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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)

THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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 the 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 revenue amounted to approximately S\$19,694,000 for the nine months ended 30 September 2021, representing an increase of approximately S\$229,000 or 1.2% as compared to the nine months ended 30 September 2020.
- The loss attributable to the owners of the Company was approximately S\$3,377,000 for the nine months ended 30 September 2021 as compared to a loss of approximately S\$761,000 for the nine months ended 30 September 2020. The difference of approximately S\$2,616,000 is mainly attributable to a decrease in government grants received and the share option expenses recognised during the nine months ended 30 September 2021.
- The Board does not recommend the payment of any dividend for the nine months ended 30 September 2021.

UNAUDITED THIRD QUARTERLY 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 three months and nine months ended 30 September 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 three months and nine months ended 30 September 2021

| | | Three months ended 30 September | | Nine months ended 30 September | |
|---|------|------------------------------------|-------------------------|-----------------------------------|-------------------------|
| | | 2021 | 2020 | 2021 | 2020 |
| | | S\$ | S\$ | S\$ | S\$ |
| | Note | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| Revenue | 3 | 6,365,367 | 6,385,840 | 19,693,542 | 19,465,244 |
| Cost of sales | | <u>(5,912,074)</u> | <u>(5,995,207)</u> | <u>(18,476,381)</u> | <u>(18,271,130)</u> |
| Gross profit | | 453,293 | 390,633 | 1,217,161 | 1,194,114 |
| Other income | 4 | 152,625 | 440,524 | 687,116 | 1,220,002 |
| Administrative expenses | | (1,412,017) | (979,057) | (5,193,739) | (3,093,488) |
| Finance costs | 5 | <u>(24,576)</u> | <u>(14,121)</u> | <u>(87,378)</u> | <u>(41,965)</u> |
| Loss before tax | 6 | (830,675) | (162,021) | (3,376,840) | (721,337) |
| Income tax expense | 7 | <u>—</u> | <u>(19,778)</u> | <u>—</u> | <u>(39,618)</u> |
| Loss for the period and total comprehensive loss for the period | | <u><u>(830,675)</u></u> | <u><u>(181,799)</u></u> | <u><u>(3,376,840)</u></u> | <u><u>(760,955)</u></u> |
| Basis and diluted loss per share | 8 | <u><u>(0.0011)</u></u> | <u><u>(0.0003)</u></u> | <u><u>(0.0049)</u></u> | <u><u>(0.0012)</u></u> |

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 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 loss for the period | — | — | — | (760,955) | (760,955) |
| At 30 September 2020 (unaudited) | <u>1,106,317</u> | <u>19,773,348</u> | <u>—</u> | <u>(1,002,162)</u> | <u>19,877,503</u> |
| At 1 January 2021 (audited) | 1,106,317 | 19,773,348 | — | (1,052,617) | 19,827,048 |
| Placing of shares | 221,658 | 2,310,905 | — | — | 2,532,563 |
| Share options issued | — | — | 1,520,706 | — | 1,520,706 |
| Issue of shares upon exercise of share options | 22,231 | 957,604 | (346,254) | — | 633,581 |
| Loss for the period and total comprehensive loss for the period | — | — | — | (3,376,840) | (3,376,840) |
| At 30 September 2021 (unaudited) | <u>1,350,206</u> | <u>23,041,857</u> | <u>1,174,452</u> | <u>(4,429,457)</u> | <u>21,137,058</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 quarterly 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 quarterly unaudited condensed financial statements were approved by the Board of Directors of the Company on 12 November 2021.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

These condensed consolidated financial statements should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2020, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") and the applicable disclosure requirements of the GEM Listing Rules. The accounting policies and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the annual consolidated financial statements, except for the adoption of the new and revised accounting standards which are relevant to the Group's operations and are effective for the Group's financial year beginning on 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 year.

An analysis of revenue is as follows:

| | Three months ended | | Nine months ended | |
|---------------------------------------|--------------------|------------------|-------------------|-------------------|
| | 30 September | | 30 September | |
| | 2021 | 2020 | 2021 | 2020 |
| | S\$ | S\$ | S\$ | S\$ |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| Revenue from contracts with customers | <u>6,365,367</u> | <u>6,385,840</u> | <u>19,693,542</u> | <u>19,465,244</u> |

Revenue from contracts with customers

(i) Disaggregated revenue information

| | Three months ended | | Nine months ended | |
|---|--------------------|------------------|-------------------|-------------------|
| | 30 September | | 30 September | |
| | 2021 | 2020 | 2021 | 2020 |
| | S\$ | S\$ | S\$ | S\$ |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| Type of goods or services | | | | |
| Trucking services | <u>5,226,542</u> | <u>5,258,110</u> | <u>16,147,909</u> | <u>15,933,086</u> |
| Hubbing services | <u>1,138,825</u> | <u>1,127,730</u> | <u>3,545,633</u> | <u>3,532,158</u> |
| | <u>6,365,367</u> | <u>6,385,840</u> | <u>19,693,542</u> | <u>19,465,244</u> |
| Timing of revenue recognition | | | | |
| Services transferred at a point in time | <u>5,226,542</u> | <u>5,258,110</u> | <u>16,147,909</u> | <u>15,933,086</u> |
| Services transferred over time | <u>1,138,825</u> | <u>1,127,730</u> | <u>3,545,633</u> | <u>3,532,158</u> |
| | <u>6,365,367</u> | <u>6,385,840</u> | <u>19,693,542</u> | <u>19,465,244</u> |

Geographical markets

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

(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 transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 30 September 2021 and 2020 are approximately S\$97,000 and S\$124,000 respectively, which are expected to be recognised in less than one year.

4. OTHER INCOME

| | Three months ended | | Nine months ended | |
|---|--------------------|----------------|-------------------|------------------|
| | 30 September | | 30 September | |
| | 2021 | 2020 | 2021 | 2020 |
| | S\$ | S\$ | S\$ | S\$ |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| Gain on disposal of property, plant and equipment | 41,336 | — | 55,393 | — |
| Foreign exchange (loss)/gain | 58,556 | (102,170) | 100,753 | 79,731 |
| Government incentives | 52,733 | 542,694 | 530,970 | 1,140,271 |
| | <u>152,625</u> | <u>440,524</u> | <u>687,116</u> | <u>1,220,002</u> |

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

5. FINANCE COSTS

| | Three months ended | | Nine months ended | |
|----------------------------------|--------------------|---------------|-------------------|---------------|
| | 30 September | | 30 September | |
| | 2021 | 2020 | 2021 | 2020 |
| | S\$ | S\$ | S\$ | S\$ |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| Interest on bank and other loans | 21,551 | 5,505 | 77,775 | 14,342 |
| Interest on lease liabilities | 3,025 | 8,616 | 9,603 | 27,623 |
| | <u>24,576</u> | <u>14,121</u> | <u>87,378</u> | <u>41,965</u> |

6. LOSS BEFORE TAX

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

| | Three months ended | | Nine months ended | |
|--|--------------------|-------------|-------------------|-------------|
| | 30 September | | 30 September | |
| | 2021 | 2020 | 2021 | 2020 |
| | S\$ | S\$ | S\$ | S\$ |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| Depreciation of property, plant and equipment | 512,233 | 411,888 | 1,456,007 | 1,241,777 |
| Amortisation of intangible assets | 19,922 | 19,923 | 59,767 | 59,767 |
| Depreciation of right-of-use assets | 22,606 | 224,278 | 153,329 | 670,735 |
| Employee benefits (excluding directors' remuneration) | | | | |
| — Salaries and wages | 1,725,160 | 1,799,636 | 6,066,841 | 5,762,120 |
| — CPF contribution | 161,199 | 150,142 | 519,797 | 479,407 |
| | 1,886,359 | 1,949,778 | 6,586,638 | 6,241,527 |
| Lease payments not included in the measurement of lease liabilities | 302,750 | 207,732 | 896,050 | 696,909 |
| Foreign exchange loss/(gain) | (58,556) | (102,170) | (100,753) | 79,731 |

7. INCOME TAX EXPENSE

| | Three months ended | | Nine months ended | |
|---------------------------------|--------------------|---------------|-------------------|---------------|
| | 30 September | | 30 September | |
| | 2021 | 2020 | 2021 | 2020 |
| | S\$ | S\$ | S\$ | S\$ |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| Current tax | | | | |
| — Singapore Corporate | | | | |
| Income Tax (“CIT”) | — | 19,778 | — | 39,618 |
| — Over-provision in prior years | — | — | — | — |
| | <u>—</u> | <u>19,778</u> | <u>—</u> | <u>39,618</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 financial periods.

Singapore corporate income tax has been provided at the rate of 17% (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 PER SHARE

| | Three months ended | | Nine months ended | |
|---|--------------------|--------------------|--------------------|--------------------|
| | 30 September | | 30 September | |
| | 2021 | 2020 | 2021 | 2020 |
| | S\$ | S\$ | S\$ | S\$ |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| Loss attributable to the owners of the Company | <u>(830,675)</u> | <u>(181,799)</u> | <u>(3,376,840)</u> | <u>(760,955)</u> |
| Weighted average number of ordinary shares in issue for the purpose of calculating loss per share | <u>774,329,670</u> | <u>640,000,000</u> | <u>689,647,059</u> | <u>640,000,000</u> |
| Basic and diluted loss per share | <u>(0.0011)</u> | <u>(0.0003)</u> | <u>(0.0049)</u> | <u>(0.0012)</u> |

The calculation of the basic loss per share is based on the loss for the period attributable to owners of the Company and the weighted average number of ordinary shares of 689,647,059 (2020: 640,000,000) in issue during the nine months ended 30 September 2021.

No adjustment has been made to the basic loss per share presented as the Group had no potentially dilutive ordinary shares in issue during those periods.

9. SHARE CAPITAL

| | Number of ordinary shares (Unaudited) | Nominal value of ordinary shares <i>HK\$</i> (Unaudited) | Share capital <i>(equivalent to S\$)</i> (Unaudited) |
|--|---|---|--|
| Ordinary share of HK\$0.01 each | | | |
| Authorised | | | |
| At 1 January 2020, 31 December 2020 and 30 September 2021 | <u>5,000,000,000</u> | <u>50,000,000</u> | |
| Issued and fully paid | | | |
| At 1 January 2020, 31 December 2020 and 1 January 2021 | 640,000,000 | 6,400,000 | 1,106,317 |
| Placing of shares | 128,000,000 | 1,280,000 | 221,658 |
| Issue of shares upon exercise of share options | <u>12,800,000</u> | <u>128,000</u> | <u>22,231</u> |
| At 30 September 2021 | <u>780,800,000</u> | <u>7,808,000</u> | <u>1,350,206</u> |

10. DIVIDEND

The Directors do not recommend the payment of dividend for the nine months ended 30 September 2021 (nine months ended 30 September 2020: nil).

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 GDP grew by 6.5% in the third 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.

FINANCIAL REVIEW

Revenue

The Group's revenue comprised of revenue from provision of transport and hubbing services to the logistics industry in Singapore. For the nine months ended 30 September 2021, the revenue of the Group increased by approximately S\$229,000 or approximately 1.2% to approximately S\$19,465,000 compared to the nine months ended 30 September 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:

| | Nine months ended 30 September 2021 | | Nine months ended 30 September 2020 | |
|-------------------|--|---------------------|--|---------------------|
| | <i>S\$'000</i> | % | <i>S\$'000</i> | % |
| Trucking services | 16,148 | 82.0 | 15,933 | 81.9 |
| Hubbing services | 3,546 | 18.0 | 3,532 | 18.1 |
| | <u>19,694</u> | <u>100.0</u> | <u>19,465</u> | <u>100.0</u> |

Revenue from trucking services

Revenue from trucking services increased by approximately S\$215,000 to S\$16,148,000 for the nine months ended 30 September 2021, representing approximately 1.3% 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 increased by approximately S\$14,000 to approximately S\$3,546,000. 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 increased from approximately S\$1,194,000 for the nine months ended 30 September 2020 to approximately S\$1,217,000 for the nine months ended 30 September 2021, mainly due to an increase in revenue. The overall gross profit margin remain stable at approximately 6.1% and 6.2% for the nine months ended 30 September 2020 and 2021 respectively. The table below sets forth a breakdown of gross profit and gross profit margin by revenue type for the periods indicated:

| | Nine months ended 30 September 2021 | | Nine months ended 30 September 2020 | |
|-------------------|--|--------------------------------------|--|--------------------------------------|
| | <i>S\$'000</i> | <i>Gross profit margin %</i> | <i>S\$'000</i> | <i>Gross profit margin %</i> |
| Trucking services | 246 | 1.5 | (276) | -1.7% |
| Hubbing services | 971 | 27.4 | 1,470 | 41.6% |
| | <u>1,217</u> | <u>6.2</u> | <u>1,194</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 -1.7% for the nine months ended 30 September 2020 to a gross profit margin of approximately 1.5% for the nine months ended 30 September 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 41.6% for the nine months ended 30 September 2020 to approximately 27.4% for the nine months ended 30 September 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 still in discussion with the relevant parties on the increased costs.

Other income

Other income decreased by approximately S\$533,000 from approximately S\$1,220,000 for the nine months ended 30 September 2020 to approximately S\$687,000 for the nine months ended 30 September 2021. The decrease was mainly attributed to a decrease in government grants that the government introduced in 2020 to help Singapore businesses during the COVID-19 period.

Administrative expenses

Administrative expenses increased by approximately S\$2,101,000 or 67.9% from approximately S\$3,093,000 for the nine months ended 30 September 2020 to approximately S\$5,194,000 for the nine months ended 30 September 2021. The increase is mainly due to the recognition of share option expenses during the nine months ended 30 September 2021.

Income tax expense

The Group's income tax expense decreased by S\$40,000 from approximately S\$40,000 to approximately S\$Nil for the nine months ended 30 September 2021. The decrease was mainly due to loss making incurred by Singapore subsidiary.

Loss for the period

Due to the combined effect of the aforesaid factors, we recorded an unaudited loss of approximately S\$3,377,000 for the nine months ended 30 September 2021, compared to the unaudited loss of approximately S\$761,000 for the nine months ended 30 September 2020.

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 September 2021.

Capital commitments

As at 30 September 2021, the Group has no capital commitment.

Prospects

The Group continues to strive towards providing customers with timely delivery and storage of their containers, enhancing overall competitiveness and market share in Singapore. In the first nine months of 2021, the Group continues to see increasing challenge with the unprecedented impact of COVID-19 on the global economic outlook, which also impacted the general economic and market conditions in Singapore and the industry in which we operate. This has affected the business operations to a large extent.

The last quarter of 2021 continues to be confronted by the impact of the COVID-19 pandemic. Management is continuously monitoring the situation and in constant discussion with our customers to understand their changing business 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.

Employee Information

As at 30 September 2021, the Group had an aggregate of 161 employees.

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\$7,427,000 for the nine months ended 30 September 2021 (nine months ended 30 September 2020: approximately S\$7,052,000).

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 September 2021, the interests and short positions of directors 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 (Cap. 571 of the Laws of Hong Kong) (the "SFO")) held by the Directors and chief executives of the Company (the "Chief Executives") 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:

DIRECTORS' INTEREST IN THE SHARES OF THE COMPANY

| Name of Director | Number of shares/Position | Percentage of shareholding | Capacity |
|-----------------------------------|---|----------------------------|---|
| Mr. Chua Kang Lim ("Mr. Chua") | 64,605,000 (<i>Note</i>) Long position | 8.27% | Interest of controlled company and beneficial owner |
| Ms. Chua Sui Feng | 6,400,000 Long position | 0.82% | Beneficial owner |

Note: 58,205,000 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.

DIRECTORS' INTEREST IN THE SHARES OF VENTRIS, AN ASSOCIATED CORPORATION OF THE COMPANY

| Director | Capacity/ Nature of interest | Number of shares in Ventris | Percentage of shareholding in Ventris |
|----------|---------------------------------|--------------------------------|---|
| Mr. Chua | Beneficial owner | 1 Long position | 100% |

Save as disclosed above, as at 30 September 2021, none of the Directors or the Chief Executive of the Company had any interests or short positions in the shares, debentures or underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be 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 required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

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 September 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/Position | Percentage of shareholding | Capacity |
|---------------------------|----------------------------------|-----------------------------------|------------------|
| 1. Ventris Global Limited | 58,205,000 | 7.45% | Beneficial owner |
| 2. Mr. Dai Wangfei | 79,000,000 | 10.12% | Beneficial owner |
| 3. Mr. Wang Hufei | 203,340,000 | 26.04% | Beneficial owner |

Save as disclosed above, as at 30 September 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' AND CONTROLLING SHAREHOLDERS' INTERESTS IN COMPETING BUSINESS

During the period under review, none of the Directors or the controlling shareholders of the Company or their respective close 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.

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 nine months ended 30 September 2021 is set out below:

| | Date of grant | Exercisable period | Exercise price <i>HK\$</i> | Closing price per share immediately before the date of grant <i>HK\$</i> | No. of options granted during the nine months ended 30 September 2021 | No. of options exercised during the nine months ended 30 September 2021 | No. of options outstanding as at 30 September 2021 | Approximate percentage of the underlying shares for the options in the issued shares of the Company |
|-------------------|---------------|----------------------------|-------------------------------|---|---|---|--|---|
| Mr. Chua Kang Lim | 21-May-21 | 21 May 2021 to 20 May 2024 | 0.285 | 0.285 | 6,400,000 | (6,400,000) | — | 0.82% |
| Ms. Chua Sui Feng | 21-May-21 | 21 May 2021 to 20 May 2024 | 0.285 | 0.285 | 6,400,000 | (6,400,000) | — | 0.82% |
| Employees | 21-May-21 | 21 May 2021 to 20 May 2024 | 0.285 | 0.285 | 51,200,000 | — | 51,200,000 | 6.56% |
| Total | | | | | <u>64,000,000</u> | <u>(12,800,000)</u> | <u>51,200,000</u> | <u>8.20%</u> |

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group had no material acquisitions or disposals of subsidiaries, associates and joint ventures during the period.

PLEDGE OF ASSET

The Group’s buildings with an aggregate carrying amount of approximately S\$864,590 were mortgaged to secure the Group’s bank loans as at 30 September 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 period.

EVENTS AFTER THE REPORTING DATE

The outbreak of novel coronavirus (COVID-19) continues to impact on the business operations of the Group, since it is a logistics company that is largely dependent on the global trade economy. At this point in time, management cannot determine the duration of the COVID-19 and therefore are not yet able to quantify the full financial impact. However, management will continue to closely monitor the evolving COVID-19 situation and assess the ongoing development and respond accordingly.

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 nine months ended 30 September 2021.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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 nine months ended 30 September 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 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.

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 nine months ended 30 September 2021.

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. Cheung Wai Kin, who has the appropriate auditing and financial related management expertise and serves as the chairman of the audit committee, Ms. Lo Suet Lai 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 nine months ended 30 September 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, 12 November 2021

As at the date of the announcement, the Board comprises three executive Directors, namely, Mr. Chua Kang Lim, Ms. Chua Sui Feng and Ms. Fung Mee Kuen; and three independent non-executive Directors, namely, Mr. Cheung Wai Kin, Ms. Lo Suet Lai 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.