the Company will enhance its digital management to improve supply chain transparency, ensuring the timeliness and safety of cargo transportation.

The Company will rely on the advantages of self-owned feeder vessels and provide door-to-door engineering procurement construction (EPC) logistics solutions for integrated international engineering customers in electric power, construction, petroleum and petrochemical, rail transportation, machinery, steel, etc. The Company will increase its investment in engineering logistics and project logistics, improve the efficiency and service level of logistics business, and establish close cooperation with partners in various industries, so as to further increase its market share and profitability.

Based on the optimistic expectations for the global cross-border e-commerce market, the Company will continue to promote the construction of overseas warehouse and offer a full range of warehousing and delivery services, in order to provide customers with a more convenient delivery experience. The Company will create a full-chain cross-border e-commerce logistics ecosystem which integrates seaborne transportation, warehousing and last-mile delivery to enhance its competitiveness in overseas markets.

The Company will continue to put the concept of green shipping into practice, actively use clean energy to reduce carbon emissions, and strengthen its waste treatment and marine conservation measures. The Company plans to gradually introduce new energy vessels, optimize the energy mix of the existing fleet and promote the application of green shipping technologies. To give back to society, the Company will also continue to focus on social responsibility and actively participate in volunteer teaching activity.

Time charter operation:

The Company will actively manage its time charter operation, adjust rental strategy, expand the scope of leasing services, and improve vessel utilization rate and yield. It will also strengthen vessel maintenance and management, in order to ensure safe and stable operation. The Company will further enhance customer satisfaction and market competitiveness.

Performance Forecast:

Revenue growth: Through the expansion of self-operated routes, the strengthening of engineering logistics business and the development of overseas warehouse business, the Company expects to achieve steady growth in revenue in 2025.

Profitability: Through differentiated operation and low-cost strategy, the Company will continue to maintain its strong profitability. The Company will further expand its profit margins and create greater value for shareholders by optimizing its operational procedures, enhancing the efficiency of resource use and strengthening its cost control measures.

Conclusion:

In 2025, the Company will continue to identify new opportunities for business growth in the global logistics market, and improve market competitiveness through innovation and optimization of operation model, in order to achieve continuous growth of performance. The Company maintains strong confidence in its future outlook and remains committed to providing efficient and reliable logistics services to its customers around the world. Through continuous expansion of business scope, improvement of service quality and implementation of the concept of green shipping, the Company will secure a more significant role in the global logistics industry.

FINANCIAL REVIEW

Revenue

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

	For the year ended 31 December		Change in
	2024	2023	**percentage**
	RMB'000	*RMB'000*	
Revenue			
Cross border logistics services[1]	**1,833,626**	996,654	84.0%
Time charter services	**77,906**	218,233	-64.3%
Others	**34,861**	23,584	47.8%
Total	**1,946,393**	1,238,471	57.2%

Note[1]: including the overseas warehousing business commenced during the Year.

Revenue of the Group increased by approximately 57.2% from RMB1,238.5 million for the year ended 31 December 2023 to RMB1,946.4 million for the Year. This increase was mainly attributable to an increase in revenue generated from cross border logistics services from RMB996.7 million for the year ended 31 December 2023 to RMB1,833.6 million for the Year, including (a) an increase in average price per TEU from RMB4,000 for the year ended 31 December 2023 to RMB4,813 for the Year as a result of the increase in market freight rates, as well as the increase in provision of self-operated cross-border logistics services during the Year; (b) an increase in service volume from 233,903 TEUs for the year ended 31 December 2023 to 331,043 TEUs for the Year, primarily due to favorable market conditions; (c) the commencement of the overseas warehousing business; and (d) the commencement of the break bulk cargo shipping route between China and Africa.

Cost of sales

Cost of sales increased by approximately 71.6% from RMB1,011.9 million for the year ended 31 December 2023 to RMB1,736.3 million for the Year, which was generally in line with the increase in revenue. This increase was primarily due to the increase in costs in relation to the Group's cross border logistics services, including bunker costs, vessel chartering costs, port charges, freight fees etc.

Gross profit and gross profit margin

Gross profit represents revenue less cost of sales. As a result of the foregoing, gross profit decreased by approximately 7.3% from RMB226.6 million for the year ended 31 December 2023 to RMB210.1 million for the Year.

Gross profit margin decreased from 18.3% for the year ended 31 December 2023 to 10.8% for the Year, as the average daily charter rate charged by the Group for the time charter services decreased from RMB136,000 for the year ended 31 December 2023 to RMB77,000 for the Year.

Other income and gains

Other income and gains primarily include gains on the disposal of vessels, interest income and government grants. Other income and gains increased by approximately 6,387.7% from RMB5.7 million for the year ended 31 December 2023 to RMB369.8 million for the Year, primarily due to the Group's asset optimisation, 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 31.6% from RMB17.4 million for the year ended 31 December 2023 to RMB22.9 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 increased by approximately 18.2% from RMB83.1 million for the year ended 31 December 2023 to RMB98.2 million for the Year, primarily due to the increase in salaries and welfare of the Group's administrative staff, depreciation and amortization, office expenses and travel expenses.

Other expenses

Other expenses primarily represent foreign exchange losses and fair value losses on FVTPL. Other expenses increased by approximately 564.3% from RMB1.4 million for the year ended 31 December 2023 to RMB9.3 million for the Year, primarily due to the increase in foreign exchange losses and 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 increased from RMB5.4 million for the year ended 31 December 2023 to RMB8.9 million for the Year, primarily due to the increase in interest expense on lease liabilities as the Group rented a warehouse.

Impairment losses on financial assets

Impairment losses on financial assets primarily consist of impairment on trade receivables and other receivables. Impairment losses on financial assets increased by approximately 1,304.2% from RMB2.4 million for the year ended 31 December 2023 to RMB33.7 million for the Year, primarily due to the increase in allowance made for trade receivables and other 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, and Lcang (Shanghai) Investment Management Co., Ltd, in which the Group held a 40.0% equity interest. Share of loss of associates increased from RMB46,000 for the year ended 31 December 2023 to RMB0.3 million for the Year.

Profit before tax

As a result of the foregoing, profit before tax increased by approximately 231.3% from RMB122.7 million for the year ended 31 December 2023 to RMB406.5 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 RMB3.1 million and RMB5.6 million for the years ended 31 December 2023 and 2024, respectively.

Profit for the Year

As a result of the foregoing, the Group's profit for the year increased by approximately 235.3% from RMB119.6 million for the year ended 31 December 2023 to RMB401.0 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 its listing (the "**Listing**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and cash generated from operations. The Group plans to obtain additional bank borrowings and other borrowings for working capital purposes and will continue to evaluate potential financing opportunities based on its need for capital resources and market conditions.

Net current assets

As at 31 December 2024, the Group's net current assets amounted to RMB713.6 million (31 December 2023: RMB139.9 million). Specifically, the Group's total current assets increased by approximately 140.4% from RMB418.7 million as at 31 December 2023 to RMB1,006.7 million as at 31 December 2024. The Group's total current liabilities were RMB278.7 million and RMB293.1 million as at 31 December 2023 and 2024, respectively.

Cash position

As at 31 December 2024, the Group had cash and bank balances of RMB779.6 million (31 December 2023: RMB207.9 million). The following table sets forth the currencies in which the Group's cash and bank balances were denominated as at 31 December 2024:

	As at 31 December 2024 ***RMB'000***
Denominated in RMB	**22,828**
Denominated in United States dollars ("**USD**")	**753,128**
Denominated in Malagasy ariary	**2,773**
Denominated in Hong Kong dollars	**892**
Denominated in Australian dollars	**14**
Denominated in Japanese yen	**2**
Total cash and bank balances	**779,637**

Borrowings

As at 31 December 2024, the Group had borrowings of RMB84.7 million (31 December 2023: RMB51.3 million), which comprised interest-bearing bank and other borrowings.

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

	As at 31 December 2024 ***RMB'000***	As at 31 December 2023 *RMB'000*
Bank loans and overdraft repayable:		
– Within one year	**41,595**	10,000
Other borrowings repayable:		
– On demand or within a period not exceeding one year	**15,856**	41,266
– Within a period of more than one year but not exceeding two years	**15,545**	–
– Within a period of more than two years but not exceeding five years	**11,659**	–
Subtotal	**43,060**	41,266
Total	**84,655**	51,266

As at 31 December 2024, except for the borrowings in the amounts of RMB43.1 million denominated in USD (31 December 2023: RMB41.3 million), the remaining borrowings of the Group were denominated in RMB. All of the Group's bank and other borrowings bear interest at interest rates ranging from 2.85% to 9.62% as at 31 December 2024 (31 December 2023: 3.25% to 11.81%).

Borrowing costs

The Group's interest on bank and other borrowings decreased from RMB4.8 million for the year ended 31 December 2023 to RMB4.0 million for the Year, primarily due to the decrease in monthly average borrowing balance and borrowing interest rate during the Year.

Pledge of assets

As at 31 December 2024, the Group had mortgaged the container vessels with carrying amounts of RMB56.1 million (31 December 2023: RMB33.6 million) to secure bank and other borrowings amounting to RMB43.1 million (31 December 2023: RMB20.0 million).

As at 31 December 2024, the Group had pledged deposits of RMB11.2 million (31 December 2023: RMB4.2 million, as security for letters of credit) as security for the bank's payment guarantee.

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 expected there is no significant credit risk associated with financial assets included in prepayments and other receivables since they have low historical default risk. The Group expected the credit risk associated with non-trade-related amounts due from 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.

Key Financial Ratios

As at 31 December 2024, the current ratio of the Group, being the current assets divided by the current liabilities, was 3.4 times (31 December 2023: 1.5 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 2024, the gearing ratio of the Group was 5.5% (31 December 2023: 4.4%). The increase of the Group's gearing ratio was mainly attributable to the increase of interest-bearing borrowings during the Year.

Contingent Liabilities

As at 31 December 2024, the Group had no significant contingent liabilities.

Commitments

As at 31 December 2024, the Group had capital commitments of RMB1,721.2 million (31 December 2023: RMB1,393.2 million). The amount as at 31 December 2024 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 of the Company dated 13 September 2023 (the "**Prospectus**"). Save as disclosed, the Company did not have any other future plans for material investments or capital assets as of the date of this announcement.

USE OF PROCEEDS FROM THE LISTING

The aggregate net proceeds from the Listing (involving the issue of a total of 28,390,000 ordinary shares (the "**Shares**") of the Company at the offer price of HK$5.13 per Share and the issue of 2,336,000 additional Shares pursuant to the Over-allotment Option (as defined in the Prospectus) at the offer price of HK$5.13 per Share), after deducting related underwriting fees and other expenses in connection with the Listing, were approximately HK$95.1 million (the "**Net Proceeds**"). The Net Proceeds will be utilized for the purposes as set out in the Prospectus. The following table sets forth the status of the use of proceeds as at 31 December 2024:

Use	Percentage of the Net Proceeds as stated in the Prospectus	Net Proceeds as at 31 December 2023 taking into account the partial exercise of the Over-Allotment Option	Actual use of the Net Proceeds from 1 January 2024 and up to 31 December 2024	Unutilized Net Proceeds as at 31 December 2024	Expected timeframe of full utilization of the Net Proceeds
		HK$ million	*HK$ million*	*HK$ million*	
Setting up logistics facilities, including warehouses and container yards, purchasing trucks and investing in software systems for warehouse, order and transportation management	52.0%	47.4	37.7	9.7	2025
Expanding the business coverage and global network	4.0%	3.8	3.8	–	–
Adopting digital technologies and upgrading internet service systems in providing integrated cross-border logistics services	7.0%	6.7	1.5	5.2	2025
Strategic investments and/or acquisitions in businesses or assets that complement the Group's business	20.0%	19.0	15.5	3.5	2025
Establishing a trucking service matching platform	7.0%	6.7	–	6.7	2025
General corporate purposes and working capital needs	10.0%	1.0	1.0	–	–
Total	**100.0%**	**84.6**	**59.5**	**25.1**	

EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2024, the Group had a total of 337 full-time employees. For the year ended 31 December 2024, the staff cost relating to the Group's own employees recognized as expenses amounted to RMB66.1 million.

The Group offers its own employees remuneration packages that include a fixed salary, allowances and a performance-based bonus. In general, the Group determines an employee's salary based on each employee's qualifications, experience and capability as well as the prevailing market remuneration rate. The Group is required to make contributions to mandatory social insurance funds for its employees to provide retirement, medical, work-related injury, maternity and unemployment benefits, as well as housing provident funds, under the applicable PRC laws and regulations. During the 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

There has been no material events affecting the Company since 31 December 2024 and up to the date of this announcement.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

The Company and its subsidiaries did not purchase, sell or redeem any of the listed securities of the Company (including sale of treasury shares) during the Year. As at 31 December 2024, the Company did not hold any treasure shares.

FINAL DIVIDEND

The Board has resolved to recommend a final dividend of HK$0.44 per Share for the year ended 31 December 2024 (2023: nil). The final dividend is subject to the approval by the shareholders of the Company (the "**Shareholders**") at the forthcoming annual general meeting of the Company. The final dividend for the Year accounts for approximately 30% of the annual profit, representing a total dividend payment of approximately HK$125,958,428.64. The final dividend will be paid on or around 4 June 2025 to the Shareholders whose names appear on the register of members of the Company on 26 May 2025.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The annual general meeting (the "**AGM**") will be convened and held on Friday, 16 May 2025. 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 Rules Governing the Listing of Securities on the Stock Exchange (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, 13 May 2025 to Friday, 16 May 2025 (both days inclusive), during which period no transfer of Shares will be effected. In order to be entitled to attend and vote at the forthcoming AGM to be held on Friday, 16 May 2025, 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, 12 May 2025.

Subject to the passing of the relevant resolution at the AGM, the register of members of the Company will be closed from Thursday, 22 May 2025 to Monday, 26 May 2025 (both days inclusive), for the purpose of determining Shareholders' entitlements to the final dividend. In order to qualify for the final dividend, all transfer documents accompanied by 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. on Wednesday, 21 May 2025.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

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

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

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

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

REVIEW OF THE ANNUAL RESULTS BY THE AUDIT COMMITTEE

As at the date of this announcement, the Audit Committee comprised three independent non-executive Directors, namely Dr. Gu Lin, Mr. Du Haibo and Mr. Qi Yinliang. The Audit Committee has reviewed the annual results of the Group for the year ended 31 December 2024. The Audit Committee and the Company's management have also reviewed the accounting principles and practices adopted by the Group and discussed matters in relation to risk management, internal control and financial reporting. The Audit Committee has agreed with the management of the Company on the annual results of the Group for the year ended 31 December 2024.

The Audit Committee has reviewed and discussed the annual results for the year ended 31 December 2024. The figures in respect of the Group's consolidated statement of profit or loss, consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in the announcement have been agreed with the auditor of the Company, Ernst & Young, Certified Public Accountants of Hong Kong. The work performed by the Company's auditors in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Company's auditors on the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the websites of the Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.lcang.com). The annual report of the Company for the year ended 31 December 2024 containing all the information required by the Listing Rules will be despatched (if requested) to the Shareholders and made available for review on the same websites in due course.

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

Hong Kong, 20 March 2025

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