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C&N Holdings Limited

春能控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8430)

DISCLOSEABLE TRANSACTION RELATING TO THE DEVELOPMENT OF THE ERP SYSTEM

The Board announces that on 27 August 2019, the Subsidiary engaged the Service Provider to develop the ERP System at the aggregate service fee of S\$398,450 (equivalent to approximately HK\$2,251,243 as at 27 August 2019).

The principal terms of the Engagement are summarised below.

Date of Engagement: 27 August 2019, which was the date of acceptance of the quotation provided by the Service Provider

Customer: the Subsidiary, an indirect wholly-owned subsidiary of the Company

Service provider: the Service Provider

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Service Provider and its ultimate beneficial owner, Mr. Lee Chi Siang, are Independent Third Parties.

Nature of transaction and service provided: The Service Provider shall mainly develop the ERP System with finance module and transportation management system including a mobile app linked to the ERP System.

As at the date of this announcement, the development of the ERP System has been completed except for the user acceptance testing for the mobile app.

Fee and payment:

The aggregate service fee shall be in the amount of S\$398,450 (equivalent to approximately HK\$2,251,243 as at 27 August 2019) which shall be payable by the Subsidiary in cash as to 50% upon signing of the quotation, 30% upon completion of the business analysis and 20% upon completion of the user acceptance testing. The Service Provider provides 14-day credit term for payment after issuing the relevant invoices. As at the date of this announcement, S\$372,530 has been paid. The balance of S\$25,920 will be paid after completion of the user acceptance testing for the mobile app.

The service fee would be funded by the proceeds from the share offer as disclosed in the prospectus (the “**Prospectus**”) of the Company dated 6 October 2017. The Company confirms that such use of proceeds was in accordance with the future plans and use of proceeds as set out in the Prospectus.

Basis of determining the fee:

The service fee was determined after arm’s length negotiations between the Subsidiary and the Service Provider having considered, among others, the scope and complexity of the work to be provided by the Service Provider. The amount of the service fee quoted by the Service Provider was the lowest among the quotations obtained by the Subsidiary for similar services.

GENERAL INFORMATION OF THE SERVICE PROVIDER

The Service Provider is a company registered in Malaysia and is principally engaged in supply and maintenance of computer hardware, software and computer terminals.

REASONS FOR AND BENEFITS OF THE ENGAGEMENT

The Group is principally engaged in offering various transport and storage services to the logistics industry in Singapore, primarily trucking and hubbing services. Trucking services are referred to the delivery of cargo, primarily containers, from the customers’ designated pick up point to their designated delivery point. Hubbing services are referred to the handling and storage of laden and empty containers at our logistic yards or other locations designated by our customers.

The ERP System is for the use in the ordinary and usual course of business of the Group which has integrated all business functions from operations to billings to finance to provide a seamless workflow and unified interface. The ERP System will substantially improve the operation efficiency of the Group and enhance the competitiveness of the Group in the long run.

Based on the above, the Directors consider that the terms of the Engagement and the transactions contemplated thereunder are (i) fair and reasonable; (ii) on normal commercial terms; and (iii) in the interests of the Company and its shareholders as a whole.

GEM LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Engagement exceeds 5% but is less than 25%, the Engagement and the transactions contemplated thereunder constitute a discloseable transaction on the part of the Company and is subject to the announcement requirement under Chapter 19 of the GEM Listing Rules.

Pursuant to Rule 19.34 of the GEM Listing Rules, as soon as possible after the terms of a discloseable transaction have been finalised, the Company must publish an announcement as soon as possible. As such, the failure by the Company to timely comply with the above requirement constituted non-compliance with Rule 19.34 of the GEM Listing Rules.

REMEDIAL MEASURES

The Company misunderstood that the Engagement of the Service Provider for the development of the ERP System for use in the ordinary and usual course of business of the Group in accordance with the intended use of proceeds from the share offer as disclosed in the Prospectus would not constitute a transaction under Chapter 19 of the GEM Listing Rules. The non-compliance with the relevant requirement under Chapter 19 of the GEM Listing Rules was not committed intentionally and was an inadvertent mistake of the Company. The Company has consulted its legal advisers and compliance advisers and now understands the GEM Listing Rules implications for acquisition of assets for use in the ordinary and usual course of business of the Group.

Once the Directors became aware of their misunderstanding, the Company has taken step to comply with the GEM Listing Rules, including but not limited to the publication of this announcement.

To avoid future occurrence of similar non-compliance of the GEM Listing Rules, the Company will implement the following measures and procedures:

- (1) Ms. Chua Sui Feng, an executive Director will assess the implications of all material acquisitions of assets for use in the ordinary and usual course of business of the Group under the GEM Listing Rules before such acquisitions;
- (2) the Company will work more closely with its legal advisers on compliance issues; and
- (3) the Company has notified and explained to the Board and its management on the relevant requirements and implications for acquisition of assets for use in the ordinary and usual course of business under the GEM Listing Rules.

It is always the intention of the Company to fully comply with the GEM Listing Rules. The Board and the management of the Company are now fully aware of the relevant requirements under the GEM Listing Rules and will ensure that the Company will comply with the relevant GEM Listing Rules for all its future acquisitions (if any).

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“Board”	board of Directors
“Company”	C&N Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the GEM
“connected person”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“Engagement”	the engagement of the Service Provider to develop the ERP System with finance module and transportation management system including a mobile app linked to the ERP System at the aggregate service fee of S\$398,450 (equivalent to approximately HK\$2,251,243 as at 27 August 2019)
“ERP System”	enterprise resource planning system developed by the Service Provider under the terms of the Engagement
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries (from time to time)
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) are third parties independent of and not connected with the Group and its connected persons
“Service Provider”	Mindtech IT Solutions, a company registered in Malaysia
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company

“Shareholder(s)”	the holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary”	CA Transportation & Warehousing Pte Ltd, a company incorporated in Singapore with limited liability and an indirect wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“S\$”	Singapore dollars, the lawful currency of Singapore
“%”	per cent

Yours faithfully
For and on behalf of the Board of
C&N Holdings Limited
Chua Kang Lim
Chairman

Hong Kong, 8 May 2020

For the purpose of this announcement, unless otherwise indicated, conversion of Singapore dollars into Hong Kong dollars is calculated at the approximate exchange rate of S\$1.00 to HK\$5.65 as at 27 August 2019. This exchange rate is adopted for the purpose of illustration purpose only and does not constitute a representation that any amounts have been, could have been, or may be, exchanged at this rate or any other rates at all.

As at the date of this announcement, the Board comprises Mr. Chua Kang Lim and Ms. Chua Sui Feng as executive Directors, and Mr. Dax Teo Tak Sin, Mr. Kwong Choong Kuen and Ms. Grace Choong Mai Foong as independent non-executive Directors.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the GEM website at <http://www.hkgem.com> on the “Latest Listed Company Information” page for at least seven days from the day of its publication and posting and will be published and remains on the website of the Company at <http://www.cnlimited.com>.

* for identification purposes only