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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2021

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Main Board. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, for which the directors (the “Directors”) of C&N Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (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 (1) the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and (2) there are no other matters the omission of which would make any statement herein or this announcement misleading.

The original announcement is prepared in the English language. This announcement is translated into Chinese. In the event of any inconsistencies between the Chinese and the English version, the latter shall prevail.

* For identification purposes only

HIGHLIGHTS

- The Group's overall revenue amounted to approximately S\$13,328,000 for the six months ended 30 June 2021, representing an increase of approximately S\$249,000 or 1.9% as compared to the six months ended 30 June 2020.
- The loss attributable to the owners of the Company was approximately S\$2,536,000 for the six months ended 30 June 2021 as compared to a loss of approximately S\$579,000 for the six months ended 30 June 2020. The loss is mainly attributable to a) decrease in profitability, b) increased office expenses with the gradual resumption of business and c) recognition of share option expense.
- The Board does not recommend the payment of any dividend for the six months ended 30 June 2021.

UNAUDITED INTERIM RESULTS

The board of Directors (the “Board”) of the Company is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2021, together with the unaudited comparative figures for the corresponding period in 2020, as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	<i>Notes</i>	Three months ended		Six months ended	
		30 June		30 June	
		2021	2020	2021	2020
		S\$	S\$	S\$	S\$
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	3	6,235,780	6,658,289	13,328,175	13,079,404
Cost of sales		<u>(5,959,054)</u>	<u>(6,163,175)</u>	<u>(12,564,307)</u>	<u>(12,275,923)</u>
Gross profit		276,726	495,114	763,868	803,481
Other income	4	185,701	504,226	534,491	779,478
Administrative expenses		<u>(2,536,928)</u>	<u>(917,032)</u>	<u>(3,772,052)</u>	<u>(2,114,431)</u>
Finance costs	5	<u>(25,616)</u>	<u>(13,731)</u>	<u>(62,802)</u>	<u>(27,844)</u>
(Loss)/profit before tax	6	<u>(2,100,117)</u>	68,577	<u>(2,536,495)</u>	(559,316)
Income tax expense	7	<u>—</u>	<u>(19,840)</u>	<u>—</u>	<u>(19,840)</u>
(Loss)/profit for the period and total comprehensive income for the period		<u><u>(2,100,117)</u></u>	<u><u>48,737</u></u>	<u><u>(2,536,495)</u></u>	<u><u>(579,156)</u></u>
Basic and diluted (loss)/earnings per share	8	<u><u>(0.0032)</u></u>	<u><u>0.0001</u></u>	<u><u>(0.0039)</u></u>	<u><u>(0.0009)</u></u>

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

		30 June 2021 S\$ (Unaudited)	31 December 2020 S\$ (Audited)
Non-current assets			
Property, plant and equipment	10	9,287,362	9,491,718
Right-of-use assets		1,404,386	1,949,999
Intangible assets		252,355	292,200
Deferred tax assets		94,607	94,607
Deposits		52,500	52,500
		11,091,210	11,881,024
Total non-current assets			
Current assets			
Trade receivables	11	3,410,464	4,494,439
Deposits and other receivables		92,914	184,595
Contract assets	14	151,581	25,685
Prepayments		28,745	51,177
Pledged deposits		503,642	503,517
Cash and bank balances		12,488,866	11,643,529
		16,676,212	16,902,942
Total current assets			
Current liabilities			
Trade payables	12	373,931	1,244,185
Contract liabilities	14	32,409	188,691
Other payables and accruals	13	801,792	1,227,884
Loans and borrowings	15	1,134,186	1,444,915
		2,342,318	4,105,675
Total current liabilities			
NET CURRENT ASSETS		14,333,894	12,797,267
TOTAL ASSETS LESS CURRENT LIABILITIES		25,425,104	24,678,291
Non-current liabilities			
Loans and borrowings	15	3,534,056	4,304,017
Deferred tax liabilities		547,226	547,226
		4,081,282	4,851,243
Total non-current liabilities			
NET ASSETS		21,343,822	19,827,048
EQUITY			
Share capital	16	1,327,975	1,106,317
Reserves		20,015,847	18,720,731
		21,343,822	19,827,048
TOTAL EQUITY		21,343,822	19,827,048

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

	Share capital S\$	Share premium S\$	Share option reserves S\$	Retained earnings S\$	Total equity S\$
At 1 January 2020 (audited)	1,106,317	19,773,348	—	(241,207)	20,638,458
Loss for the period and total comprehensive income for the period	—	—	—	(579,156)	(579,156)
	<u>1,106,317</u>	<u>19,773,348</u>	<u>—</u>	<u>(820,363)</u>	<u>20,059,302</u>
At 30 June 2020 (unaudited)					
As at 1 January 2021 (audited)	1,106,317	19,773,348	—	(1,052,617)	19,827,048
Total comprehensive profit/(loss) for the period	—	—	—	(2,536,495)	(2,536,495)
Placement of 128,000,000 shares net of issuance costs	221,658	2,310,905	—	—	2,532,563
Share option issued	—	—	1,520,706	—	1,520,706
	<u>1,327,975</u>	<u>22,084,253</u>	<u>1,520,706</u>	<u>(3,589,112)</u>	<u>21,343,822</u>
As at 30 June 2021 (unaudited)					

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

	Six months ended 30 June	
	2021	2020
	S\$	S\$
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Loss before tax	(2,536,495)	(559,316)
Adjustments for:		
Depreciation of property, plant and equipment	943,774	829,889
Depreciation of right-of-use assets	130,723	446,457
Amortisation of intangible assets	39,845	39,844
(Gain)/loss on disposal of property, plant and equipment	(14,057)	21,166
Finance costs	62,802	27,844
Share option expense	1,520,706	—
	<u>147,298</u>	805,884
Decrease in trade receivables	1,083,975	265,312
Increase in contract assets	(125,896)	(182,224)
Decrease in deposits and other receivables	91,681	24,942
Decrease/(increase) in prepayments	22,432	(10,375)
(Decrease)/increase in trade payables	(870,254)	74,029
(Decrease)/increase in other payables and accruals	(426,092)	441,019
Decrease in contract liabilities	(156,282)	(115,459)
	<u>(233,138)</u>	1,303,128
Cash (used in)/generated from operations	(233,138)	1,303,128
Income tax paid	—	(6,795)
	<u>(233,138)</u>	<u>1,296,333</u>
Net cash flows (used in)/generated from operating activities	(233,138)	1,296,333
Cash flows from investing activities		
Purchase of items of property, plant and equipment	(340,000)	(47,000)
Proceeds from disposal of items of property, plant and equipment	29,529	18,000
	<u>(310,471)</u>	<u>(29,000)</u>
Net cash flows used in investing activities	(310,471)	(29,000)

	Six months ended 30 June	
	2021	2020
	S\$	S\$
	(Unaudited)	(Unaudited)
Cash flows from financing activities		
Issuance of share capital — net of issuance expense	2,532,563	—
Increase in pledged deposits	(125)	—
Repayment of loans and borrowings	(824,209)	(65,703)
Payment of principal portion of lease liabilities	(256,481)	(969,837)
Interest paid	(62,802)	(27,844)
	<u>1,388,946</u>	<u>(1,063,384)</u>
Net cash flows generated from/(used in) financing activities		
	845,337	203,949
Net increase in cash and cash equivalents		
Cash and cash equivalents at beginning of period	<u>11,643,529</u>	<u>6,566,132</u>
Cash and cash equivalents at end of period	<u>12,488,866</u>	<u>6,770,081</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION AND GROUP REORGANISATION

The Company is an exempted company with limited liability incorporated in the Cayman Islands. The Company's registered office address is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company is 21st Floor, CMA Building, 64 Connaught Road Central, Hong Kong. The head office and principal place of business of the Group is at 3 Soon Lee Street, #06-03, Pioneer Junction, Singapore 627606.

The Group is principally engaged in offering various transport and storage services to the logistics industry in Singapore, primarily trucking and hubbing services.

These interim unaudited condensed consolidated financial statements have been prepared under the historical cost convention and are presented in Singapore Dollar ("S\$"), which is also the functional currency of the Company.

These interim unaudited condensed financial statements were approved by the Board of Directors of the Company on 13 August 2021.

2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The unaudited condensed consolidated financial statements for the six months ended 30 June 2021 have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" issued by the International Accounting Standards Board and the applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange.

The unaudited condensed consolidated financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2020, which have been prepared in accordance with International Financial Reporting Standards ("IFRSs") which include International Accounting Standards ("IASs") and Interpretations promulgated by the International Accounting Standards Board and the disclosure requirements of the Hong Kong Companies Ordinance. The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Company's annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of the new and revised IFRSs effective as of 1 January 2021.

3. REVENUE AND SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their services and has two reportable segments as follows:

- (a) The trucking segment refers to the provision of cargo transportation and other related services. The Group offers cargo transportation services, primarily of containers, from the customers designated pick up points to their designated delivery points within Singapore.
- (b) The hubbing segment refers to the offering of the Group's container storage facility at its logistic yard to its customers.

Revenue represents the value of services rendered, net of goods and services tax ("GST"), during the period.

An analysis of revenue is as follows:

	Three months ended		Six months ended	
	30 June		30 June	
	2021	2020	2021	2020
	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue from contracts with customers	<u>6,235,780</u>	<u>6,658,289</u>	<u>13,328,175</u>	<u>13,079,404</u>

Revenue from contracts with customers

(i) Disaggregated revenue information

	Three months ended		Six months ended	
	30 June		30 June	
	2021	2020	2021	2020
	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Type of goods or services				
Trucking services	<u>5,139,098</u>	<u>5,525,096</u>	<u>10,921,367</u>	<u>10,674,976</u>
Hubbing services	<u>1,096,682</u>	<u>1,133,193</u>	<u>2,406,808</u>	<u>2,404,428</u>
	<u>6,235,780</u>	<u>6,658,289</u>	<u>13,328,175</u>	<u>13,079,404</u>
Timing of revenue recognition				
Services transferred at a point in time	<u>5,139,098</u>	<u>5,525,096</u>	<u>10,921,367</u>	<u>10,674,976</u>
Services transferred over time	<u>1,096,682</u>	<u>1,133,193</u>	<u>2,406,808</u>	<u>2,404,428</u>
	<u>6,235,780</u>	<u>6,658,289</u>	<u>13,328,175</u>	<u>13,079,404</u>

Geographical markets

All of the Group's revenue were generated in Singapore.

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	Three months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020
	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:				
Trucking services	<u>40,347</u>	<u>34,199</u>	<u>188,691</u>	<u>162,000</u>

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Trucking income

The performance obligation is satisfied at a point in time upon delivery of customer goods to the designated location.

Hubbing income

The performance obligation is satisfied over the respective storage periods on a straight-line basis.

The amount of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year.

4. OTHER INCOME

	Three months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020
	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Exchange gain/(loss) — net	3,383	(33,169)	42,197	181,901
Gain on disposal of items of property, plant and equipment	14,057	—	14,057	—
Government grants	<u>168,261</u>	<u>537,395</u>	<u>478,237</u>	<u>597,577</u>
	<u>185,701</u>	<u>504,226</u>	<u>534,491</u>	<u>779,478</u>

There were no unfulfilled conditions or contingencies relating to the incentives various government grants received from the Singapore Government.

5. FINANCE COSTS

	Three months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020
	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Interest on bank borrowings	22,837	5,874	56,224	8,837
Interest on lease liabilities	2,779	7,857	6,578	19,007
	<u>25,616</u>	<u>13,731</u>	<u>62,802</u>	<u>27,844</u>

6. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging/(crediting):

	Three months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020
	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	405,371	411,888	943,774	829,889
Depreciation of right-of-use assets	51,973	224,277	130,723	446,457
Amortisation of intangible assets	19,923	19,923	39,845	39,844
Employee benefits (excluding directors' remuneration)				
— Salaries and wages	1,954,842	1,931,989	4,341,681	3,962,484
— CPF contribution	161,148	156,357	358,598	329,265
	<u>2,115,990</u>	<u>2,088,346</u>	<u>4,700,279</u>	<u>4,291,749</u>
Share option expense	1,520,706	—	1,520,706	—
Lease payments not included in the measurement of lease liabilities	373,500	226,714	593,300	489,177
Exchange (gain)/loss — net	(3,383)	33,169	(42,197)	(181,901)
	<u>(3,383)</u>	<u>33,169</u>	<u>(42,197)</u>	<u>(181,901)</u>

7. INCOME TAX EXPENSE

	Three months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020
	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Current tax representing income tax expense for the period	—	19,840	—	19,840
	<u>—</u>	<u>19,840</u>	<u>—</u>	<u>19,840</u>

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.

No Hong Kong profits tax has been provided since no assessable profit arose in Hong Kong during the period (six months ended 30 June 2020: nil).

Singapore corporate income tax has been provided at the rate of 17% (six months ended 30 June 2020: 17%) on the chargeable income arising in Singapore during the period. Income tax expense of the Group relates wholly to the profits of its two operating subsidiaries.

8. (LOSS)/EARNINGS PER SHARE

	Three months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020
	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
(Loss)/profit attributable to the owners of the Company	<u>(2,100,117)</u>	<u>48,737</u>	<u>(2,536,495)</u>	<u>(579,156)</u>
Weighted average number of ordinary shares in issue	<u>652,800,000</u>	<u>640,000,000</u>	<u>646,400,000</u>	<u>640,000,000</u>
Basic and diluted (loss)/earnings per share	<u><u>(0.0032)</u></u>	<u><u>0.0001</u></u>	<u><u>(0.0039)</u></u>	<u><u>(0.0009)</u></u>

The calculation of the basic (loss)/earnings per share is based on the (loss)/profit for the period attributable to owners of the Company and the weighted average number of ordinary shares of 646,400,000 (2020: 640,000,000) in issue during the period.

The Company's outstanding share options granted on 21 May 2021 had no dilutive effect for the six months ended 30 June 2021 as the exercise prices of those share options were higher than the average market price for shares, and, therefore, diluted loss per share are the same as the basic loss per share.

9. DIVIDEND

The Board does not recommend the payment of dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: nil).

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2021, the Group acquired assets with aggregate cost of S\$340,000 (six months ended 30 June 2020: S\$470,000), of which S\$nil (six months ended 30 June 2020: S\$423,000) was funded under hire purchase. The asset is reclassified as right-of-use assets in line with IFRS 16. Items of plant and equipment with a net book value of S\$15,472 were disposed of during the six months ended 30 June 2021 (six months ended 30 June 2020: S\$39,166), resulting in a gain on disposal of S\$14,057 (six months ended 30 June 2020: S\$21,166).

11. TRADE RECEIVABLES

	As at 30 June 2021 S\$ (Unaudited)	As at 31 December 2020 S\$ (Audited)
External parties	<u>3,410,464</u>	<u>4,494,439</u>

Trade receivables are all non-interest-bearing and are generally repayable on terms of 30 to 60 days.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice dates, is as follows:

	As at 30 June 2021 S\$ (Unaudited)	As at 31 December 2020 S\$ (Audited)
Less than 30 days	2,116,388	2,719,840
31 to 60 days	1,087,127	1,425,081
61 to 90 days	186,948	331,313
More than 90 days	<u>20,001</u>	<u>18,205</u>
Total	<u>3,410,464</u>	<u>4,494,439</u>

12. TRADE PAYABLES

Trade payables are non-interest-bearing and are normally settled on terms of 30 days.

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice dates, is as follows:

	As at 30 June 2021 S\$ (Unaudited)	As at 31 December 2020 S\$ (Audited)
Less than 30 days	373,931	868,624
31 to 60 days	—	375,561
61 to 90 days	<u>—</u>	<u>—</u>
Total	<u>373,931</u>	<u>1,244,185</u>

13. OTHER PAYABLES AND ACCRUALS

	As at 30 June 2021 S\$ (Unaudited)	As at 31 December 2020 S\$ (Audited)
Accrued liabilities	652,799	802,916
GST payable	111,645	143,272
Other payables	37,348	52,242
Deferred grant income	—	229,454
	<u>801,792</u>	<u>1,227,884</u>

Other payables and accruals are non-interest-bearing and are normally repayable on demand.

14. CONTRACT ASSETS/CONTRACT LIABILITIES

	As at 30 June 2021 S\$ (Unaudited)	As at 31 December 2020 S\$ (Audited)
Contract assets		
Contract assets arising from:		
Trucking services	<u>151,581</u>	<u>25,685</u>
Contract liabilities		
<i>Short-term advances received from customers</i>		
Trucking services	<u>32,409</u>	<u>188,691</u>

Contract assets primarily relate to the Group's right to consideration for work completed but not yet billed at reporting date for providing trucking services. Contract assets are transferred to receivables when the rights become unconditional (i.e. invoiced). The expected timing of recovery or settlement for contract assets as at 30 June 2021 and 31 December 2020 is within one year. An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit loss. As at 30 June 2021 and 31 December 2020, the loss allowance was assessed to be minimal.

Contract liabilities primarily relate to the Group's obligation to transfer goods or services to customers for which the Group has received short-term advances from customers for sales of goods and services. The decrease in contract liabilities in 2021 was mainly due to the decrease in short-term advances received from customers in relation to the provision of trucking services at the end of the period/year.

15. LOANS AND BORROWINGS

	As at 30 June 2021 S\$ (Unaudited)	As at 31 December 2020 S\$ (Audited)
Current:		
Lease liabilities	160,879	346,313
Bank loans — secured	973,307	1,098,602
	<u>1,134,186</u>	<u>1,444,915</u>
Non-current:		
Lease liabilities	145,617	216,664
Bank loans — secured	3,388,439	4,087,353
	<u>3,534,056</u>	<u>4,304,017</u>
Total	<u><u>4,668,242</u></u>	<u><u>5,748,932</u></u>
Analysed into:		
<i>Bank loans</i>		
Within one year or on demand	973,307	1,098,602
In the second year	992,952	1,072,314
In the third to fifth years, inclusive	2,395,487	3,005,602
Beyond five years	—	9,437
	<u>4,361,746</u>	<u>5,185,955</u>
<i>Other borrowings:</i>		
Within one year or on demand	160,879	346,313
In the second year	145,617	143,261
In the third to fifth years, inclusive	—	73,403
	<u>306,496</u>	<u>562,977</u>
Total	<u><u>4,668,242</u></u>	<u><u>5,748,932</u></u>

Notes:

(a) Leases

The lease obligations are secured by charges over the leased assets. For the six months ended 30 June 2021, the average effective interest rate of the leases was 2.71% (year ended 31 December 2020: 2.71%) per annum.

(b) Bank loans and other loans

For the six months ended 30 June 2021, the effective interest rates of the Group's bank loans and other loans ranged from 1.7% to 3.26% (year ended 31 December 2020: 1.7% to 3.26%) per annum.

The Group's secured bank loans are secured by:

- (i) mortgages over the Group's properties situated in Singapore, which had an aggregate carrying amount of S\$876,484 (year ended 31 December 2020: S\$899,000) as at 30 June 2021;
- (ii) time deposits with carrying amounts of S\$503,642 (year ended 31 December 2020: S\$503,517) as at 30 June 2021; and
- (iii) joint and several personal guarantees provided by the directors of the Company.

16. SHARE CAPITAL

	Number of ordinary shares (unaudited)	Nominal value of ordinary shares <i>HK\$</i> (unaudited)	Share capital (equivalent to S\$) (unaudited)
Ordinary share of HK\$0.01 each			
Authorised			
At 1 January 2020, 31 December 2020 and 30 June 2021	<u>5,000,000,000</u>	<u>50,000,000</u>	
Issued and fully paid			
At 1 January 2020 and 31 December 2020	640,000,000	6,400,000	1,106,317
Issuance of 128,000,000 ordinary shares of HK\$0.01 each on 21 June 2021	<u>128,000,000</u>	<u>1,280,000</u>	<u>221,658</u>
At 30 June 2021	<u>768,000,000</u>	<u>7,680,000</u>	<u>1,327,975</u>

17. SHARE-BASED PAYMENT

On 25 September 2017, the then shareholders of the Company approved and conditionally adopted a share option scheme (the "Share Option Scheme") to enable the Company to grant options to eligible participants as incentives and rewards for their contribution to the Group.

On 21 May 2021, 64,000,000 share options of the Company were granted to directors and selected employees. The exercise price of the granted options is equal to the closing price of the shares immediately before date of the grant. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

Movements in the number of share options outstanding for the period ended 30 June 2021 and their related weighted average exercise prices are as follows:

	Average exercise price in HK\$ per share	Options (thousands)
At 1 January 2021	—	—
Granted	<u>0.285</u>	<u>64,000</u>
At 30 June 2021	<u>0.285</u>	<u>64,000</u>

Out of the 64,000,000 outstanding options, 64,000,000 options were exercisable as at 30 June 2021 and expire on 20 May 2024.

The weighted average fair value of options granted during the period ended 30 June 2021 determined using the Binomial Lattice valuation model was approximately HK\$0.139 per option. The significant inputs into the model were weighted average share price of HK\$0.285 at the grant date, exercise price shown above, employee exit rate of 8.5%, an expected option life of 3 years, and an annual risk-free interest rate of 0.192%. The total fair value of the share options under such scheme amounted to approximately HK\$8,863,000, which were charged to the consolidated income statement during the period.

The closing price of the Company's shares immediately before the date of grant of share options on 21 May 2021 was HK\$0.285.

18. RELATED PARTY DISCLOSURES

Compensation of key management personnel

	Three months ended		Six months ended	
	30 June		30 June	
	2021	2020	2021	2020
	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Remuneration paid to key management personnel (including directors' remuneration)	<u>209,853</u>	<u>189,344</u>	<u>523,679</u>	<u>465,587</u>

The remuneration of the key management personnel of the Group is determined by having regard to the performance of individuals of the Group and market trends.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is a provider of transport and storage services to the logistics industry in Singapore, offering trucking and hubbing services to customers. Trucking services refer to the delivery of cargo, primarily containers, from the customers' designated pick up point to their designated delivery point. Hubbing services refer to the handling and storage of laden and empty containers at the Group's logistics yard or other locations designated by the customers.

Led by our experienced management team, we have developed a reputation as a reliable transport and hubbing services provider equipped with a large vehicle fleet that is capable of handling large volumes of customer orders.

Singapore's economy contracted a seasonally adjusted 2% in the second quarter of 2021 after the government reimposed restrictions in response to a spike in new outbreaks of COVID-19 cases. Economists expect it to get back on track quickly as global growth picks up and vaccination rates rise. With the government rolling back containment measures and working on increasing vaccination rates, the recovery should regain momentum over the coming months.

Our customers are mainly logistics service providers along the supply chain in Singapore, the cargoes that we transport for our customers include various types of plastic resin, scrap steel, waste paper products and others. These cargoes are mainly raw materials used in factory production, hence the resumption of activities in ports and factories will directly have a positive impact on our customers, and hence the Group.

Revenue

The Group's revenue comprised of revenue from provision of transport and hubbing services to the logistics industry in Singapore. For the six months ended 30 June 2021, the revenue of the Group increased by approximately S\$249,000 or approximately 1.9% to approximately S\$13,328,000 compared to the six months ended 30 June 2020. The increase was mainly attributable to the recovery and opening up of the global trade economy in the first quarter of 2021. The following table sets forth the revenue of the Group by revenue type for the periods indicated:

	Six months ended 30 June 2021		Six months ended 30 June 2020	
	<i>S\$'000</i>	<i>%</i>	<i>S\$'000</i>	<i>%</i>
Trucking services	10,921	81.9	10,675	81.6
Hubbing services	2,407	18.1	2,404	18.4
	<u>13,328</u>	<u>100.0</u>	<u>13,079</u>	<u>100.0</u>

Revenue from trucking services

Revenue from trucking services increased by approximately S\$246,000 to S\$10,921,000 for the six months ended 30 June 2021, representing approximately 2.3% increase. The increase was mainly due to the general increase in volume from our customers with the recovery of the global economy and opening of ports.

Revenue from hubbing services

Revenue from hubbing services remained constant. It is common for customers to request for us to truck the containers, and also provide storage space for these containers while waiting for vessels to arrive at port before we can truck the containers for export. Customers that require hubbing services are generally those whom have large volume in the import and export of goods, who are mainly freight forwarders and global logistics companies.

However, the increase in revenue from hubbing services will not be proportionate to the trend in revenue from trucking services due to the following reasons: (i) different customers and different job orders may have different service requirement, such as different sizes of containers and number of storage days, hence revenue earned will differ; and (ii) not all our customers require hubbing services.

Gross profit

The overall gross profit decreased from approximately S\$803,000 for the six months ended 30 June 2020 to approximately S\$764,000 for the six months ended 30 June 2021, mainly due to an increase in costs. The overall gross profit margin decreased from approximately 6.1% for the six months ended 30 June 2020 to approximately 5.7% for the six months ended 30 June 2021. The table below sets forth a breakdown of gross profit and gross profit margin by revenue type for the periods indicated:

	Six months ended 30 June 2021		Six months ended 30 June 2020	
	<i>S\$'000</i>	<i>Gross profit margin %</i>	<i>S\$'000</i>	<i>Gross profit margin %</i>
Trucking services	119	1.1%	(97)	-0.9%
Hubbing services	645	26.8%	900	37.4%
	<u>764</u>	<u>5.7%</u>	<u>803</u>	<u>6.1%</u>

Gross profit from trucking services

The gross profit margin for trucking services increased from a gross loss margin of approximately -0.9% for the six months ended 30 June 2020 to a gross profit margin of approximately 1.1% for the six months ended 30 June 2021 mainly due to the increase in trade volume. As more than 35% of the costs for trucking services pertained to fixed costs like wages and depreciation, the increase in revenue this quarter helped to cover these fixed costs, resulting in positive margin.

Gross profit from hubbing services

The gross profit margin for hubbing services decreased from 37.4% for the six months ended 30 June 2020 to approximately 26.8% for the six months ended 30 June 2021. From March 2021 onwards, it was noted that container ships arriving to berth at Singapore's port are facing longer waiting times. This exceptional situation is due to a combination of factors, including an unprecedented and volatile surge in cargo demand, congestion across all nodes in the global supply chain due to renewed lockdowns, a lack of usable empty containers while laden ones are held up longer at these nodes, and unreliability of shipping lines' vessel sailing schedule, causing further delays at almost every seaport worldwide. This has resulted in the turnaround time for container vessels to more than double as compared to the first two months of 2021, leading to higher storage costs incurred. We are in discussion with relevant parties on the increased costs.

Other income

Other income decreased by approximately S\$245,000 from approximately S\$779,000 for the six months ended 30 June 2020 to approximately S\$534,000 for the six months ended 30 June 2021. The decrease was mainly due to 1) a decrease in government grants that the Government introduced in 2020 to help Singapore businesses during the Covid-19 period, and 2) a lower exchange gain from the translation of cash balances maintained in Hong Kong dollars.

Administrative expenses

Administrative expenses increased by approximately S\$1,658,000 or 78.4% from approximately S\$2,114,000 for the six months ended 30 June 2020 to approximately S\$3,772,000 for the six months ended 30 June 2021. The increase is mainly due to a) the recognition of share option expense of approximately S\$1,521,000, which is related to the 64,000,000 share options granted to the directors of the Company and employees of the Group, and b) the gradual resumption of business in 2021, as compared to lesser office activity in 2020 due to the implementation of government control measures in Singapore.

Income tax expense

The Group's income tax expense was nil as a result of the Group being in a tax loss position.

Loss for the period

Due to the combined effect of the aforesaid factors, we recorded a loss of approximately S\$2,536,000 for the six months ended 30 June 2021, representing an increase in losses of approximately S\$1,957,000 as compared to the loss of approximately S\$579,000 for the six months ended 30 June 2020. Excluding the share option expense, the loss for the period would have been approximately S\$1,016,000 for the six months ended 30 June 2021, representing an increase in loss of approximately S\$437,000 as compared to the corresponding period in 2020.

Dividend

The Board takes into account the Group's overall results of operation, financial position and capital requirements, among other factors, in considering the declaration of dividends. The Board does not recommend the payment of dividend for the six months ended 30 June 2021.

Liquidity and Financial Resources

As at 30 June 2021, the Group had total assets of approximately S\$27,767,000 (31 December 2020: S\$28,784,000), which was financed by total liabilities and shareholders' equity (comprising share capital, share premium and reserves) of approximately S\$6,424,000 (31 December 2020: S\$8,957,000) and approximately S\$21,344,000 (31 December 2020: S\$19,827,000) respectively. The current ratio as at 30 June 2021 of the Group was approximately 7.1 times (31 December 2020: approximately 4.1 times).

As at 30 June 2021, the Group had cash and cash equivalents of approximately S\$12,489,000 (31 December 2020: S\$11,644,000) which were placed with major banks in Singapore and Hong Kong.

The loans and borrowings of the Group as at 30 June 2021 was approximately S\$4,668,000 (31 December 2020: S\$5,749,000). The gearing ratio (calculated based on loans and borrowings divided by total equity) of the Group as of 30 June 2021 was 21.9% (31 December 2020: 29.0%).

Capital structure

As at 30 June 2021, the Company's issued share capital amounted to HK\$7,680,000 divided by 768,000,000 Shares of HK\$0.01 each.

Foreign Exchange Exposure

The Group transacts mainly in Singapore dollars, which is the functional currency of all the Group's operating subsidiaries. However, the Group retains a large part of its proceeds from the Share Offer and Share Placement in Hong Kong dollars which contributed to an unrealised foreign exchange gain of approximately S\$42,000 as at 30 June 2021 as Hong Kong dollars appreciated against Singapore dollars.

Future Plans for Material Investments and Capital Assets

Save as disclosed in the prospectus of the Company dated 6 October 2017 (the "Prospectus") in relation to, among other matters, the listing of its shares on GEM on 18 October 2017 (the "Listing") and in this announcement, the Group did not have other plans for material investments or capital assets as of 30 June 2021.

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

During the six months ended 30 June 2021, the Group did not have any material acquisitions or disposals of subsidiaries, associates or joint ventures.

Significant Investments Held

The Group did not hold any significant investments during the six months ended 30 June 2021.

Contingent liabilities

Performance guarantees were given by financial institutions and insurance companies on behalf of the Group to certain suppliers. The Group in turn, provides a counter indemnity to the financial institutions and insurance companies. The aggregate amount of the performance guarantees given by the financial institutions and insurance companies was S\$660,000 as at 30 June 2021 (31 December 2020: S\$660,000).

Capital commitments

As at 30 June 2021, the Group has no capital commitments.

Employee Information and Remuneration Policies

As at 30 June 2021, the Group had an aggregate of 158 employees (31 December 2020: 166).

The employees of the Group are remunerated according to their job scope and responsibilities. The local employees are also entitled to discretionary bonus depending on their respective performance. The foreign workers are employed on one or two year contractual basis and are remunerated according to their work skills.

Total staff costs, including Directors' emoluments, amounted to approximately S\$5,131,000 for the six months ended 30 June 2021 (six months ended 30 June 2020: approximately S\$4,823,000).

The Group did not experience any significant problem with our employees or disruptions to our operations due to labour disputes, nor did the Group experience any difficulty in the recruitment and retention of experienced employees. The Group continues to maintain a good relationship with our employees.

Comparison of business objectives with actual business progress

Business strategies up to 30 June 2020 as stated in the Prospectus	Implementation plan	Actual business progress up to 30 June 2021
Purchase new vehicles to expand our current transportation fleet capabilities	— Purchase of 30 units of Euro VI compliant prime movers and 40 units of trailers	The Group has purchased 10 units of Euro VI and 15 units of trailers. ^[1]
Purchase a new office to incorporate an increase in our workforce	— Purchase an industrial unit with area of around 1,000 square feet located at Pioneer Junction as additional office space — Renovation of the new office	The Group has acquired an office unit and completed renovation.
Strengthen our information technology system	— Obtain quotation, finish installation and implementation test of tailor-made container tracing system — Obtain quotation, finish installation and implementation test of tailor-made enterprise resources planning system — Obtain quotation, purchase and finish installation and set-up of computer work stations, servers and ancillary equipment	The Group has finished installation of the system. The Group has finished installation of the system. The Group has purchased and finished installation and set-up of computer work stations, servers and ancillary equipment.
Expand our workforce to support our business expansion	— Hire one financial controller and two finance executives in finance department, and three operation staffs in operation departments — Hire additional 27 experienced truck drivers, with recruitment cost for the new workforce	The Group has hired a financial controller, finance executives and three operation staffs. The Group has hired 27 drivers, not factoring those drivers with a short turnover.

^[1] As at 30 June 2020, approximately HK\$26,062,000 was allocated for the enhancement of capacity for transport and storage services through acquisition of new vehicles. As stated in the Prospectus, the Group intended to use the net proceeds to acquire Euro VI compliant prime movers that are more environmentally friendly. Based on our initial understanding, Euro VI compliant prime movers was set to come into force in Singapore from 1 January 2018. However, Euro VI was only available in the market in the fourth quarter of 2018.

In addition, being in the transportation business, the Group is dependent on the global trade movement. 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 wait for better visibility on our customers' growth. As such, acquisition of 10 units of Euro VI was made in 2019, after its introduction in the market in the last quarter of 2018. The Group has purchased 15 units of trailers till date. 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.

Use of Proceeds from the Share Offer

	Planned use of proceeds as shown in the Prospectus (adjusted on a pro rata basis based on the actual net proceeds) <i>HK\$'000</i>	Amount of the net proceeds utilised up to 31 December 2017 <i>HK\$'000</i>	Amount of the net proceeds utilised up to 31 December 2018 <i>HK\$'000</i>	Amount of the net proceeds utilised up to 31 December 2019 <i>HK\$'000</i>	Amount of the net proceeds utilised up to 31 December 2020 <i>HK\$'000</i>	Amount of the net proceeds utilised up to	Unutilised amount as at 30 June 2021 ^[1] <i>HK\$'000</i>
						30 June 2021 <i>HK\$'000</i>	
Enhancement of capacity for transport and storage services through acquisition of new vehicles	26,062	—	—	8,823	8,823	9,169	16,893
Expansion and enhancement of workforce to support increased business activities	7,923	336	4,544	7,923	7,923	7,923	—
Information technology enhancement to support business activities	4,147	—	—	4,147	4,147	4,147	—
Purchase of office to incorporate an increase in workforce	2,619	—	—	—	—	1,704	915
Working capital and other general	2,365	2,365	2,365	2,365	2,365	2,365	—
	<u>43,116</u>	<u>2,701</u>	<u>6,909</u>	<u>23,258</u>	<u>23,258</u>	<u>25,308</u>	<u>17,808</u>

^[1] The unused proceeds are deposited in a licensed bank in Hong Kong.

As at the date of this announcement, the Board does not anticipate any changes to the plan as to the use of proceeds.

Share Placement

On 4 June 2021 the Company and Sorrento Securities Limited (the "Placing Agent") entered into an agreement (the "Placing Agreement"), pursuant to which the Placing Agent is appointed to procure, on a best efforts basis, Placees to subscribe for up to 128,000,000 Placing Shares at a price of HK\$0.118 per Placing Share (the "Placement"). The Placement was completed on 21 June 2021.

The Placing Price of HK\$0.118 per Placing Share was determined after arm's length negotiations between the Company and the Placing Agent and represents (i) a discount of approximately 18.6% to the closing price of HK\$0.145 per Share as quoted on the Stock Exchange on 4 June 2021, being the date of the Placing Agreement; and (ii) a discount of approximately 8.1% to the average closing price of HK\$0.1284 per Share as quoted on the Stock Exchange for the five consecutive trading days of the Shares immediately prior to the date of the Placing Agreement.

The Directors considered that the Placement would provide additional funding for the general working capital of the Group while broadening the capital base of the Company. The Directors are of the view that the Placement is an appropriate means of raising additional capital for the Company since it will provide the Company with immediate funding and the capital base of the Company will be enlarged.

The Company intends to apply the net proceeds from the Placement for general working capital of the Group. The net proceeds raised from the Placement were approximately HK\$14,625,000 (approximately S\$2,533,000) after deducting transaction costs.

No amount has been utilised up to 30 June 2021.

Prospects

The Group continues to strive towards providing customers with timely delivery and storage of their containers, continuing our growth strategy and enhancing overall competitiveness and market share in Singapore. In the first half of 2021, the Group saw a slight improvement in its business volume and the Singapore economy in general. In addition, estimates of Singapore's gross domestic product for 2021 continues to remain at 4% to 6%, barring a setback to the global economy.

We have already witnessed the impact of COVID-19 on trade activities, and we believe that the economy and our Group are better prepared for any new potential disruptions. The year promises to continue to be a challenging and volatile year for the Group. Management is constantly monitoring the global trade economy and in constant discussion with our customers to understand the situation and their needs.

The future plans of the Group are detailed in the section headed "Future Plans and Use of Proceeds" in the Prospectus. As disclosed in the Prospectus, the Company expects to: (a) maintain growth in the industry and enhance overall competitiveness and market share in Singapore; (b) increase service capacity through the acquisition of new vehicles; (c) enhance and expand the Group's workforce to keep up with the Group's business expansion; (d) purchase a new office to incorporate an increase in workforce; and (e) enhance the Group's information technology system. With the uncertainty in the global trade economy, the Group is cautious with its expansion plans.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND/OR SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30 June 2021, the interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) held by the Directors and chief executive of the Company (the "Chief Executive") which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register maintained by the Company pursuant to section 352 of the SFO, or which were notified to the Company and the Stock Exchange pursuant to rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

Long position in ordinary shares of the Company:

Name of director	Notes	Number of underlying shares held, capacity and nature of interest			Approximate percentage of the issued share capital
		Directly beneficially owner	Through controlled corporation	Total	
Mr. Chua Kang Lim	(1), (2)	6,400,000	58,205,000	64,605,000	8.41%
Ms. Chua Sui Feng	(2)	6,400,000	—	6,400,000	0.83%

Notes:

- (1) These shares are held by Ventris Global Limited ("Ventris"). The entire issued share capital of Ventris is legally and beneficially owned by Mr. Chua. Mr. Chua is deemed to be interested in the shares of the Company in which Ventris is interested under Part XV of the SFO.
- (2) On 21 May 2021, share options was granted to Mr. Chua Kang Lim and Ms. Chua Sui Feng. Each of them have 6,400,000 share options.

Long position in shares and underlying shares of associated corporations:

Name of associated corporation	Name	Capacity and nature of interest	Percentage of the associated corporation's share capital
Ventris Global Limited	Mr. Chua Kang Lim	Beneficial owner	100%

Save as disclosed above, as at 30 June 2021, none of the Directors and Chief Executive had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

EQUITY-SETTLED SHARE OPTION SCHEME

Share options were granted to eligible participants under a share option scheme approved and adopted by the shareholders of the Company on 27 September 2017 (“Share Option Scheme”) for the purpose of providing incentives and rewards to eligible participants who have contributed or will contribute to the growth and development of the Group.

Movement in the share options granted under the Share Option Scheme during the six months ended 30 June 2021 is set out below:

			Exercise price <i>HK\$</i>	Closing price per share immediately before the date of grant <i>HK\$</i>	No. of options granted during the six months ended 30 June 2021	No. of options exercised during the six months ended 30 June 2021	No. of options outstanding as at 30 June 2021	Approximate percentage of the underlying shares for the options in the issued shares of the Company
	Date of grant	Exercisable period						
Mr. Chua Kang Lim	21-May-21	21 May 2021 to 20 May 2024	0.285	0.285	6,400,000	—	6,400,000	0.77%
Ms. Chua Sui Feng	21-May-21	21 May 2021 to 20 May 2024	0.285	0.285	6,400,000	—	6,400,000	0.77%
Employees	21-May-21	21 May 2021 to 20 May 2024	0.285	0.285	51,200,000	—	51,200,000	6.15%
Total					<u>64,000,000</u>	<u>—</u>	<u>64,000,000</u>	<u>7.69%</u>

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTEREST AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

So far as the Directors and the Chief Executive are aware, as at 30 June 2021, other than the directors and chief executive, the following person had or were deemed or taken to have an interest and/or short position in the shares or the underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be recorded in the register of the Company required to be kept under section 336 of the SFO, or which would be, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other members of the Group:

Shareholder	Number of shares	Approximate percentage of shareholding	Capacity
Ventris Global Limited	58,205,000	7.58%	Beneficial owner
Dai Wangfei	79,000,000	10.29%	Beneficial owner
Wang Hufei	39,980,000	6.25%	Beneficial owner
Wang Xiumei	85,620,000	11.15%	Beneficial owner

Save as disclosed above, as at 30 June 2021, the Directors and the Chief Executive of the Company are not aware of any other person who had an interest or short position in the shares or underlying shares which would require to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of the Company.

DIRECTORS' INTEREST IN COMPETING BUSINESS

During the period under review, none of the Directors or the substantial shareholders or their respective associates (as defined in the GEM Listing Rules) of the Company had any interests in any businesses which competed or is likely to compete either directly or indirectly with the business of the Group.

PLEDGE OF ASSET

The Group's buildings with an aggregate carrying amount of approximately S\$876,000 (31 December 2020: approximately S\$899,000) were mortgaged to secure the Group's bank loans as at 30 June 2021.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2021.

COMPLIANCE OF CODE OF CONDUCT FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard of dealings and the code of conduct regarding securities transactions by directors adopted by the Company during the six months ended 30 June 2021.

COMPLIANCE WITH THE CORPORATE GOVERNANCE

The Company has adopted the principles and the code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix 15 to the GEM Listing Rules. During the six months ended 30 June 2021, the Company had complied with all the code provisions set out in the CG Code with the exception of the following deviation:

Code Provision A.2.1

Code Provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

Mr. Chua is acting as the chairman and the chief executive officer. In view of Mr. Chua being the founder of our Group, and his responsibilities in corporate strategic planning and overall business development, the Board believes that it is in the interests of both our Group and our Shareholders to have Mr. Chua taking up both roles for effective management and business development. Therefore, the Directors consider the deviation from Code Provision A.2.1 of the CG Code to be appropriate in such circumstance. The Board will continue to review the effectiveness of the corporate governance structure of the Group in order to assess whether separation of the roles of the chairman and chief executive officer is necessary.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with the Rules 5.28 and 5.29 of the GEM Listing Rules and Code Provision C.3.3 of the CG Code. The primary duties of our audit committee are, among other things, to review and supervise the financial reporting process and internal control systems of the Group. The audit committee consists of three independent non-executive Directors, namely Mr. Kwong Choong Kuen, who has the appropriate auditing and financial related management expertise and serves as the chairman of the audit committee, Mr. Dax Teo Tak Sin and Ms. Grace Choong Mai Foong. The audit committee has reviewed the accounting principles and policies adopted by the Group and the consolidated financial statements of the Group for the six months ended 30 June 2021 and is of the opinion that such results complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures had been made.

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

Singapore, 13 August 2021

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

This announcement will remain on the GEM website at www.hkgem.com on the “Latest Company Announcements” page for at least 7 days from the date of its publication and on the Company’s website at www.cnlimited.com.