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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)**

## **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 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 higher 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 revenue amounted to approximately S\$26,219,000 for the year ended 31 December 2021, representing a decrease of approximately S\$45,000 or 0.2% as compared to the year ended 31 December 2020.
- Total loss and comprehensive loss attributable to the owners of the Company was approximately S\$3,605,000 for the year ended 31 December 2021 as compared to a loss of approximately S\$811,000 for the year ended 31 December 2020. The difference is mainly attributable to (i) decrease in government grants received during the year ended 31 December 2021; and (ii) increase in staff cost due to recognition of share-based payments of approximately S\$1,521,000.
- The Board does not recommend the payment of any dividend for the year ended 31 December 2021.

## ANNUAL RESULTS

The Board of Directors (the “Board”) of the Company is pleased to present the consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2021, together with the comparative figures for the corresponding year, as follows:

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*Year ended 31 December 2021*

	<i>Notes</i>	<b>2021</b>	2020
		\$	\$
<b>Revenue</b>	5	<b>26,219,156</b>	26,263,891
Cost of sales		<u><b>(24,878,345)</b></u>	<u>(24,764,822)</u>
<b>Gross profit</b>		<b>1,340,811</b>	1,499,069
Other income	5	<b>742,828</b>	1,546,602
Administrative expenses		<b>(5,969,535)</b>	(3,977,633)
Finance costs	6	<u><b>(117,374)</b></u>	<u>(69,443)</u>
<b>Loss before tax</b>	7	<b>(4,003,270)</b>	(1,001,405)
Income tax credit	8	<u><b>398,335</b></u>	<u>189,995</u>
<b>Loss for the year and total comprehensive loss for the year</b>		<u><u><b>(3,604,935)</b></u></u>	<u><u>(811,410)</u></u>
<b>Loss per share attributable to ordinary equity holders of the Company</b>			
Basic and diluted	9	<u><u><b>(0.0051)</b></u></u>	<u><u>(0.0013)</u></u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*31 December 2021*

	<i>Notes</i>	2021 \$	2020 \$
<b>Non-current assets</b>			
Property, plant and equipment		9,388,975	9,491,718
Right-of-use assets		700,197	1,949,999
Intangible assets		212,510	292,200
Deferred tax assets		297,584	94,607
Deposits		52,500	52,500
		<hr/>	<hr/>
Total non-current assets		10,651,766	11,881,024
<b>Current assets</b>			
Trade receivables	10	3,843,489	4,494,439
Deposits and other receivables		132,138	184,595
Contract assets		1,323	25,685
Prepayments		561,227	51,177
Pledged deposits		503,642	503,517
Cash and bank balances		10,065,121	11,643,529
		<hr/>	<hr/>
Total current assets		15,106,940	16,902,942
<b>Current liabilities</b>			
Trade payables	11	1,032,651	1,244,185
Contract liabilities		—	188,691
Other payables and accruals	12	1,068,118	1,227,884
Loans and borrowings	13	1,476,449	1,444,915
		<hr/>	<hr/>
Total current liabilities		3,577,218	4,105,675
<b>Net current assets</b>		<hr/>	<hr/>
		11,529,722	12,797,267
<b>Total assets less current liabilities</b>		<hr/>	<hr/>
		22,181,488	24,678,291
<b>Non-current liabilities</b>			
Loans and borrowings	13	920,657	4,304,017
Deferred tax liabilities		351,868	547,226
		<hr/>	<hr/>
Total non-current liabilities		1,272,525	4,851,243
<b>Net assets</b>		<hr/>	<hr/>
		20,908,963	19,827,048
<b>Equity</b>			
Share capital	14	1,350,206	1,106,317
Reserves		19,558,757	18,720,731
		<hr/>	<hr/>
<b>Total equity</b>		<hr/>	<hr/>
		20,908,963	19,827,048

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION

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 in Hong Kong is 19th Floor, Prosperity Tower, 39 Queen's Road Central, Central, Hong Kong. The head office and principal place of business of the Group is 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.

### 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which collective term includes all applicable IFRSs, International Accounting Standards ("IASs") and Interpretations promulgated by the International Accounting Standards Board ("IASB") and the applicable disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the GEM Listing Rules. These consolidated financial statements have been prepared under the historical cost convention, except for the equity investment which has been measured at fair value. These consolidated financial statements are presented in Singapore dollars ("S\$") except when otherwise indicated. These consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2020 consolidated financial statements except for the adoption of the new/revised IFRSs that are relevant to the Group and effective from the current accounting period as detailed in note 3 to the announcement.

### 3. ADOPTION OF NEW/REVISED IFRSs

The Group has applied the following amendments to IFRSs issued by the IASB for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2021 for the preparation of the consolidated financial statements:

Amendments to IFRS 9, IAS 39, IFRS 7, Interest Rate Benchmark Reform — Phase 2  
IFRS 4 and IFRS 16

In addition, the group has early applied the Amendments to IFRS 16, COVID-19 — Related Rent Concessions beyond, 31 December 2021.

#### 4. 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 logistics yard to its customers.

Management monitors the operating results of the Group's business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that other income, non-lease-related finance costs, as well as corporate and other unallocated expenses are excluded from such measurement.

Segment assets exclude deferred tax assets, pledged deposits, cash and bank balances and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude tax payable, loans and borrowings (other than lease liabilities), deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

<b>Year ended 31 December 2021</b>	<b>Trucking</b>	<b>Hubbing</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Segment revenue</b> <i>(note 5)</i>			
Sales to external customers	21,496,842	4,722,314	<u>26,219,156</u>
<b>Segment results</b>	<b>438,806</b>	<b>902,005</b>	<b>1,340,811</b>
<i>Reconciliation</i>			
Other income			742,828
Finance costs (other than interest on lease liabilities)			(117,374)
Corporate and other unallocated expenses			<u>(5,969,535)</u>
Loss before tax			<u>(4,003,270)</u>
<b>Segment assets</b>	<b>12,057,416</b>	<b>1,875,245</b>	<b>13,932,661</b>
<i>Reconciliation</i>			
Deferred tax assets			297,584
Pledged deposits			503,642
Cash and bank balances			10,065,121
Corporate and other unallocated assets			<u>959,698</u>
Total assets			<u>25,758,706</u>
<b>Segment liabilities</b>	<b>1,272,130</b>	<b>189,409</b>	<b>1,461,539</b>
<i>Reconciliation</i>			
Loans and borrowings			2,397,106
Deferred tax liabilities			351,868
Corporate and other unallocated liabilities			<u>639,230</u>
Total liabilities			<u>4,849,743</u>
<b>Other segment information</b>			
Depreciation and amortisation	1,783,472	626,484	2,409,956
Unallocated amounts			<u>118,198</u>
			<u>2,528,154</u>
Capital expenditure*	272,430	889,226	<u>1,161,656</u>

\* Represents additions to property, plant and equipment and right-of-use assets

<b>Year ended 31 December 2020</b>	Trucking \$	Hubbing \$	Total \$
<b>Segment revenue</b> (note 5)			
Sales to external customers	21,673,030	4,590,861	<u>26,263,891</u>
<b>Segment results</b>	604,302	894,767	1,499,069
<i>Reconciliation</i>			
Other income			1,546,602
Finance costs (other than interest on lease liabilities)			(35,958)
Corporate and other unallocated expenses			<u>(4,011,118)</u>
Loss before tax			<u>(1,001,405)</u>
<b>Segment assets</b>	14,295,239	1,640,917	15,936,156
<i>Reconciliation</i>			
Deferred tax assets			94,607
Pledged deposits			503,517
Cash and bank balances			11,643,529
Corporate and other unallocated assets			<u>606,157</u>
Total assets			<u>28,783,966</u>
<b>Segment liabilities</b>	2,191,234	44,816	2,236,050
<i>Reconciliation</i>			
Loans and borrowings			5,185,955
Deferred tax liabilities			547,226
Corporate and other unallocated liabilities			<u>987,687</u>
Total liabilities			<u>8,956,918</u>
<b>Other segment information</b>			
Depreciation and amortisation	1,902,601	596,333	2,498,934
Unallocated amounts			<u>127,132</u>
			<u>2,626,066</u>
Capital expenditure*	50,912	470,000	<u>520,912</u>

\* Represents additions to property, plant and equipment and right-of-use assets

### Information about major customers

Revenue from each major customer which accounted for 10% or more of the Group's revenue is set out below:

	2021	2020
	\$	\$
Customer A	9,228,654	11,042,686
Customer B	3,938,252	3,385,967
Customer C	<u>2,852,310</u>	<u>2,712,541</u>

The revenue from the above major customers was derived from both the trucking and hubbing segments.

### Information about geographical areas

Since all of the Group's revenue and profit were generated from the provision of trucking and hubbing services in Singapore and all of the Group's non-current assets were located in Singapore for the years ended 31 December 2021 and 2020, no geographical segment information in accordance with IFRS 8 *Operating Segments* is provided.

## 5. REVENUE AND OTHER INCOME

Revenue represents the value of services rendered, net of GST, during the year.

An analysis of revenue is as follows:

	2021	2020
	\$	\$
Revenue from contracts with customers within the scope of IFRS 15	<u>26,219,156</u>	<u>26,263,891</u>

### Revenue from contracts with customers within the scope of IFRS 15

#### (i) Disaggregated revenue information

	2021	2020
	\$	\$
<b>Types of goods or services</b>		
Trucking services	21,496,842	21,673,030
Hubbing services	<u>4,722,314</u>	<u>4,590,861</u>
	<u>26,219,156</u>	<u>26,263,891</u>
<b>Timing of revenue recognition</b>		
Services transferred over time	<u>26,219,156</u>	<u>26,263,891</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:

	2021	2020
	\$	\$
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Trucking services	<u>188,691</u>	<u>140,431</u>

### **(ii) Performance obligations**

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

#### *Trucking income*

The performance obligation is satisfied over time when the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs, using output method.

#### *Hubbing income*

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

The amounts of transactions prices allocated to the performance obligations are expected to be recognised as revenue within one year.

The Group has applied the practical expedient in paragraph 121 of IFRS 15 such that the above information does not include information about revenue that the Group will be entitled to when it satisfied the remaining performance obligations under the contracts that had an original expected duration of one year or less.

### **Other income**

An analysis of other income is as follows:

	2021	2020
	\$	\$
Interest income	—	1,008
Gain on disposal of items of property, plant and equipment	55,953	—
Government grants	591,108	1,545,594
Exchange gain	<u>95,767</u>	<u>—</u>
	<u>742,828</u>	<u>1,546,602</u>

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

## 6. FINANCE COSTS

	2021	2020
	\$	\$
Interest on lease liabilities	26,163	33,485
Interest on bank borrowings	91,211	35,958
	<u>117,374</u>	<u>69,443</u>

## 7. LOSS BEFORE TAX

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

	2021	2020
	\$	\$
Employee benefits (excluding Directors' remuneration)		
— Salaries and wages	7,644,788	7,783,083
— CPF contributions	354,466	641,657
— Share-based payments	1,174,452	—
	<u>9,173,706</u>	<u>8,424,740</u>
Depreciation of property, plant and equipment	1,878,316	1,615,315
Amortisation of intangible assets	79,690	79,689
Depreciation of right-of-use assets	570,148	931,062
Lease payments not included in the measurement of lease liabilities	916,000	936,954
Auditor's remuneration		
— Current year	132,450	155,280
— Underprovision for prior years	91,688	—
	<u>224,138</u>	155,280
(Gain)/loss on disposal of items of property, plant and equipment	(55,953)	26,947
Exchange (gain)/loss, net	<u>(95,767)</u>	<u>30,411</u>

## 8. INCOME TAX CREDIT

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.

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

No Hong Kong profits tax has been provided since no assessable profit arose in Hong Kong during the year (2020: Nil).

The Singapore statutory income tax rate has been provided at the rate of 17% (2020: 17%) for the year. Income tax expense of the Group relates wholly to the taxable profits of its two operating subsidiaries which were taxed at the statutory tax rate of 17% in Singapore. Major components of income tax expense for the years ended 31 December 2021 and 2020 are:

	2021	2020
	\$	\$
Current tax — Singapore		
— Charge for the year	—	—
— Overprovision in respect of prior years	—	(98)
	<u>—</u>	<u>(98)</u>
Deferred tax		
— Origination and reversal of temporary differences	(322,176)	(201,429)
— (Over)/underprovision in respect of prior years	(76,159)	11,532
	<u>(398,335)</u>	<u>(189,897)</u>
Total income tax credit for the year	<u>(398,335)</u>	<u>(189,995)</u>

#### 9. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

	2021	2020
	\$	\$
Loss attributable to the ordinary equity holders of the Company	<u>(3,604,935)</u>	<u>(811,410)</u>
Weighted average number of ordinary shares in issue	<u>712,872,329</u>	<u>640,000,000</u>
Basic and diluted loss per share	<u>(0.0051)</u>	<u>(0.0013)</u>

The calculation of the basic loss per share is based on the loss for the year attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares in issue.

For the purpose of calculation of diluted loss per share, no adjustment has been made to the number of shares as the Company's potential ordinary shares in respect of outstanding share options have no dilutive effect for the year ended 31 December 2021. For the year ended 31 December 2020, the Company did not have any dilutive potential share to give rise to dilution effect.

## 10. TRADE RECEIVABLES

	2021	2020
	\$	\$
External parties	<u>3,843,489</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:

	2021	2020
	\$	\$
Less than 30 days	2,552,312	2,719,840
31 to 60 days	1,140,755	1,425,081
61 to 90 days	137,946	331,313
More than 90 days	<u>12,476</u>	<u>18,205</u>
Total	<u>3,843,489</u>	<u>4,494,439</u>

## 11. 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:

	2021	2020
	\$	\$
Less than 30 days	761,484	868,624
31 to 60 days	270,223	375,561
61 to 90 days	<u>944</u>	<u>—</u>
	<u>1,032,651</u>	<u>1,244,185</u>

## 12. OTHER PAYABLES AND ACCRUALS

	2021	2020
	\$	\$
Accrued liabilities	889,399	802,916
GST payable	120,607	143,272
Other payables	58,112	52,242
Deferred grant income	—	229,454
	<u>1,068,118</u>	<u>1,227,884</u>

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

## 13. LOANS AND BORROWINGS

	31 December 2021			2020		
	Effective interest rate (%)	Maturity	\$	Effective interest rate (%)	Maturity	\$
<i>Current:</i>						
Lease liabilities (note 14(b))	3.24%–3.26%	2022	452,804	2.69% to 3.26%	2021	346,313
Bank loans	<b>Bank’s Non-Residential Mortgage Board Rate (“NMBR”)</b>	2022		<b>Bank’s Non-Residential Mortgage Board Rate (“NMBR”)</b>	2021	
— secured			<u>1,023,645</u>			<u>1,098,602</u>
			<u>1,476,449</u>			<u>1,444,915</u>
<i>Non-current:</i>						
Lease liabilities (note 14(b))	3.26%	2023	73,403	2.69%	2022–2023	216,664
Bank loans	<b>Bank’s Non-Residential Mortgage Board Rate (“NMBR”)</b>	2023		<b>Bank’s Non-Residential Mortgage Board Rate (“NMBR”)</b>	2022–2026	
— secured			<u>847,254</u>			<u>4,087,353</u>
			<u>920,657</u>			<u>4,304,017</u>
Total			<u>2,397,106</u>			<u>5,748,932</u>

	2021	2020
	\$	\$
Analysed into:		
Bank loans:		
Within one year or on demand	1,023,645	1,098,602
In the second year	847,254	1,072,314
In the third to fifth years, inclusive	—	3,005,602
Beyond five years	—	9,437
	<u>1,870,899</u>	<u>5,185,955</u>
Lease liabilities:		
Within one year or on demand	452,804	346,313
In the second year	73,403	143,261
In the third to fifth years, inclusive	—	73,403
	<u>526,207</u>	<u>562,977</u>
	<u><u>2,397,106</u></u>	<u><u>5,748,932</u></u>

*Notes:*

**(a) Bank borrowings**

For the year ended 31 December 2021, the effective interest rates of the Group's bank loans at 2% (2020: 1.70% 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 \$853,878 (2020: \$899,090) as at 31 December 2021;
- (ii) time deposits with carrying amounts of \$503,642 (2020: \$503,517) as at 31 December 2021; and
- (iii) joint and several personal guarantees provided by the Directors.

## 14. SHARE CAPITAL

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

### Notes:

- (i) On 4 June 2021, the Company and a placing agent entered into a placing agreement in respect of the placement of 128,000,000 ordinary shares of HK\$0.01 each at a price of HK\$0.118 per share under general mandate, to not less than six placees who are independent third parties to the Group (the “Placement”). The Placement was completed on 21 June 2021. The net proceeds from the Placement amounted to approximately HK\$14,625,000 (equivalent to \$2,532,563) after deducting expense of approximately HK\$479,000 (equivalent to approximately \$86,732), under which \$221,658 and \$2,397,637 were credited to share capital and share premium respectively upon the issue of the new shares. The anticipated net proceeds of \$2,532,563 from the Placement would be utilised for the Group’s general working capital.
- (ii) The subscription rights attaching to 12,800,000 share options were exercised at the exercise price of HK\$0.285 per share, resulting in the issue of 12,800,000 shares for a total cash consideration, before expenses, of approximately HK\$3,648,000 (equivalent to \$633,581). An amount of approximately \$346,254 was transferred from the option reserve to share premium upon the exercise of the share options.

## 15. DIVIDEND

The Directors do not recommend the payment of any dividend for the year ended 31 December 2021 (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 the customers. Trucking services refer to the delivery of cargo, primarily containers, from our 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.

The ongoing COVID-19 pandemic and the mutation of the COVID-19 virus continues to be a challenge for the supply chain. However, Singapore's economy grew 7.6 per cent in 2021 amid the COVID-19 pandemic, rebounding from a recession in 2020, advance estimates released by the Ministry of Trade and Industry. As our customers are mainly logistics service providers along the supply chain in Singapore, the cargo that we transport for our customers include various types of plastic resin, scrap steel, paper products and others. These cargoes are mainly for import/export business, hence any disruptions in the global trade economy will directly impact 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 year ended 31 December 2021, the revenue of the Group slightly decreased by approximately S\$45,000 or approximately 0.2% to approximately S\$26,219,000 compared to the year ended 31 December 2020. The decrease was mainly attributable to the decrease in revenue from trucking services. The following table sets forth the revenue of the Group by revenue type for the periods indicated:

	2021		2020	
	<i>S\$'000</i>	%	<i>S\$'000</i>	%
Trucking services	<b>21,497</b>	<b>82.0</b>	21,673	82.5
Hubbing services	<b>4,722</b>	<b>18.0</b>	4,591	17.5
	<b><u>26,219</u></b>	<b><u>100.0</u></b>	<b><u>26,264</u></b>	<b><u>100.0</u></b>

### ***Revenue from trucking services***

Revenue from trucking services decreased by approximately S\$176,000 to S\$21,497,000 for the year ended 31 December 2021, representing a 0.8% decrease. The decrease was mainly the decrease in trade volume due to congestion across all nodes in the global supply chain (including depots, warehouses and seaports) due to renewed lockdowns, shortage of empty containers as laden ones are held up longer at these nodes, and volatile shipping lines' vessel sailing schedule.

### ***Revenue from hubbing services***

Revenue from hubbing services increased by 2.9% or approximately S\$131,000. 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 over for loading. 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/decrease in hubbing revenue 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.

For the year ended 31 December 2021, with the uncertainty in the global trade economy, there were numerous instances whereby our customers' vessels were delayed, or closure of destination ports that prevented timely shipping. These resulted in our customers hubbing their cargoes with us for extended periods of time, and hence the increase in revenue from hubbing services despite a decrease in revenue from trucking services.

## Gross profit

The overall gross profit decreased from approximately S\$1,499,000 for the year ended 31 December 2020 to approximately S\$1,341,000 for the year ended 31 December 2021, mainly due to competitive environment. The overall gross profit margin decreased from 5.7% for the year ended 31 December 2020 to 5.1% for the year ended 31 December 2021. The table below sets forth a breakdown of gross profit and gross profit margin by revenue type for the periods indicated:

	2021		2020	
	<i>S\$'000</i>	<i>Gross profit margin</i>	<i>S\$'000</i>	<i>Gross profit margin</i>
Trucking services	439	2.0	604	2.8%
Hubbing services	902	19.1	895	19.5%
	<u>1,341</u>	<u>5.1</u>	<u>1,499</u>	<u>5.7%</u>

### *Gross profit from trucking services*

The gross profit margin for trucking services decreased from approximately 2.8% for the year ended 31 December 2020 to approximately 2.0% for the year ended 31 December 2021 mainly due to the decrease in trade volume. As more than a third of the costs for trucking services pertained to fixed costs like wages and depreciation, a decrease in revenue will decrease the gross profit margin.

### *Gross profit from hubbing services*

The gross profit margin for hubbing services decreased from 19.5% for the year ended 31 December 2020 to approximately 19.1% for the year ended 31 December 2021 mainly due to disruptions and port closures in the global and local trade economy. Subcontractors had to be engaged to store containers for extended days due to the vessel delays hence increasing costs.

## Other income

Other income decreased by approximately S\$804,000 from approximately S\$1,547,000 for the year ended 31 December 2020 to approximately S\$743,000 for the year ended 31 December 2021. The decrease was mainly attributed to the decrease of the receipt of government grants mainly from the Jobs Support Scheme in 2020 to help Singapore businesses during the COVID-19 period.

## **Administrative expenses**

Administrative expenses comprised mainly of office expenses, staff costs, auditor's remuneration and compliance costs. Total administrative expenses increased to approximately S\$5,970,000 for the year ended 31 December 2021 from approximately S\$3,978,000 for the year ended 31 December 2020. The increase is mainly due to the share-based payment recognised in relation to the share options granted during the year.

## **Income tax credit**

The Group's income tax credit increase from approximately S\$190,000 to approximately S\$399,000 for the year ended 31 December 2021. The increase in income tax credit is mainly due to the Group being in a taxable loss position.

## **Loss for the year**

Due to the combined effect of the aforesaid factors, we recorded a loss of approximately S\$3,605,000 for the year ended 31 December 2021, representing an increase of approximately S\$2,794,000 as compared to the loss of approximately S\$811,000 for the year ended 31 December 2020.

## **Liquidity and Financial Resources and Capital Structure**

As at 31 December 2021, the Group had total assets of approximately S\$25,759,000 (2020: approximately S\$28,784,000), which is financed by total liabilities and shareholders' equity (comprising share capital, share premium and retained earnings) of approximately S\$4,850,000 (2020: approximately S\$8,957,000) and approximately S\$20,909,000 (2020: approximately S\$19,827,000) respectively. The current ratio as at 31 December 2021 of the Group was approximately 4.2 times (2020: approximately 4.1 times).

As at 31 December 2021, the Group had cash and cash equivalents of approximately S\$10,065,000 (2020: approximately S\$11,644,000) which were placed with major banks in Singapore and Hong Kong.

The loans and borrowings of the Group as at 31 December 2021 was approximately S\$2,397,000 (2020: approximately S\$5,749,000). The gearing ratio (calculated based on loans and borrowings divided by total equity) of the Group as of 31 December 2021 was 11.5% (2020: 29.0%).

## **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 in Hong Kong dollars which contributed to a foreign exchange gain of approximately S\$96,000 (2020: loss of approximately S\$30,000) as Hong Kong dollars appreciated (2020: depreciated) against Singapore dollars.

## **Future Plans for Material Investments and Capital Assets**

Save as disclosed in the Company's prospectus dated 6 October 2017 (the "Prospectus") and in this announcement, the Group did not have other plans for material investments or capital assets as of 31 December 2021.

## **Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures**

During the year ended 31 December 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 year ended 31 December 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\$695,000 as at 31 December 2021 (2020: S\$660,000).

## **Capital Commitments**

As at 31 December 2021, the Group had no capital commitment (2020: Nil).

## **Employee Information and Remuneration Policies**

As at 31 December 2021, the Group had an aggregate of 170 employees (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\$10,255,000 for the year ended 31 December 2021 (2020: approximately S\$9,166,000).

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 2019 as stated in the Prospectus	Implementation plan	Actual business progress up to 31 December 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 11 units of Euro VI and 15 units of trailers. <sup>1</sup>
Purchase a new office to incorporate an increase in our workforce	<ul style="list-style-type: none"> <li>— Purchase an industrial unit with area of around 1,000 square feet located at Pioneer Junction as additional office space</li> <li>— Renovation of the new office</li> </ul>	The Group has purchased an office unit located at Pioneer Junction. <sup>2</sup>
Strengthen our information technology system	<ul style="list-style-type: none"> <li>— Obtain quotation, finish installation and implementation test of tailor-made container tracing system</li> <li>— Obtain quotation, finish installation and implementation test of tailor-made enterprise resources planning system</li> <li>— Obtain quotation, purchase and finish installation and set-up of computer work stations, servers and ancillary equipment</li> </ul>	<p>The Group has finished installation of the system.</p> <p>The Group has finished installation of the system.</p> <p>The Group has purchased and finished installation and set-up of computer work stations servers and ancillary equipment.</p>
Expand our workforce to support our business expansion	<ul style="list-style-type: none"> <li>— Hire one financial controller and two finance executives in finance department, and three operation staffs in operation departments</li> <li>— Hire additional 27 experienced truck drivers, with recruitment cost for the new workforce</li> </ul>	<p>The Group has hired a financial controller, finance executives and three operation staffs.</p> <p>The Group has hired 27 drivers, not factoring those drivers with a short turnover.</p>

<sup>1</sup> As at 30 June 2019, 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 also purchased 10 units of trailers. During the year ended 31 December 2021, the Group has also purchased 1 Unit of Euro VI and 5 units of trailers. The Group will continue to monitor the market to time the acquisition of the remaining vehicles with the expected completion date in end of 2022.

- <sup>2</sup> As at 30 June 2019, approximately HK\$2,619,000 was allocated for the purchase of a new office to incorporate an increase in our workforce. Up to the date of the report, the Group has completed the purchase in June 2021.

## Use of Proceeds from Share Offer

Planned use of proceeds as shown in the Prospectus (adjusted on a pro rata basis based on the actual net proceeds)	Amount of the net proceeds utilised up to 31 December 2017	Amount of the net proceeds utilised up to 31 December 2018	Amount of the net proceeds utilised up to 31 December 2019	Amount of the net proceeds utilised up to 31 December 2020	Amount of the net proceeds utilised up to 31 December 2021	Unutilised amount as at 31 December 2021 <sup>1</sup>
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Enhancement of capacity for transport and storage services through acquisition of new vehicles	26,062	—	—	8,823	8,823	16,009
Expansion and enhancement of workforce to support increased business activities	7,923	336	4,544	7,923	7,923	—
Information technology enhancement to support business activities	4,147	—	—	4,147	4,147	—
Purchase of office to incorporate an increase in workforce	2,619	—	—	—	—	779
Working capital and other general	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>16,788</u>

- <sup>1</sup> 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.

## **Use of Proceeds from the Placing**

On 21 June 2021, the net proceeds from the placing, after deduction of the professional fee and other related expenses, are approximately HK\$14.6 million. The Company intends to apply the entire net proceeds from the Placing for the general working capital of the Group as follows: (i) approximately 70% of the net proceeds, or approximately HK\$10.2 million will be applied for the staff costs; and (ii) approximately 30% of the net proceeds, or approximately HK\$4.4 million will be applied for the professional expenses and office expenses, including office maintenance and telecommunications. As at 31 December 2021, the net proceeds from the placing is used as intended.

## **Prospects**

2021 has been a challenging year for the Group, with the COVID-19 pandemic causing great uncertainty to the general economic and market conditions in Singapore and the industry in which we operate. The global economic recovery faces risks from mounting price pressures due to supply chain disruptions, shortage of shipping containers and rising energy costs amid tensions involving Russia and Ukraine. Besides, persistent supply chain bottlenecks, alongside rising energy prices due to geopolitical tensions, have also exacerbated global inflationary pressures. This has affected our business operations to a large extent.

While the Singapore's economy grew by 7.6% in 2021, Singapore is expecting recovery and forecasted its gross domestic product (GDP) to grow at 3% to 5% in 2022 with the opening of the global markets. Management is continuously monitoring the situation and in constant discussion with our customers to understand their changing business needs. Additionally, the Group continues to strive to provide customers with timely delivery and storage of their containers, execute our growth strategy in the industry, as well as enhance overall competitiveness and market share in Singapore.

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.

## **Pledge of Assets**

As at 31 December 2021, the carrying amounts of the Group's properties and bank deposits of S\$853,878 and S\$503,642 respectively were pledged for the Group's secured bank loans.

## Share Option Scheme

The Company has a share option scheme (the “Share Option Scheme”) which was approved and adopted by the sole shareholder of the Company by way of written resolutions passed on 25 September 2017. Details of the Share Option Scheme can be found on Appendix IV to the Prospectus.

Movement in the share options granted under the Share Option Scheme during the year ended 31 December 2021 is set out below:

	Date of grant	Exercisable period	Exercise price HK\$	Closing price per share immediately before the date of grant HK\$	No. of options granted during the year ended 31 December 2021	No. of options exercised during the year ended 31 December 2021	No. of options outstanding as at 31 December 2021	Approximate percentage of the underlying shares for the options in the issued shares of the Company as at 31 December 2021
Mr. Chua Kang Lim (“Mr. Chua”)	21 May 2021	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 2021	21 May 2021 to 20 May 2024	0.285	0.285	6,400,000	(6,400,000)	—	0.82%
Employees (note 1)	21 May 2021	21 May 2021 to 20 May 2024	0.285	0.285	51,200,000	—	51,200,000	6.56%
Total					64,000,000	(12,800,000)	51,200,000	8.20%

### Note:

- Options have been granted to 8 employees. Each of them have 6,400,000 Options.

## COMPETING BUSINESS

For the year ended 31 December 2021, none of the Directors, controlling shareholder or their respective close associates (as defined in the GEM Listing Rules) has any interests in a business that competes or is likely to compete either directly or indirectly with the business of the Group.

## 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 year ended 31 December 2021.

## COMPLIANCE WITH THE CORPORATE GOVERNANCE

The code provisions of the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules (the “CG Code”) are applicable to the Company commencing from 18 October 2017, the date of Listing. The Company has adopted the code provisions, where applicable, upon Listing. For the period under review, 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 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.

## **SUFFICIENCY OF PUBLIC FLOAT**

Based on information that is publicly available to the Company and within the knowledge of the Directors as at the date of this announcement, the Company has maintained the prescribed public float under the GEM Listing Rules.

## **EVENTS AFTER THE REPORTING PERIOD**

### **Grant of share options**

On 20 January 2022, 62,464,000 share options were granted to eight employees with exercise price of HK\$1.00 per share entitling to subscribe for 62,464,000 shares of the Company. For details, please refer to the Company's announcement dated 20 January 2022.

## **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 year ended 31 December 2021.

## **REQUIRED STANDARD OF DEALINGS FOR DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted the required standard of dealings regarding securities transactions by the Directors as set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the "Required Standard of Dealings"). The Company had made specific enquiries with all the Directors and each of them had confirmed his/her compliance with the Required Standard of Dealings during the year ended 31 December 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. Wong Shuk Yee Camilla. The audit committee has reviewed the accounting principles and policies adopted by the Group and the consolidated financial statements of the Group for the year ended 31 December 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.

## REVIEW OF PRELIMINARY ANNOUNCEMENT OF RESULTS BY THE INDEPENDENT AUDITORS

### Scope of work of McMillan Woods (Hong Kong) CPA Limited

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2021 as set out in the preliminary announcement have been agreed by the Group's auditors, McMillan Woods (Hong Kong) CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by McMillan Woods (Hong Kong) CPA Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by McMillan Woods (Hong Kong) CPA Limited on the preliminary announcement.

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

Hong Kong, 28 March 2022

*As at the date of this announcement, the Board comprises Mr. Chua Kang Lim, Ms. Chua Sui Feng and Ms. Fung Mee Kuen as executive Directors, and Mr. Cheung Wai Kin, Ms. Wong Shuk Yee Camilla and Ms. Lo Suet Lai as independent non-executive Directors.*

*This announcement will remain on the GEM website at [www.hkgem.com](http://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](http://www.cnlimited.com).*