

HEADS OF AGREEMENT

This Heads of Agreement (this “**Agreement**”), is made on 2 September 2024

AMONG:

1. **LECANG FANTASY LIMITED**, a company incorporated and existing under the laws of the British Virgin Islands and having its registered office at Start Chambers, Wickham’s Cay II, P.O.Box 2221, Road Town, Tortola, British Virgin Islands (hereinafter called the “**Original Buyer**”), and
2. **BAL CONTAINER LINE CO., LIMITED**, a corporation organized and existing under the laws of Hong Kong, having its registered office at Room 07, 11/F, Tower 2, Lippo Centre, No.89 Queensway, Hong Kong (hereinafter called the “**New Buyer**”).

The Original Buyer and the New Buyer shall be individually referred to as a “**Party**” and collectively as “**Parties**”.

WHEREAS, by a shipbuilding contract dated the 6th day of June, 2024 made between LECANG FANTASY LIMITED or its nominee on one part; and JIANGNAN SHIPYARD (GROUP) CO., LTD. (hereinafter called the “**Builder**”) and CHINA SHIPBUILDING TRADING CO., LTD (hereinafter called CSTC) on the other part (the Builder and CSTC are hereinafter collectively called the “**Seller**”) (together with all amendments, modifications, variations and supplements, including without limitation the Addendum No.1 dated 6 June 2024, the “**Shipbuilding Contract**”), and by a Novation Agreement dated 2 September 2024 made among the Original Buyer, the New Buyer and the Seller (the “**Novation Agreement**” in Exhibit A), the Seller agrees to build, launch, equip, complete and to sell and deliver to the New Buyer one (1) 14,000 TEU Container Vessel bearing Hull No. H2871 (the “**Vessel**”);

WHEREAS, the Seller has provided the Original Buyer with the Refund Guarantee No. 110LG2400030 issued on 30 July 2024 by China Merchants Bank Co., Ltd Beijing Branch (the

“**RG Bank**”) as security for the repayment obligations of the Seller under the Shipbuilding Contract (as amended and/or supplemented as the case may be from time to time, the “**Refund Guarantee**”);

WHEREAS, the Parties have agreed to enter into this Agreement, which sets out the material terms of the agreement of the Parties.

1. Novation.

The Shipbuilding Contract shall be novated from the Original Buyer to the New Buyer pursuant to the Novation Agreement.

2. Purchase Price.

The New Buyer shall pay US\$144,800,000 (United States Dollars One Hundred Forty Four Million and Eight Hundred Thousand Only) (the “**Purchase Price**”) for the Vessel, which is distributed as follows:

- (1) Payment to the Original Buyer of the consideration in the amount of USD28,960,000 (United States Dollars Twenty Eight Million Nine Hundred and Sixty Thousand Only) (the “**Novation Consideration**”) for the Vessel, representing twenty percent (20)% of the Contract Price of the Shipbuilding Contract, within five banking days upon the New Buyer’s receipt of the Acknowledgement under the Novation Agreement;
- (2) Payment to the Seller (in accordance with the provisions of the Shipbuilding Contract) for the Vessel which is the total amount of the remaining instalments of the Contract Price (as such term is defined in the Shipbuilding Contract) for the Vessel which is calculated and remain to be paid (US\$115,840,000 in total) as per Clause 5 of this Agreement.
- (3) The New Buyer further agrees that any extra costs incurred after shall be paid separately by the New Buyer to the Seller.

3. Conditions Precedent to the payment of the Novation Consideration.

The obligation of the New Buyer to pay the Novation Consideration and the respective obligations of the Parties are conditional on the following conditions precedent (**“Conditions Precedent”**) being satisfied or expressly waived in writing by the Parties:

- a. the execution of this Agreement by the Original Buyer and the New Buyer;
- b. approval of the shareholders of LC Logistics, Inc. in the general meeting;
- c. the execution and effectiveness of the Novation Agreement by the Seller, the Original Buyer and the New Buyer; and
- d. the New Buyer’s receipt of the Acknowledgement issued by the Refund Guarantor in favor of the New Buyer by SWIFT.

4. Shipbuilding Contract / Refund Guarantee.

The Original Buyer agrees and undertakes that it shall provide to the New Buyer the following items before or on signature of this Agreement:

- (1) Copy of the Shipbuilding Contract together with any and all amendments or supplements thereto to the New Buyer.
- (2) Copy of the Refund Guarantee for the Vessel.

5. Contract Price to be paid under the Shipbuilding Contract

In accordance with the provisions and terms described in the Shipbuilding Contract the following installments remain due to the Seller:

- 2nd Instalment: US\$14,480,000 (United States Dollars Fourteen Million Four Hundred and Eighty Thousand Only).
- 3rd instalment: US\$14,480,000 (United States Dollars Fourteen Million Four Hundred and Eighty Thousand Only).
- 4th Installment: US\$86,880,000 (United States Dollars Eighty Six Million Eight Hundred and Eighty Thousand Only).

6. Representations and Warranties

- (1) On the date of this Agreement and on the date of Novation Agreement (the “**Transaction Documents**” and each the “**Transaction Document**”), the Original Buyer represents to the New Buyer that:
- a. it is a company duly organized, validly existing and in good standing under the laws of the jurisdiction in which it is incorporated and has corporate existence and the capacity to sue or be sued in its own name, and has the power to own the property and assets that it presently owns and to continue to conduct the business it presently conducts;
 - b. it has all requisite power and authority to enter into this Agreement and any Transaction Document to which it is, or shall be, a party and has taken all necessary corporate and other action required to authorize the execution and delivery of this Agreement and/or any Transaction Document to which it is, or shall be, a party and its performance according to the terms of this Agreement and/or such Transaction Document;
 - c. the Shipbuilding Contract has been duly executed by the Seller and the Original Buyer and constitutes the legal, valid and binding obligations of the Original Buyer enforceable against the Seller in accordance with its terms;
 - d. the execution and delivery of this Agreement and any Transaction Document to which it is, or shall be, a party and its performance according to the terms of this Agreement and/or such Transaction Document do not and will not:
 - (i) contravene its articles of association (or equivalent constitutional documents) or;
 - (ii) violate, conflict with or constitute a default under any law to which it is subject; or
 - (iii) result in a breach of, or default under, any agreement, instrument or arrangement to which it is a party or which is binding upon it or any of its assets;
 - e. the Seller has been notified of the Novation of the Shipbuilding Contract;
 - f. the copies of the Shipbuilding Contract and the Refund Guarantee delivered by the Original Buyer to the New Buyer are true and complete copies of the originals of such documents and, save as otherwise disclosed, there have been no amendments or variations thereof thereunder, and the Shipbuilding Contract constitutes a legal and binding obligations of the Parties thereto, enforceable in accordance with its terms under the laws by which it is governed;



- g. Clause 2 hereof provides a true and complete summary of the payment obligations (and the status of payments by the Original Buyer) under the Shipbuilding Contract.
- (2) On the date of this Agreement and on the date any Transaction Document is executed by the New Buyer, the New Buyer represents to the Original Buyer that:
- a. it is a company duly organized, validly existing or, as the case may be, incorporated and in good standing under the laws of the jurisdiction in which it is incorporated and has corporate existence and the capacity to sue or be sued in its own name, and has the power to own the property and assets that it presently owns and to continue to conduct the business it presently conducts;
 - b. it has power to enter into this Agreement and any Transaction Document to which it is, or shall be, a party and has taken all necessary corporate and other action required to authorize the execution and delivery of this Agreement and/or any Transaction Document to which it is, or shall be, a party and its performance according to the terms of this Agreement and/or such Transaction Document;
 - c. the execution and delivery of this Agreement and any Transaction Document to which it is, or shall be, a party and its performance according to the terms of this Agreement and/or such Transaction Document do not and will not:
 - (i) contravene its articles of association (or equivalent constitutional documents) or;
 - (ii) violate any law to which it is subject; or
 - (iii) result in a breach of, or default under, any agreement, instrument or arrangement to which it is a party or which is binding upon it or any of its assets.

7. New Buyer's default.

Should the Novation Consideration not be paid in accordance with Clause 2 of this Agreement, the Original Buyer has the right to cancel this Agreement and the Novation Agreement, and they shall be entitled to claim compensation for their losses and for all expenses incurred together with interest.

8. Fees and Expenses.

Except as otherwise contemplated in this Agreement, each Party agrees that it shall pay its own costs and expenses (including fees and expenses of legal counsel or other representatives or consultants) in connection with the transaction contemplated hereby.

9. Multiple Counterparts.

For the convenience of the Parties hereto, this Agreement may be executed in multiple counterparts, each of which will be deemed an original and all counterparts hereof so executed by the Parties hereto, whether or not such counterpart will bear the execution of each of the Parties hereto, will be deemed to be, and will be construed as, one and the same. A telecopy, email, PDF or facsimile transmission of a signed counterpart of this Agreement shall be sufficient to bind the Party or Parties whose signature(s) appear thereon.

10. Effectiveness

This Agreement shall become effective upon signature of this Agreement by all the Parties.

11. Notices

Any and all notices to be given under the terms of this Agreement shall be given in writing and shall be delivered personally or by facsimile or by email or by courier or registered mail to the following address:

To the Original Buyer:

Address: Floor 7, No.168 Yangshupu Road, Hongkou District, Shanghai, the P.R.C.

Email: tim@bal.cn; april.ding@bal.cn; xueqiang.wang@bal.cn; shelly.wang@bal.cn

To the New Buyer:

Address: Floor 7, No.168 Yangshupu Road, Hongkou District, Shanghai, the P.R.C.

Email: tim@bal.cn; april.ding@bal.cn; xueqiang.wang@bal.cn; shelly.wang@bal.cn

12. Governing Law.

This Agreement and any non-contractual obligations arising out of or in connection with it shall be governed and construed in accordance with the English law.


Any difference of opinion or any claim or dispute arising under this Agreement shall be settled by arbitration in London under the LMAA Terms. This submission to arbitration shall be subject to the provisions of the Arbitration Act of 1996 or any statutory modifications thereof for the time being in force.

[SIGNATURE PAGE FOLLOWS]

A handwritten signature in black ink, appearing to be 'ZCP' or similar, located in the bottom right corner of the page.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

LECANG FANTASY LIMITED

By 
Name: XU XIN
Title: CEO

**BAL CONTAINER LINE CO.,
LIMITED**

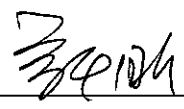
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EXHIBIT A NOVATION AGREEMENT

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AMONG:

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2. **BAL CONTAINER LINE CO., LIMITED**, a corporation organized and existing under the laws of Hong Kong, having its registered office at Room 07, 11/F, Tower 2, Lippo Centre, No.89 Queensway, Hong Kong (hereinafter called the “**New Buyer**”).

The Original Buyer and the New Buyer shall be individually referred to as a “**Party**” and collectively as “**Parties**”.

WHEREAS, by a shipbuilding contract dated the 6th day of June, 2024 made between LECANG FANTASY LIMITED or its nominee on one part; and JIANGNAN SHIPYARD (GROUP) CO., LTD. (hereinafter called the “**Builder**”) and CHINA SHIPBUILDING TRADING CO., LTD (hereinafter called CSTC) on the other part (the Builder and CSTC are hereinafter collectively called the “**Seller**”) (together with all amendments, modifications, variations and supplements, including without limitation the Addendum No.1 dated 6 June 2024, the “**Shipbuilding Contract**”), and by a Novation Agreement dated 2 September 2024 made among the Original Buyer, the New Buyer and the Seller (the “**Novation Agreement**” in Exhibit A), the Seller agrees to build, launch, equip, complete and to sell and deliver to the New Buyer one (1) 14,000 TEU Container Vessel bearing Hull No. H2872 (the “**Vessel**”);

WHEREAS, the Seller has provided the Original Buyer with the Refund Guarantee No. 110LG2400031 issued on 30 July 2024 by China Merchants Bank Co., Ltd Beijing Branch (the

“**RG Bank**”) as security for the repayment obligations of the Seller under the Shipbuilding Contract (as amended and/or supplemented as the case may be from time to time, the “**Refund Guarantee**”);

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- (3) The New Buyer further agrees that any extra costs incurred after shall be paid separately by the New Buyer to the Seller.

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- b. approval of the shareholders of LC Logistics, Inc. in the general meeting;
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 - c. the Shipbuilding Contract has been duly executed by the Seller and the Original Buyer and constitutes the legal, valid and binding obligations of the Original Buyer enforceable against the Seller in accordance with its terms;
 - d. the execution and delivery of this Agreement and any Transaction Document to which it is, or shall be, a party and its performance according to the terms of this Agreement and/or such Transaction Document do not and will not:
 - (i) contravene its articles of association (or equivalent constitutional documents) or;
 - (ii) violate, conflict with or constitute a default under any law to which it is subject; or
 - (iii) result in a breach of, or default under, any agreement, instrument or arrangement to which it is a party or which is binding upon it or any of its assets;
 - e. the Seller has been notified of the Novation of the Shipbuilding Contract;
 - f. the copies of the Shipbuilding Contract and the Refund Guarantee delivered by the Original Buyer to the New Buyer are true and complete copies of the originals of such documents and, save as otherwise disclosed, there have been no amendments or variations thereof thereunder, and the Shipbuilding Contract constitutes a legal and binding obligations of the Parties thereto, enforceable in accordance with its terms under the laws by which it is governed;

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

LECANG FANTASY LIMITED

By 
Name: Xu XIN
Title: CEO

**BAL CONTAINER LINE CO.,
LIMITED**

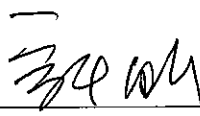
By 
Name: Xu XIN
Title: CEO

EXHIBIT A NOVATION AGREEMENT