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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)

SUPPLEMENTAL ANNOUNCEMENT PLACING OF NEW SHARES UNDER GENERAL MANDATE

Reference is made to the announcement of C&N Holdings Limited (the “**Company**”) dated 4 June 2021 in relation to the placing of new Shares under General Mandate (the “**Announcement**”). Unless otherwise specified, capitalized terms used in this announcement shall have the same meanings as set out in the Announcement.

The Board wishes to provide further information in relation to the Placing.

REASONS FOR THE PLACING

As disclosed in the annual report of the Group for the year ended 31 December 2020, the Group had cash and cash equivalents of approximately S\$11,644,000. As at the date of the Announcement, the Group’s cash and cash equivalents reduced to a level of approximately S\$10,272,000, which comprise unutilised proceeds from the share offer of the Company dated 6 October 2017 of approximately S\$3,386,000 (equivalent to HK\$19.9 million) (the “**Share Offer Proceeds**”), cash from bank loan of approximately S\$4,442,000 and general operating cash balance of approximately S\$2,444,000.

Approximately HK\$17,239,000 (approximately S\$2,939,000) of the Share Offer Proceeds allocated for the enhancement of capacity for transport and storage services through acquisition of new vehicles remained unutilised as at the date of the Announcement. As stated in the Company’s prospectus dated 6 October 2017, approximately HK\$26,062,000 (approximately S\$4,528,000) of the Share Offer Proceeds was allocated for the enhancement of capacity for transport and storage services through acquisition of new vehicles by acquiring 30 units of Euro VI compliant prime movers that are more environmentally friendly and 40 units of trailers. Upon the introduction of Euro VI in the market in the fourth quarter of 2018, the Group acquired 10 units of Euro VI and 10 units of trailers

* *For identification purposes only*

in 2019. With the uncertainty in the global trade economy as a result of escalating US-China trade war in 2019, and Covid-19 in 2020, a number of the Group's customers had either put their expansion plans on hold or reduced the sales volume to the Group. Seeing the uncertainty of business volume from our customers and current fleet utilisation rate, management decided to monitor market conditions and will continue the expansion of the fleet in line with customers' demands, which at the moment is still uncertain due to the COVID-19 situation. The Group will continue to monitor the market to time the acquisition of the remaining vehicles, with the expected completion date in end of 2021.

As for approximately HK\$2,619,000 of the Share Offer Proceeds allocated for the purchase of a new office to incorporate an increase in our workforce, up to the date of the Announcement, the Group has signed an option to purchase an office unit, and is expected to complete the purchase in the first half of 2021.

Taking into account (i) the Share Offer Proceeds have specified usage as aforementioned, (ii) mandatory repayment of bank loans of approximately S\$1,100,000 for the year and intended repayment of the remaining bank loans in the near term in order to improve our gearing and capital structure, (iii) losses incurred by the Group for the year ended 31 December 2020 and period ended 31 March 2021 and the increasingly difficult operation environment and decrease in business volume due to the unprecedented impact of COVID-19 pandemic, and (iv) annual fixed administrative expenses requirement, including office staff costs, professional expenses and office expenses, of approximately S\$4.0 million (the administrative expenses incurred by the Group for the two years ended 31 December 2020 was approximately S\$4.3 million and approximately S\$4.0 million respectively), the Board considered that the remaining net cash is not sufficient to fund the Group's general working capital and the Placing will provide additional funding for the Group's operation during the difficult operation environment due to the unprecedented impact of COVID-19 pandemic.

The Company intends to apply the entire net proceeds from the Placing for the general working capital of the Group as follows:

- (i) approximately 70% of the net proceeds, or approximately HK\$10.2 million will be applied for the staff costs; and
- (ii) approximately 30% of the net proceeds, or approximately HK\$4.4 million will be applied for the professional expenses and office expenses, including office maintenance and telecommunications.

By order of the Board
C&N Holdings Limited
Chua Kang Lim
Chairman

Hong Kong, 8 June 2021

As at the date hereof, 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 the independent non-executive directors.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited (“GEM”) 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

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