

NOVATION AGREEMENT

TO

SHIPBUILDING CONTRACT

FOR

CONSTRUCTION OF ONE 14,000 TEU CONTAINER VESSEL
(HULL NO.: H2871)

BY AND AMONG

LECANG FANTASY LIMITED or its nominee

AND

BAL CONTAINER LINE CO., LIMITED

AND

JIANGNAN SHIPYARD (GROUP) CO., LTD

AND

CHINA SHIPBUILDING TRADING CO., LTD.

DATE: [2 September] 2024

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This **NOVATION AGREEMENT** (hereinafter referred to as the "**NOVATION AGREEMENT**") is made on [2 September] 2024 by and among:

- (1) LECANG FANTASY LIMITED, a corporation organized and existing under the laws of the British Virgin Islands, having its registered office at Start Chambers, Wickham's Cay II, P.O.Box 2221, Road Town, Tortola, British Virgin Islands (hereinafter referred to as the "**ORIGINAL BUYER**");
- (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 referred to as the "**NEW BUYER**");
- (3) JIANGNAN SHIPYARD (GROUP) CO. LTD., a corporation organized and existing under the laws of the People's Republic of China, having its registered office at 988 Changxing Jiangnan Ave., Changxing Island, Shanghai 201913, the People's Republic of China, the People's Republic of China (hereinafter called the "**BUILDER**");
- (4) CHINA SHIPBUILDING TRADING CO., LTD., a corporation organized and existing under the laws of the People's Republic of China, having its registered office at 56(Yi) Zhongguancun Nan Da Jie, Beijing 100044, the People's Republic of China (hereinafter called "**CSTC**"), the **BUILDER** and **CSTC** are hereinafter collectively called the "**SELLER**")

(each a "**PARTY**" and collectively the "**PARTIES**")

WHEREAS:

- (A) By a shipbuilding contract dated 6th day of June, 2024 made between the **SELLER** and the **ORIGINAL BUYER** (together with all amendments, modifications, variations and supplements, including without limitation the Addendum No.1 dated 6th June 2024 and Memorandum of Undertaking, the "**SHIPBUILDING CONTRACT**", copies of the full set of the **SHIPBUILDING CONTRACT** is attached hereto as **Annex B**), the **SELLER** has agreed to build and complete and the **ORIGINAL BUYER** has agreed to purchase one (1) 14,000TEU container vessel bearing Hull No. H2871 (the "**VESSEL**").
- (B) Pursuant to the terms of the **SHIPBUILDING CONTRACT**, China Merchants Bank Co., Ltd, Beijing Branch (the "**REFUND GUARANTOR**") issued in favor of the **ORIGINAL BUYER** a letter of guarantee with reference No. 110LG2400030 dated 30 July 2024 in respect of the 1st instalment of the Contract Price (in the amount of USD28,960,000.00), the "**REFUND GUARANTEE**", copies of the full set of the **REFUND GUARANTEE** is attached hereto as **Annex C**).

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- (C) The ORIGINAL BUYER has paid the 1st instalment of the Contract Price (in the amount of USD28,960,000.00, including the down payment of USD2,500,000.00 and remaining first instalment of USD26,460,000.00), the full receipt of which has been acknowledged by the SELLER.
- (D) The ORIGINAL BUYER wishes to be substituted by the NEW BUYER as the "BUYER" under the SHIPBUILDING CONTRACT and the NEW BUYER wishes to take over and assume all the rights and obligations of the ORIGINAL BUYER under the SHIPBUILDING CONTRACT.
- (E) This NOVATION AGREEMENT sets out the terms and conditions pursuant to which the substitution between the ORIGINAL BUYER and the NEW BUYER shall be effected.

NOW THEREFORE, in consideration of the mutual representations, warranties and covenants contained in this NOVATION AGREEMENT and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by each of the Parties to this NOVATION AGREEMENT), IT IS HEREBY AGREED between the Parties hereto as follows:

1. INTERPRETATION

Unless otherwise stated in this NOVATION AGREEMENT, terms defined in the SHIPBUILDING CONTRACT have the same meanings when used in this NOVATION AGREEMENT.

2. NOVATION

- (1) The ORIGINAL BUYER, the NEW BUYER and the SELLER agree that the novation in the manner set out herein shall become effective as from the EFFECTIVE DATE as defined herein below.
- (2) With effect from the EFFECTIVE DATE:
- (a) The ORIGINAL BUYER, the NEW BUYER and the SELLER agree that the NEW BUYER shall be and is hereby substituted in the place of the ORIGINAL BUYER as the BUYER to the SHIPBUILDING CONTRACT and the SHIPBUILDING CONTRACT shall be construed and treated in all respects as if the NEW BUYER was named therein instead of the ORIGINAL BUYER;
- (b) The NEW BUYER agrees with the SELLER that the NEW BUYER shall duly and punctually perform all duties, obligations and liabilities whatsoever

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from time to time of the "BUYER" under and/or by virtue of the SHIPBUILDING CONTRACT (as hereby amended) in all respects as if the NEW BUYER was named as the "BUYER" instead of the ORIGINAL BUYER;

- (c) The SELLER shall be bound by the SHIPBUILDING CONTRACT (as hereby amended) in all respects and perform all its obligations under the SHIPBUILDING CONTRACT (as hereby amended) towards the NEW BUYER as if the NEW BUYER was (and had at all times been) named in the SHIPBUILDING CONTRACT as the "BUYER" instead of the ORIGINAL BUYER;
 - (d) The SELLER irrevocably and unconditionally releases and discharges the ORIGINAL BUYER from all obligations and liabilities towards the SELLER and all claims and demands from the SELLER arising out of and/or in connection with the SHIPBUILDING CONTRACT;
 - (e) The SELLER is hereby unconditionally and irrevocably released and discharged by the ORIGINAL BUYER from all past, present and future liabilities and obligations towards the ORIGINAL BUYER and all claims and demands from or as to the ORIGINAL BUYER arising out of and/or in connection with the SHIPBUILDING CONTRACT; and
 - (f) The 1st instalment of the Contract Price (in the total amount of USD28,960,000.00) received by the SELLER shall be deemed as being paid by the NEW BUYER.
 - (g) The 2nd instalment (in the amount of USD14,480,000.00), 3rd instalment (in the amount of USD14,480,000.00) and 4th instalment (in the amount of USD86,880,000.00) plus any increase or minus any decrease due to modifications and/or adjustments of the Contract Price shall be paid by the NEW BUYER to the SELLER after the effectiveness of this Agreement and pursuant to the terms of the SHIPBUILDING CONTRACT.
- (3) The NEW BUYER hereby accepts, confirms and approves: (i) the up-to-date and "as is" construction condition of the VESSEL up to the EFFECTIVE DATE; (ii) all acts, consents, approvals, acknowledgements, waivers, agreements, performance or other written confirmation given by the ORIGINAL BUYER (and its supervisors, representatives and/or agents) and all amendments, modifications and adjustments in connection with the SHIPBUILDING CONTRACT up to the EFFECTIVE DATE; and (iii) all existing drawings / plans and any other technical documents if applicable for the VESSEL up to the EFFECTIVE DATE of which the copies shall be provided by the SELLER (the "Drawings") and NEW BUYER agrees not to request any changes to be made to the parts/works/workmanship of

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the VESSEL that have actually been constructed/applied/completed up to the EFFECTIVE DATE.

- (4) The NEW BUYER and the ORIGINAL BUYER jointly assure and undertake to the SELLER that, unless otherwise agreed by the Parties under this NOVATION AGREEMENT, the SELLER shall not be imposed with any further or additional obligations or liabilities by virtue of the novation and/or this NOVATION AGREEMENT other than those previously and expressly assumed by the SELLER under the SHIPBUILDING CONTRACT, nor the SELLER's rights, benefits, interests and remedies under the SHIPBUILDING CONTRACT shall be affected, reduced or prejudiced in any event.

3. UNDERTAKINGS

- (1) It is agreed among the ORIGINAL BUYER, the NEW BUYER and the SELLER that the ORIGINAL BUYER is hereby appointed by the NEW BUYER as its technical manager to perform for and on behalf of the NEW BUYER all acts, obligations and things required to be done and performed by the NEW BUYER in relation to the construction of the VESSEL prior to the delivery of the VESSEL under the Novated SHIPBUILDING CONTRACT ("Construction Works") including but not limited to those under Articles IV (Supervision and Inspection), V (Modification, Changes and Extras) and VI (Trials) of the Novated SHIPBUILDING CONTRACT, and the NEW BUYER agrees that any and all performance or non-performance of such Construction Works by the ORIGINAL BUYER as technical manager of the NEW BUYER (including without limitation the giving of any acceptances, consents or approvals (in each case whether deemed or actual), instructions, notices or waivers) shall be treated as performance or non-performance by the NEW BUYER and that the NEW BUYER shall remain responsible under the Novated SHIPBUILDING CONTRACT for such Construction Works.
- (2) It is also agreed by the parties hereto that the existing Buyer's Representative (as defined under the Shipbuilding Contract) appointed by the ORIGINAL BUYER shall continue to be "the Buyer's Representative" of the NEW BUYER under the Novated SHIPBUILDING CONTRACT to perform all act, obligations and things required to be done and performed by it under the Novated SHIPBUILDING CONTRACT including but not limited to those under Articles IV (Supervision and Inspection), V (Modification, Changes and Extras) and VI (Trials) of the Novated SHIPBUILDING CONTRACT, and the NEW BUYER agrees that any and all performance or non-performance of such work by the Buyer's Representative (including without limitation the giving of any acceptances, consents or approvals (in each case whether deemed or actual), instructions, notices or waivers) shall be treated as performance or non-performance by the NEW BUYER and that the NEW BUYER shall remain

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responsible under the Novated SHIPBUILDING CONTRACT for such work.

- (3) The NEW BUYER undertakes that it shall, before 20 November 2024, provide the SELLER with a letter of guarantee in a form as per "Exhibit B" of the SHIPBUILDING CONTRACT issued by a first class international bank ("Payment Guarantor") to secure the NEW BUYER's obligation for the payment of the 2nd and 3rd instalment of the CONTRACT PRICE. If the SELLER fails to receive the aforesaid letter of guarantee by the EFFECTIVE DATE, the NEW BUYER shall constitute a default under Article XI.1(a) of the SHIPBUILDING CONTRACT and the SELLER shall be entitled to all rights and remedies under Article XI of the SHIPBUILDING CONTRACT and the applicable laws.
- (4) The ORIGINAL BUYER and NEW BUYER shall, within three Chinese working days after the APPROVAL DATE as defined in Clause 6, send to the REFUND GUARANTOR a notice of novation by authorized SWIFT and hard copies in the form as ANNEX A hereof.
- (5) The SELLER undertakes that it will, subject to NEW BUYER and ORIGINAL BUYER's fulfillment of their obligations under Clause 3(3) and (4) above, procure the REFUND GUARANTOR to issue an acknowledgement in the form as Schedule 1 of Annex A ("Acknowledgement") by SWIFT to the NEW BUYER's designated bank within Twenty Five working days of the APPROVAL DATE.

4. REPRESENTATIONS AND WARRANTIES

(1) Each PARTY hereto represents and warrants that:

- (a) Status. It is duly organized and validly existing under the laws of the jurisdiction of its organization or incorporation and, if relevant under such laws, in good standing.
- (b) Powers. It has full power and authority to become a party to this Agreement and has taken all necessary action and has obtained all consents, licences and approvals required in connection with the entry into and performance of this Agreement, and in the case of the New Buyer and the Seller, the novated Shipbuilding Contract.
- (c) No Violation or Conflict. Such execution, delivery and performance do not violate or conflict with any law applicable to it, any provision of its constitutional documents, any order or judgment of any court or other agency of government applicable to it or any of its assets or any contractual restriction binding on or affecting it or any of its assets.

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- (d) **Absence of Certain Events.** No event of default with respect to it has occurred and is continuing under any material agreement to which it is a party and no such event or circumstance would occur as a result of its entering into or performing its obligations under this Agreement.
- (e) **Obligations Binding.** Its obligations under this Agreement constitute legal, valid and binding obligations, enforceable in accordance with their respective terms (subject to applicable bankruptcy, reorganization, insolvency, moratorium or similar laws affecting creditors' rights generally and subject, as to enforceability, to equitable principles of general application (regardless of whether enforcement is sought in a proceeding in equity or at law));
- (f) **Absence of Litigation.** There is not pending or, to its knowledge, threatened against it or any of its affiliates any action, suit or proceeding at law or in equity or before any court, tribunal, governmental body, agency or official or any arbitrator that is likely to affect the legality, validity or enforceability against it of this Agreement or its ability to perform its obligations under this Agreement.

(2) The ORIGINAL BUYER represents and warrants to the NEW BUYER that:

- (a) the information set out in Recitals (A) to (E) are true, accurate, complete and not misleading;
- (b) the documents set out in Annex B is a true, complete and up-to date copy of the SHIPBUILDING CONTRACT;
- (c) save for as set out in the Addendum No.1 and Memorandum of Undertaking, the SHIPBUILDING CONTRACT has not been amended, varied, cancelled, novated or terminated and represents the entire agreement between the ORIGINAL BUYER and the SELLER relating to the construction and sale of the VESSEL; and
- (d) all information provided by or on behalf of it to the NEW BUYER in relation to the SHIPBUILDING CONTRACT (including without limitation Annex B-C) is true and accurate;
- (e) the SHIPBUILDING CONTRACT is legally binding on the parties thereto and is valid and enforceable under the applicable law; and

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- (f) there are no disputes outstanding between the ORIGINAL BUYER and the SELLER under the SHIPBUILDING CONTRACT, the ORIGINAL BUYER is not aware of any defaults or breach of whatsoever nature under the SHIPBUILDING CONTRACT or of any other fact or circumstance which would entitle either the ORIGINAL BUYER or the SELLER to terminate or cancel the SHIPBUILDING CONTRACT in accordance with the terms thereunder or any applicable law (including without limitation, any liquidated damage or any adjustment to the Contract Price, or the Permissible Delay or other extension to the Delivery Date); and
- (g) Unless agreed by the NEW BUYER in writing, the ORIGINAL BUYER would agree to any amendment of whatsoever nature to the SHIPBUILDING CONTRACT or the REFUND GUARANTEE until this NOVATION AGREEMENT becomes effective or becomes null and void in accordance with Clause 6 herein below.
- (h) the ORIGINAL BUYER has not assigned, mortgaged, charged or otherwise encumbered or disposed of to any person any of its rights, title and interest in and to the SHIPBUILDING CONTRACT.

5. NOTICE

Any and all notices and communications in connection with the SHIPBUILDING CONTRACT and this NOVATION AGREEMENT shall be addressed as follows:

(i) to the BUILDER: email: qiqing@jnshipyard.com.cn; zhangjiadong@jnshipyard.com.cn; huangzhiyan@jnshipyard.com.cn, address: 988 Changxing Jiangnan Ave., Changxing Island, Shanghai 201913, the People's Republic of China, telefax: +86 (0) 21 66994658.

(ii) to the CSTC: email: wangqf@mail.chinaships.com; xiongkc@mail.chinaships.com; yangy@mail.chinaships.com, address: 23rd FL., Marine Tower, No. 1 Pudongdadao, Shanghai 200120, the People's Republic of China, telefax: +86 (0) 21 68860801.

(iii) to the ORIGINAL BUYER: email: april.ding@bal.cn; xueqiang.wang@bal.cn; shelly.wang@bal.cn, address: 7F, No.168 Yangshupu Road, Hongkou District, Shanghai.

(iv) to the NEW BUYER: email: april.ding@bal.cn; xueqiang.wang@bal.cn; shelly.wang@bal.cn, address: 7F, No.168 Yangshupu Road, Hongkou District, Shanghai, the P.R.C.

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6. EFFECTIVE DATE

The novation as stipulated in Clause 2 of this NOVATION AGREEMENT shall only become effective upon the satisfaction of the following condition (the “EFFECTIVE DATE”):

- (i) duly execution of this NOVATION AGREEMENT by all of the Parties;
- (ii) approval by the shareholders of LC Logistics, Inc. in the general meeting. Once it is approved, the NEW BUYER will send a notice of approval to the ORIGINAL BUYER and the SELLER (“APPROVAL DATE”);
- (iii) the REFUND GUARANTOR’s provision of the Acknowledgement issued by the REFUND GUARANTOR in favor of the NEW BUYER as provided in Clause 3(5) hereof and the NEW BUYER’s receipt of the same.
- (iv) the SELLER’s receipt of the PAYMENT GUARANTEE as provided in Clause 3(3).

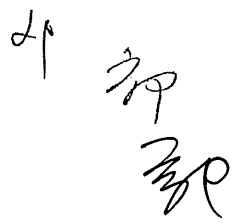
If, due to any reason whatsoever, any of the aforesaid conditions fail to be fulfilled and the EFFECTIVE DATE does not occur on or by 16:00 p.m. of 31 December 2024 (Beijing Time) at the latest (the “Long Stop Date”), this NOVATION AGREEMENT shall become null and void and having no effect whatsoever and no party shall be liable to the other for any loss or damage (if any) whether under this NOVATION AGREEMENT or under any applicable law. In such event, the SHIPBUILDING CONTRACT shall remain valid and binding in all respects and the SELLER’s rights and remedies under the SHIPBUILDING CONTRACT shall in no respect be affected or prejudiced and shall remain exercisable in all respects by the SELLER thereunder and under the English laws.

7. GOVERNING LAW AND JURISDICTION

- (1) This NOVATION AGREEMENT shall be governed by and shall be construed in accordance with the laws of England.
- (2) Any disputes arising out of or by virtue of this NOVATION AGREEMENT shall be referred to arbitration as provided for in Article XIII of the SHIPBUILDING CONTRACT which provisions are hereby incorporated herein by reference and shall have the same force and effect as if fully set forth herein. For the purpose of arbitration, if there are three parties to the arbitration, the ORIGINAL BUYER and NEW BUYER shall be regarded as one party (the “One Party”) and shall jointly appoint one arbitrator, and BUILDER and CSTC shall be the other party (the “Other Party”) and shall jointly appoint the second arbitrator, and the third arbitrator shall be appointed in accordance with Article XIII of the CONTRACT.

8. MISCELLANEOUS

- (1) This NOVATION AGREEMENT may be entered into in the form of counterparts



executed by one or more of the parties and provided all the parties shall so execute this NOVATION AGREEMENT, each of the executed counterparts, when duly exchanged or delivered, shall be deemed to be an original but, taken together, they shall constitute one instrument. In the event that any signature is delivered by e-mail delivery of a ".pdf" format file or other similar format file, or by facsimile transmission or if this NOVATION AGREEMENT is electronically signed, such signature shall be deemed an original for all purposes and shall create a valid and binding obligation of the party executing same with the same force and effect as if such facsimile, ".pdf" or similar signature page or electronic signature was an original thereof.

- (2) This NOVATION AGREEMENT constitutes an integral part of the SHIPBUILDING CONTRACT. With effect from the EFFECTIVE DATE, except as novated and amended by this NOVATION AGREEMENT, the SHIPBUILDING CONTRACT and all provisions thereof shall remain unchanged. In case of any conflict between the SHIPBUILDING CONTRACT and this NOVATION AGREEMENT, this NOVATION AGREEMENT shall prevail.
- (3) The PARTIES shall keep this NOVATION AGREEMENT and any part of its strictly confidential and not disclose it or any part of it to any third party without the other party's prior written consent.

[Signature page follows]

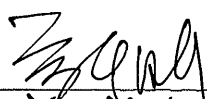
Handwritten initials and signature: "JP" and "Z34" with a checkmark.

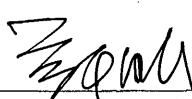
IN WITNESS WHEREOF the parties hereto have caused this NOVATION AGREEMENT to be duly executed by their duly authorized officers or attorneys-in-fact on the day and year first above written.

Executed and delivered by:

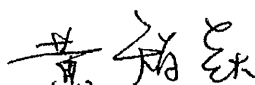
LECANG FANTASY LIMITED


BAL CONTAINER LINE CO.,
LIMITED

By: 
Name: Xu Xin
Title: CEO

By: 
Name: Xu Xin
Title: CEO

JIANGNAN SHIPYARD (GROUP) CO. LTD. CHINA SHIPBUILDING TRADING
CO., LTD.

By: 
Name: Huang Zhiyan
Title: Attorney-in-Fact

By: 
Name: Yang Yu
Title: Attorney-in-Fact

ANNEX A: Form of Notice of Novation**Notice of Novation**

To: China Merchants Bank Co., Ltd, Beijing Branch

Date: [] 2024

Dear Sirs,

Re: Refund Guarantee No.: 110LG2400030

We hereby give you notice that:

1. by a Novation Agreement dated [] (the "NOVATION AGREEMENT") entered into by and amongst Lecang Fantasy Limited (the "ORIGINAL BUYER"), BAL CONTAINER LINE CO., LIMITED (the "NEW BUYER"), CHINA SHIPBUILDING TRADING CO., LIMITED (the "CSTC") and Jiangnan Shipyard (Group) Co., Ltd (the "BUILDER", CSTC and BUILDER are hereinafter collectively called the "SELLER"), it was agreed that, on the EFFECTIVE DATE (as defined in the NOVATION AGREEMENT), the NEW BUYER shall be and is substituted in the place of the ORIGINAL BUYER as the "BUYER" to the SHIPBUILDING CONTRACT and Addendum No.1 dated 6th June 2024 between the ORIGINAL BUYER and the SELLER (as amended and supplemented from time to time, the "SHIPBUILDING CONTRACT") in respect of construction and delivery of one (1) 14,000 TEU container vessel with Hull No. H2871 (the "VESSEL") by way of novation and the SHIPBUILDING CONTRACT shall be construed and treated in all respects as if the NEW BUYER was named therein instead of the ORIGINAL BUYER.
2. upon the EFFECTIVE DATE, pursuant to the NOVATION AGREEMENT, any and all rights, benefits, interests, obligations and liabilities of the ORIGINAL BUYER under your refund guarantee with reference No. 110LG2400030 dated 30 July 2024 (the "REFUND GUARANTEE") shall be unconditionally, absolutely and irrevocably released and discharged;
3. the ORIGINAL BUYER hereby unconditionally, absolutely and irrevocably release and discharge all your obligations and liabilities towards the ORIGINAL BUYER under the REFUND GUARANTEE;
4. the NEW BUYER has received a copy of the REFUND GUARANTEE from the ORIGINAL BUYER and hereby confirms its agreement to the terms of REFUND GUARANTEE;

Handwritten signature and initials in the bottom right corner of the page.

5. the NEW BUYER shall receive from you an Acknowledgement by SWIFT to the NEW BUYER's Bank to ensure validity of the Refund Guarantee in its favour;
6. the ORIGINAL BUYER hereby confirms that, upon the EFFECTIVE DATE, any payment under the Refund Guarantee when it is due and payable in accordance with the Refund Guarantee shall be paid to the NEW BUYER directly;
7. the ORIGINAL BUYER irrevocably undertakes not to give any instructions or send any communications which would be in any way inconsistent with the terms of this notice; and
8. all your communications to the NEW BUYER shall be sent to the following address in writing:

To the NEW BUYER: email: april.ding@bal.cn; xueqiang.wang@bal.cn; shelly.wang@bal.cn, address: 7F, No.168 Yangshupu Road, Hongkou District, Shanghai, the P.R.C.

Please kindly issue the Acknowledgement to the NEW BUYER in a form as Schedule 1 of this notice.

This notice is governed by and shall be construed in accordance with English law.

This notice shall be effective upon execution hereof.



For and on behalf of
Lecang Fantasy Limited



For and on behalf of
BAL CONTAINER LINE CO., LIMITED

To: BAL CONTAINER LINE CO., LIMITED (the "New Buyer")

We acknowledge receipt of the notice of novation dated _____ from the Original Buyer and consent to the novation referred to in that notice. We also agree to the terms of and to comply in all respects with the instructions contained in that notice. Terms defined in that notice shall have the same meaning when used in this acknowledgement.

- (i) the Refund Guarantee is in full force and effect in favor of the New Buyer and that neither of the parties thereto is in default under its terms;
- (ii) we have received no notice of any previous assignment of, or other third party right affecting, any of the Guarantee Rights;
- (iii) we have obtained all necessary approvals and the authorisations to issue the Refund Guarantee;
- (iv) we have the necessary authorisation and approval to effect payment hereunder in the currency of payment by which the Refund Guarantee is expressed to be payable; and
- (v) we will act in accordance with the terms and conditions of the Refund Guarantee.

Dated:

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ANNEX B: Shipbuilding Contract

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ANNEX C: REFUND GUARANTEE

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NOVATION AGREEMENT

TO

SHIPBUILDING CONTRACT

FOR

CONSTRUCTION OF ONE 14,000 TEU CONTAINER VESSEL
(HULL NO.: H2872)

BY AND AMONG

LECANG FANTASY LIMITED or its nominee

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BAL CONTAINER LINE CO., LIMITED

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AND

CHINA SHIPBUILDING TRADING CO., LTD.

DATE: [2 September] 2024

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This **NOVATION AGREEMENT** (hereinafter referred to as the “**NOVATION AGREEMENT**”) is made on [2 September] 2024 by and among:

- (1) LECANG FANTASY LIMITED, a corporation organized and existing under the laws of the British Virgin Islands, having its registered office at Start Chambers, Wickham's Cay II, P.O.Box 2221, Road Town, Tortola, British Virgin Islands (hereinafter referred to as the “**ORIGINAL BUYER**”);
- (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 referred to as the “**NEW BUYER**”);
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(each a “**PARTY**” and collectively the “**PARTIES**”)

WHEREAS:

- (A) By a shipbuilding contract dated 6th day of June, 2024 made between the **SELLER** and the **ORIGINAL BUYER** (together with all amendments, modifications, variations and supplements, including without limitation the Addendum No.1 dated 6th June 2024 and Memorandum of Undertaking, the “**SHIPBUILDING CONTRACT**”, copies of the full set of the **SHIPBUILDING CONTRACT** is attached hereto as **Annex B**), the **SELLER** has agreed to build and complete and the **ORIGINAL BUYER** has agreed to purchase one (1)14,000TEU container vessel bearing Hull No. H2872 (the “**VESSEL**”).
- (B) Pursuant to the terms of the **SHIPBUILDING CONTRACT**, China Merchants Bank Co., Ltd, Beijing Branch (the “**REFUND GUARANTOR**”) issued in favor of the **ORIGINAL BUYER** a letter of guarantee with reference No. 110LG2400031 dated 30 July 2024 in respect of the 1st instalment of the Contract Price (in the amount of USD28,960,000.00), the “**REFUND GUARANTEE**”, copies of the full set of the **REFUND GUARANTEE** is attached hereto as **Annex C**).



- (C) The ORIGINAL BUYER has paid the 1st instalment of the Contract Price (in the amount of USD28,960,000.00, including the down payment of USD2,500,000.00 and remaining first instalment of USD26,460,000.00), the full receipt of which has been acknowledged by the SELLER.
- (D) The ORIGINAL BUYER wishes to be substituted by the NEW BUYER as the "BUYER" under the SHIPBUILDING CONTRACT and the NEW BUYER wishes to take over and assume all the rights and obligations of the ORIGINAL BUYER under the SHIPBUILDING CONTRACT.
- (E) This NOVATION AGREEMENT sets out the terms and conditions pursuant to which the substitution between the ORIGINAL BUYER and the NEW BUYER shall be effected.

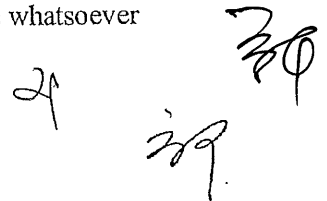
NOW THEREFORE, in consideration of the mutual representations, warranties and covenants contained in this NOVATION AGREEMENT and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by each of the Parties to this NOVATION AGREEMENT), IT IS HEREBY AGREED between the Parties hereto as follows:

1. INTERPRETATION

Unless otherwise stated in this NOVATION AGREEMENT, terms defined in the SHIPBUILDING CONTRACT have the same meanings when used in this NOVATION AGREEMENT.

2. NOVATION

- (1) The ORIGINAL BUYER, the NEW BUYER and the SELLER agree that the novation in the manner set out herein shall become effective as from the EFFECTIVE DATE as defined herein below.
- (2) With effect from the EFFECTIVE DATE:
- (a) The ORIGINAL BUYER, the NEW BUYER and the SELLER agree that the NEW BUYER shall be and is hereby substituted in the place of the ORIGINAL BUYER as the BUYER to the SHIPBUILDING CONTRACT and the SHIPBUILDING CONTRACT shall be construed and treated in all respects as if the NEW BUYER was named therein instead of the ORIGINAL BUYER;
- (b) The NEW BUYER agrees with the SELLER that the NEW BUYER shall duly and punctually perform all duties, obligations and liabilities whatsoever

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from time to time of the "BUYER" under and/or by virtue of the SHIPBUILDING CONTRACT (as hereby amended) in all respects as if the NEW BUYER was named as the "BUYER" instead of the ORIGINAL BUYER;

- (c) The SELLER shall be bound by the SHIPBUILDING CONTRACT (as hereby amended) in all respects and perform all its obligations under the SHIPBUILDING CONTRACT (as hereby amended) towards the NEW BUYER as if the NEW BUYER was (and had at all times been) named in the SHIPBUILDING CONTRACT as the "BUYER" instead of the ORIGINAL BUYER;
 - (d) The SELLER irrevocably and unconditionally releases and discharges the ORIGINAL BUYER from all obligations and liabilities towards the SELLER and all claims and demands from the SELLER arising out of and/or in connection with the SHIPBUILDING CONTRACT;
 - (e) The SELLER is hereby unconditionally and irrevocably released and discharged by the ORIGINAL BUYER from all past, present and future liabilities and obligations towards the ORIGINAL BUYER and all claims and demands from or as to the ORIGINAL BUYER arising out of and/or in connection with the SHIPBUILDING CONTRACT; and
 - (f) The 1st instalment of the Contract Price (in the total amount of USD28,960,000.00) received by the SELLER shall be deemed as being paid by the NEW BUYER.
 - (g) The 2nd instalment (in the amount of USD14,480,000.00), 3rd instalment (in the amount of USD14,480,000.00) and 4th instalment (in the amount of USD86,880,000.00) plus any increase or minus any decrease due to modifications and/or adjustments of the Contract Price shall be paid by the NEW BUYER to the SELLER after the effectiveness of this Agreement and pursuant to the terms of the SHIPBUILDING CONTRACT.
- (3) The NEW BUYER hereby accepts, confirms and approves: (i) the up-to-date and "as is" construction condition of the VESSEL up to the EFFECTIVE DATE; (ii) all acts, consents, approvals, acknowledgements, waivers, agreements, performance or other written confirmation given by the ORIGINAL BUYER (and its supervisors, representatives and/or agents) and all amendments, modifications and adjustments in connection with the SHIPBUILDING CONTRACT up to the EFFECTIVE DATE; and (iii) all existing drawings / plans and any other technical documents if applicable for the VESSEL up to the EFFECTIVE DATE of which the copies shall be provided by the SELLER (the "Drawings") and NEW BUYER agrees not to request any changes to be made to the parts/works/workmanship of

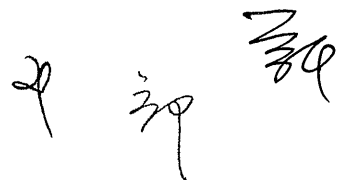
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the VESSEL that have actually been constructed/applied/completed up to the EFFECTIVE DATE.

- (4) The NEW BUYER and the ORIGINAL BUYER jointly assure and undertake to the SELLER that, unless otherwise agreed by the Parties under this NOVATION AGREEMENT, the SELLER shall not be imposed with any further or additional obligations or liabilities by virtue of the novation and/or this NOVATION AGREEMENT other than those previously and expressly assumed by the SELLER under the SHIPBUILDING CONTRACT, nor the SELLER's rights, benefits, interests and remedies under the SHIPBUILDING CONTRACT shall be affected, reduced or prejudiced in any event.

3. UNDERTAKINGS

- (1) It is agreed among the ORIGINAL BUYER, the NEW BUYER and the SELLER that the ORIGINAL BUYER is hereby appointed by the NEW BUYER as its technical manager to perform for and on behalf of the NEW BUYER all acts, obligations and things required to be done and performed by the NEW BUYER in relation to the construction of the VESSEL prior to the delivery of the VESSEL under the Novated SHIPBUILDING CONTRACT ("Construction Works") including but not limited to those under Articles IV (Supervision and Inspection), V (Modification, Changes and Extras) and VI (Trials) of the Novated SHIPBUILDING CONTRACT, and the NEW BUYER agrees that any and all performance or non-performance of such Construction Works by the ORIGINAL BUYER as technical manager of the NEW BUYER (including without limitation the giving of any acceptances, consents or approvals (in each case whether deemed or actual), instructions, notices or waivers) shall be treated as performance or non-performance by the NEW BUYER and that the NEW BUYER shall remain responsible under the Novated SHIPBUILDING CONTRACT for such Construction Works.
- (2) It is also agreed by the parties hereto that the existing Buyer's Representative (as defined under the Shipbuilding Contract) appointed by the ORIGINAL BUYER shall continue to be "the Buyer's Representative" of the NEW BUYER under the Novated SHIPBUILDING CONTRACT to perform all act, obligations and things required to be done and performed by it under the Novated SHIPBUILDING CONTRACT including but not limited to those under Articles IV (Supervision and Inspection), V (Modification, Changes and Extras) and VI (Trials) of the Novated SHIPBUILDING CONTRACT, and the NEW BUYER agrees that any and all performance or non-performance of such work by the Buyer's Representative (including without limitation the giving of any acceptances, consents or approvals (in each case whether deemed or actual), instructions, notices or waivers) shall be treated as performance or non-performance by the NEW BUYER and that the NEW BUYER shall remain



responsible under the Novated SHIPBUILDING CONTRACT for such work.

- (3) The NEW BUYER undertakes that it shall, before 20 November 2024, provide the SELLER with a letter of guarantee in a form as per "Exhibit B" of the SHIPBUILDING CONTRACT issued by a first class international bank ("Payment Guarantor") to secure the NEW BUYER's obligation for the payment of the 2nd and 3rd instalment of the CONTRACT PRICE. If the SELLER fails to receive the aforesaid letter of guarantee by the EFFECTIVE DATE, the NEW BUYER shall constitute a default under Article XI.1(a) of the SHIPBUILDING CONTRACT and the SELLER shall be entitled to all rights and remedies under Article XI of the SHIPBUILDING CONTRACT and the applicable laws.
- (4) The ORIGINAL BUYER and NEW BUYER shall, within three Chinese working days after the APPROVAL DATE as defined in Clause 6, send to the REFUND GUARANTOR a notice of novation by authorized SWIFT and hard copies in the form as ANNEX A hereof.
- (5) The SELLER undertakes that it will, subject to NEW BUYER and ORIGINAL BUYER's fulfillment of their obligations under Clause 3(3) and (4) above, procure the REFUND GUARANTOR to issue an acknowledgement in the form as Schedule 1 of Annex A ("Acknowledgement") by SWIFT to the NEW BUYER's designated bank within Twenty Five working days of the APPROVAL DATE.

4. REPRESENTATIONS AND WARRANTIES

- (1) Each PARTY hereto represents and warrants that:
 - (a) Status. It is duly organized and validly existing under the laws of the jurisdiction of its organization or incorporation and, if relevant under such laws, in good standing.
 - (b) Powers. It has full power and authority to become a party to this Agreement and has taken all necessary action and has obtained all consents, licences and approvals required in connection with the entry into and performance of this Agreement, and in the case of the New Buyer and the Seller, the novated Shipbuilding Contract.
 - (c) No Violation or Conflict. Such execution, delivery and performance do not violate or conflict with any law applicable to it, any provision of its constitutional documents, any order or judgment of any court or other agency of government applicable to it or any of its assets or any contractual restriction binding on or affecting it or any of its assets.

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- (d) Absence of Certain Events. No event of default with respect to it has occurred and is continuing under any material agreement to which it is a party and no such event or circumstance would occur as a result of its entering into or performing its obligations under this Agreement.
- (e) Obligations Binding. Its obligations under this Agreement constitute legal, valid and binding obligations, enforceable in accordance with their respective terms (subject to applicable bankruptcy, reorganization, insolvency, moratorium or similar laws affecting creditors' rights generally and subject, as to enforceability, to equitable principles of general application (regardless of whether enforcement is sought in a proceeding in equity or at law));
- (f) Absence of Litigation. There is not pending or, to its knowledge, threatened against it or any of its affiliates any action, suit or proceeding at law or in equity or before any court, tribunal, governmental body, agency or official or any arbitrator that is likely to affect the legality, validity or enforceability against it of this Agreement or its ability to perform its obligations under this Agreement.

(2) The ORIGINAL BUYER represents and warrants to the NEW BUYER that:

- (a) the information set out in Recitals (A) to (E) are true, accurate, complete and not misleading;
- (b) the documents set out in Annex B is a true, complete and up-to date copy of the SHIPBUILDING CONTRACT;
- (c) save for as set out in the Addendum No.1 and Memorandum of Undertaking, the SHIPBUILDING CONTRACT has not been amended, varied, cancelled, novated or terminated and represents the entire agreement between the ORIGINAL BUYER and the SELLER relating to the construction and sale of the VESSEL; and
- (d) all information provided by or on behalf of it to the NEW BUYER in relation to the SHIPBUILDING CONTRACT (including without limitation Annex B-C) is true and accurate;
- (e) the SHIPBUILDING CONTRACT is legally binding on the parties thereto and is valid and enforceable under the applicable law; and



- (f) there are no disputes outstanding between the ORIGINAL BUYER and the SELLER under the SHIPBUILDING CONTRACT, the ORIGINAL BUYER is not aware of any defaults or breach of whatsoever nature under the SHIPBUILDING CONTRACT or of any other fact or circumstance which would entitle either the ORIGINAL BUYER or the SELLER to terminate or cancel the SHIPBUILDING CONTRACT in accordance with the terms thereunder or any applicable law (including without limitation, any liquidated damage or any adjustment to the Contract Price, or the Permissible Delay or other extension to the Delivery Date); and
- (g) Unless agreed by the NEW BUYER in writing, the ORIGINAL BUYER would agree to any amendment of whatsoever nature to the SHIPBUILDING CONTRACT or the REFUND GUARANTEE until this NOVATION AGREEMENT becomes effective or becomes null and void in accordance with Clause 6 herein below.
- (h) the ORIGINAL BUYER has not assigned, mortgaged, charged or otherwise encumbered or disposed of to any person any of its rights, title and interest in and to the SHIPBUILDING CONTRACT.

5. NOTICE

Any and all notices and communications in connection with the SHIPBUILDING CONTRACT and this NOVATION AGREEMENT shall be addressed as follows:

- (i) to the BUILDER: email: qiqing@jnshipyard.com.cn; zhangjiadong@jnshipyard.com.cn; huangzhiyan@jnshipyard.com.cn, address: 988 Changxing Jiangnan Ave., Changxing Island, Shanghai 201913, the People's Republic of China, telefax: +86 (0) 21 66994658.
- (ii) to the CSTC: email: wangqf@mail.chinaships.com; xiongkc@mail.chinaships.com; yangy@mail.chinaships.com, address: 23rd FL., Marine Tower, No. 1 Pudongdadao, Shanghai 200120, the People's Republic of China, telefax: +86 (0) 21 68860801.
- (iii) to the ORIGINAL BUYER: email: april.ding@bal.cn; xueqiang.wang@bal.cn; shelly.wang@bal.cn, address: 7F, No.168 Yangshupu Road, Hongkou District, Shanghai.
- (iv) to the NEW BUYER: email: april.ding@bal.cn; xueqiang.wang@bal.cn; shelly.wang@bal.cn, address: 7F, No.168 Yangshupu Road, Hongkou District, Shanghai, the P.R.C.

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6. EFFECTIVE DATE

The novation as stipulated in Clause 2 of this NOVATION AGREEMENT shall only become effective upon the satisfaction of the following condition (the “EFFECTIVE DATE”):

- (i) duly execution of this NOVATION AGREEMENT by all of the Parties;
- (ii) approval by the shareholders of LC Logistics, Inc. in the general meeting. Once it is approved, the NEW BUYER will send a notice of approval to the ORIGINAL BUYER and the SELLER (“APPROVAL DATE”);
- (iii) the REFUND GUARANTOR’s provision of the Acknowledgement issued by the REFUND GUARANTOR in favor of the NEW BUYER as provided in Clause 3(5) hereof and the NEW BUYER’s receipt of the same.
- (iv) the SELLER’s receipt of the PAYMENT GUARANTEE as provided in Clause 3(3).

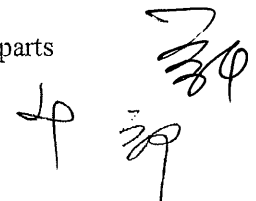
If, due to any reason whatsoever, any of the aforesaid conditions fail to be fulfilled and the EFFECTIVE DATE does not occur on or by 16:00 p.m. of 31 December 2024 (Beijing Time) at the latest (the “Long Stop Date”), this NOVATION AGREEMENT shall become null and void and having no effect whatsoever and no party shall be liable to the other for any loss or damage (if any) whether under this NOVATION AGREEMENT or under any applicable law. In such event, the SHIPBUILDING CONTRACT shall remain valid and binding in all respects and the SELLER’s rights and remedies under the SHIPBUILDING CONTRACT shall in no respect be affected or prejudiced and shall remain exercisable in all respects by the SELLER thereunder and under the English laws.

7. GOVERNING LAW AND JURISDICTION

- (1) This NOVATION AGREEMENT shall be governed by and shall be construed in accordance with the laws of England.
- (2) Any disputes arising out of or by virtue of this NOVATION AGREEMENT shall be referred to arbitration as provided for in Article XIII of the SHIPBUILDING CONTRACT which provisions are hereby incorporated herein by reference and shall have the same force and effect as if fully set forth herein. For the purpose of arbitration, if there are three parties to the arbitration, the ORIGINAL BUYER and NEW BUYER shall be regarded as one party (the “One Party”) and shall jointly appoint one arbitrator, and BUILDER and CSTC shall be the other party (the “Other Party”) and shall jointly appoint the second arbitrator, and the third arbitrator shall be appointed in accordance with Article XIII of the CONTACT.

8. MISCELLANEOUS

- (1) This NOVATION AGREEMENT may be entered into in the form of counterparts



executed by one or more of the parties and provided all the parties shall so execute this NOVATION AGREEMENT, each of the executed counterparts, when duly exchanged or delivered, shall be deemed to be an original but, taken together, they shall constitute one instrument. In the event that any signature is delivered by e-mail delivery of a “.pdf” format file or other similar format file, or by facsimile transmission or if this NOVATION AGREEMENT is electronically signed, such signature shall be deemed an original for all purposes and shall create a valid and binding obligation of the party executing same with the same force and effect as if such facsimile, “.pdf” or similar signature page or electronic signature was an original thereof.

- (2) This NOVATION AGREEMENT constitutes an integral part of the SHIPBUILDING CONTRACT. With effect from the EFFECTIVE DATE, except as novated and amended by this NOVATION AGREEMENT, the SHIPBUILDING CONTRACT and all provisions thereof shall remain unchanged. In case of any conflict between the SHIPBUILDING CONTRACT and this NOVATION AGREEMENT, this NOVATION AGREEMENT shall prevail.
- (3) The PARTIES shall keep this NOVATION AGREEMENT and any part of its strictly confidential and not disclose it or any part of it to any third party without the other party's prior written consent.

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IN WITNESS WHEREOF the parties hereto have caused this NOVATION AGREEMENT to be duly executed by their duly authorized officers or attorneys-in-fact on the day and year first above written.

Executed and delivered by:

LECANG FANTASY LIMITED

By: [Signature]
Name: XU XIN
Title: CEO

BAL CONTAINER LINE CO.,
LIMITED

By: [Signature]
Name: XU XIN
Title: CEO

JIANGNAN SHIPYARD (GROUP) CO. LTD. CHINA SHIPBUILDING TRADING
CO., LTD.

By: [Signature]
Name: Jiang Zhiyan
Title: Attorney-in-fact

By: [Signature]
Name: YANG YU
Title: Attorney-in-fact

ANNEX A: Form of Notice of Novation**Notice of Novation**

To: China Merchants Bank Co., Ltd, Beijing Branch

Date: [] 2024

Dear Sirs,

Re: Refund Guarantee No.: 110LG2400031

We hereby give you notice that:

1. by a Novation Agreement dated [] (the "NOVATION AGREEMENT") entered into by and amongst Lecang Fantasy Limited (the "ORIGINAL BUYER"), BAL CONTAINER LINE CO., LIMITED (the "NEW BUYER"), CHINA SHIPBUILDING TRADING CO., LIMITED (the "CSTC") and Jiangnan Shipyard (Group) Co., Ltd (the "BUILDER", CSTC and BUILDER are hereinafter collectively called the "SELLER"), it was agreed that, on the EFFECTIVE DATE (as defined in the NOVATION AGREEMENT), the NEW BUYER shall be and is substituted in the place of the ORIGINAL BUYER as the "BUYER" to the SHIPBUILDING CONTRACT and Addendum No.1 dated 6th June 2024 between the ORIGINAL BUYER and the SELLER (as amended and supplemented from time to time, the "SHIPBUILDING CONTRACT") in respect of construction and delivery of one (1) 14,000 TEU container vessel with Hull No. H2872 (the "VESSEL") by way of novation and the SHIPBUILDING CONTRACT shall be construed and treated in all respects as if the NEW BUYER was named therein instead of the ORIGINAL BUYER.
2. upon the EFFECTIVE DATE, pursuant to the NOVATION AGREEMENT, any and all rights, benefits, interests, obligations and liabilities of the ORIGINAL BUYER under your refund guarantee with reference No. 110LG2400031 dated 30 July 2024 (the "REFUND GUARANTEE") shall be unconditionally, absolutely and irrevocably released and discharged;
3. the ORIGINAL BUYER hereby unconditionally, absolutely and irrevocably release and discharge all your obligations and liabilities towards the ORIGINAL BUYER under the REFUND GUARANTEE;
4. the NEW BUYER has received a copy of the REFUND GUARANTEE from the ORIGINAL BUYER and hereby confirms its agreement to the terms of REFUND GUARANTEE;

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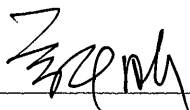
5. the NEW BUYER shall receive from you an Acknowledgement by SWIFT to the NEW BUYER's Bank to ensure validity of the Refund Guarantee in its favour;
6. the ORIGINAL BUYER hereby confirms that, upon the EFFECTIVE DATE, any payment under the Refund Guarantee when it is due and payable in accordance with the Refund Guarantee shall be paid to the NEW BUYER directly;
7. the ORIGINAL BUYER irrevocably undertakes not to give any instructions or send any communications which would be in any way inconsistent with the terms of this notice; and
8. all your communications to the NEW BUYER shall be sent to the following address in writing:

To the NEW BUYER: email: april.ding@bal.cn; xueqiang.wang@bal.cn; shelly.wang@bal.cn, address: 7F, No.168 Yangshupu Road, Hongkou District, Shanghai, the P.R.C.

Please kindly issue the Acknowledgement to the NEW BUYER in a form as Schedule 1 of this notice.

This notice is governed by and shall be construed in accordance with English law.

This notice shall be effective upon execution hereof.



For and on behalf of
Lecang Fantasy Limited



For and on behalf of
BAL CONTAINER LINE CO., LIMITED



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ANNEX B: Shipbuilding Contract

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ANNEX C: REFUND GUARANTEE

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