

16 April 2021

Dear Shareholder

I hope that you have stayed safe and well during this awful period. When I wrote to you on 4 June 2020, not many of us would have believed that we would still be so affected and disrupted by the Covid-19 pandemic almost a year later. Not only has this lengthy Covid pandemic affected our business operations in UK, but the Kaidi Group based in Wuhan who are our joint venture partner in Zhongying, has also, we understand, suffered greatly during this period. The major restructure of the Kaidi Group that I wrote to you about last year has taken much longer than they could have envisaged and was also made more difficult by the economic conditions in China and the relative priority that the Chinese government placed on clean energy.

During the extended lockdown period we continued to have regular contact with Kaidi and this has culminated this year in a proposal from Mr Chen Yilong of Kaidi. This proposal involves the acquisition of LAC's 20% holding in Zhongying for around RMB800m to be satisfied by shares in Kaidi Eco and an investment in LAC by Sunshine Kaidi of some GBP 8m – 10m in order to enable us to participate with a Hong Kong investment company in the acquisition of a power plant in Henan province and to provide LAC with working capital. We have had extensive discussions and are awaiting final details but I wanted to bring this to your early attention. As of today I am not able give you a full assessment of whether these proposed restructuring plans will progress to a successful conclusion. That is dependent upon on events in China and approval by the courts in China.

Until full details of these proposals are settled, it is impossible to assess their effect on LAC or the timing that is required for the proposals to be completed. I am determined to ensure that in any proposals, the interests of our shareholders are paramount and the present inability to realise value is properly addressed. However it is the first tangible major proposal from Kaidi that we have received since our meeting with them in Wuhan in December 2019 shortly before both countries went into lockdown.

For the last year or so, LAC's activities have been confined to doing what we can to effect a realisation of our Zhongying holding. As a result our costs since January 2020 have been substantially reduced to the extent that your Board has deferred all directors' remuneration until liquidity has been restored through a realisation of our Zhongying holding or a further investment from our major shareholder Richpoint Group Overseas Limited.

I believe that the proposals that have been put forward might constitute the next step towards a resolution of the problems that we have faced. But I need to stress to all shareholders that it is not within our control to make these proposals happen. We remain dependent on Sunshine

Kaidi, our joint venture partner in Zhongying, to deliver on the proposals that they have put forward. As of now LAC is just over half way through a 30 year joint venture agreement which expires in 2035. If these proposals are completed successfully LAC would be exchanging that stake for a shareholding in Kaidi Eco which will be relisted as a Chinese Public Company. This might well result in a brighter future for LAC shareholders with LAC being able to freely trade its Kaidi Eco shares.

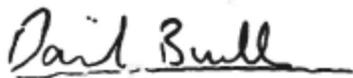
As the last accounting period was an 18-month period to 30 June 2020, we believed it was important to convene our Annual General Meeting at the earliest possible date. The logistical difficulties in finalising our financial statements for this 18-month period have been exacerbated by both China and the UK being in lockdown for the majority of 2020 but I am pleased to report that we managed to complete and file our accounts as required.

You will find published on our website the Formal Notice of Meeting and the Form of Proxy for you to print off and complete. As required we are also sending this letter and attachment by post to the less than 100 shareholders who so requested, but for all other shareholders we are placing these documents on our website [www.londonasiacapital.com](http://www.londonasiacapital.com). In the Notice of Meeting you will find details of how you can attend by electronic means because under Covid rules we are still not able to have an AGM for all of us in person.

I do hope to welcome you to our online AGM on 13 May 2021 and I am sure that we all hope that in future, general meetings will be able to take place in person in the normal way.

I will be in touch with you again as soon as there are any further material developments that I need to bring to the attention of our shareholders.

Yours sincerely

A handwritten signature in black ink that reads "David Buchler". The signature is written in a cursive style with a horizontal line underneath the name.

David Buchler  
Chairman