C&N Holdings Limited
春能控股有限公司*

Incorporated in the Cayman Islands with limited liability

Stock Code: 8430

2018 Annual Report

* For identification purpose only

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 Stock Exchange. 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.

Contents

Corporate Information

EXECUTIVE DIRECTORS

Mr. Chua Kang Lim
Ms. Chua Sui Feng

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Dax Teo Tak Sin
Mr. Kwong Choong Kuen
Ms. Grace Choong Mai Foong

COMPANY SECRETARY

Mr. Chang Man Leong

AUTHORISED REPRESENTATIVES

(for the purposes of the GEM Listing Rules)
Mr. Chua Kang Lim
Mr. Chang Man Leong

AUTHORISED REPRESENTATIVES

(for the purposes of the Companies Ordinance)
Mr. Chang Man Leong

AUDIT COMMITTEE

Mr. Kwong Choong Kuen *(Chairman)*
Mr. Dax Teo Tak Sin
Ms. Grace Choong Mai Foong

REMUNERATION COMMITTEE

Mr. Dax Teo Tak Sin *(Chairman)*
Mr. Kwong Choong Kuen
Ms. Grace Choong Mai Foong

NOMINATION COMMITTEE

Ms. Grace Choong Mai Foong *(Chairwoman)*
Mr. Dax Teo Tak Sin
Mr. Kwong Choong Kuen

REGISTERED OFFICE

Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS

3 Soon Lee Street #06–03, Pioneer Junction, Singapore 627606

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

19th Floor, Prosperity Tower, 39 Queen's Road Central, Central, Hong Kong

Corporate Information

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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AUDITORS

Ernst & Young
Certified Public Accountants
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COMPLIANCE ADVISER

Vinco Capital Limited
Units 4909–4910 49/F, The Center, 99 Queen's Road, Central, Hong Kong

PRINCIPAL BANKER

DBS Bank Ltd
12 Marina Bay Boulevard, Level 3 Marina Bay Financial Centre Tower 3, Singapore 018982

COMPANY WEBSITE

www.cnlimited.com

STOCK CODE

8430

Chairman's Statement

TO OUR SHAREHOLDERS

On behalf of the board (the "Board") of directors (the "Directors") of C&N Holdings Limited (the "Company", together with its subsidiaries, the "Group"), I present the annual results of the Group for the year ended 31 December 2018, together with the comparative figures for the year ended 31 December 2017.

The overall operating environment was challenging for the Group in the past year. The Group saw increasing challenge with the uncertainly in the global trade economy that has impacted the general economic and market conditions in Singapore and the industry in which we operate, which has affected the business operations to a certain extent. 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, paper products and others. These cargoes are mainly for import/export business, hence any uncertainty in the global trade economy will directly impact our customers, and hence the Group.

REVIEW

Our Group's revenue comprised of revenue from provision of transport and storage services to the logistics industry in Singapore. For the year ended 31 December 2018, the revenue of the Group decreased by approximately S$1,422,000 or approximately 4.6% to approximately S$29,400,000 compared to the year ended 31 December 2017. The decrease was mainly attributable to the increasing challenge and uncertainty in the global trade economy. In line with the decrease in revenue, the Group's gross profit decreased by approximately S$2,295,000 from approximately S$6,835,000 for the year ended 31 December 2017 to approximately S$4,540,000 for the year ended 31 December 2018. Gross profit margin decreased from 22.2% for the year ended 31 December 2017 to 15.4% for the year ended 31 December 2018. The decrease in gross profit margin is attributable to: a) increase in fuel costs with an increase in diesel prices; and b) decrease in revenue as mentioned above. As more than a third of the Group's cost of sales are made up of fixed costs including depreciation, wages and rental expense, a decrease in revenue will decrease gross profit margin as the fixed costs remain relatively similar.

The Group recorded a profit for the year of approximately S$467,000 for the year ended 31 December 2018 compared to a loss for the year of approximately S$406,000 for the year ended 31 December 2017. If the one-off listing expenses incurred in the year ended 31 December 2017 of approximately S$3,108,000 were excluded, the Group would have recorded a profit for the year ended 31 December 2017 of approximately S$2,702,000, representing a decrease of approximately S$2,235,000. This was due to the combined effect of lower revenue and gross profit exacerbated by higher administrative expenses.

PROSPECTS

The Group continues to strive to provide customers with timely delivery and storage of their containers, continue our growth strategy and enhance overall competitiveness and market share in Singapore. Management is constantly monitoring the global trade economy and in constant discussion with our customers to understand the situation and their needs.

APPRECIATION

On behalf of the Board, I would like to thank shareholders and our business partners, suppliers and customers for their continuous support to the Group. My heartfelt appreciation also goes to our management and colleagues for their dedication and valuable contributions to the Group in the past year. We will pragmatically develop our business, seize market opportunities and strive for the best return for our shareholders.

Chua Kang Lim
Chairman, executive Director and chief executive officer

25 March 2019

BUSINESS REVIEW

The Group is a provider of transport and storage services to the logistics industry in Singapore. We offer trucking and hubbing services to our 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 our logistics yard or other locations designated by our customer(s).

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.

FINANCIAL REVIEW

Revenue

Our 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 2018, the revenue of the Group decreased by approximately S$1,422,000 or approximately 4.6% to approximately S$29,400,000 compared to the year ended 31 December 2017. The decrease was mainly attributable to the increasing challenge and uncertainty in the global trade economy. The following table sets forth the revenue of our Group by revenue type for the periods indicated:

	2018		2017	
	S$'000	***%***	*S$'000*	*%*
Trucking services	**23,685**	**80.6**	25,620	83.1
Hubbing services	**5,715**	**19.4**	5,202	16.9
	29,400	**100.0**	30,822	100.0

Revenue from trucking services

Revenue from trucking services decreased by approximately S$1,935,000 to S$23,685,000 for the year ended 31 December 2018, representing a 7.6% decrease. The decrease is mainly due to the uncertainty in the global trade economy. 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, paper products and others. These cargoes are mainly for import/export business, hence any uncertainty in the global trade economy will directly impact our customers, and hence the Group.

Management Discussion and Analysis

Revenue from hubbing services

Revenue from hubbing services increased by 9.9% or approximately S$513,000. 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, mainly including freight forwarders and global logistics companies.

However, the increase/decrease in hubbing revenue will not be proportionate to the increase/decrease in trucking revenue 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.

In 2018, with the uncertainty in the global trade economy, there were numerous instances whereby our customers' vessels were delayed, or there were unforeseen situations at the ports of destination that prevented timely shipping. These resulted in our customers hubbing their cargoes with us for extended periods of time, and hence the increase in hubbing revenue despite a decrease in trucking revenue.

Gross Profit

The overall gross profit decreased from approximately S$6,835,000 for the year ended 31 December 2017 to approximately S$4,540,000 for the year ended 31 December 2018, mainly due to a decrease in revenue from trucking services and increase in cost of sales. The overall gross profit margin decreased from 22.2% for the year ended 31 December 2017 to 15.4% for the year ended 31 December 2018. The table below sets forth a breakdown of gross profit and gross profit margin by revenue type for the periods indicated:

	2018		2017	
	S$'000	***Gross profit margin***	*S$'000*	*Gross profit margin*
Trucking services	**1,625**	**6.9%**	4,255	16.6%
Hubbing services	**2,915**	**51.0%**	2,580	49.6%
	4,540	**15.4%**	6,835	22.2%

Gross profit from trucking services

The gross profit margin for trucking services decreased from 16.6% for the year ended 31 December 2017 to 6.9% for the year ended 31 December 2018 mainly due to: a) increase in fuel costs with an increase in diesel prices; and b) decrease in revenue as mentioned above. As more than a third of the cost of sales for trucking services are made up of fixed costs including depreciation and wages, a decrease in revenue will decrease gross profit margin as the fixed costs remain relatively similar.

Gross profit from hubbing services

The gross profit margin for hubbing services increased from 49.6% for the year ended 31 December 2017 to 51.0% for the year ended 31 December 2018 mainly due to an increase in hubbing revenue. As more than half of the cost of sales for hubbing services are made up of fixed costs including rental expenses, depreciation and wages, an increase in revenue will increase gross profit margin.

Other Income

Other income increased by approximately S$127,000 from approximately S$284,000 for the year ended 31 December 2017 to approximately S$411,000 for the year ended 31 December 2018. The increase was mainly attributed to a foreign exchange gain of S$124,000 with the depreciation of Singapore dollar against Hong Kong dollar for the cash balance maintained in Hong Kong bank.

Administrative Expenses

Administrative expenses comprised mainly of office expenses, staff costs, auditor's remuneration, and compliance costs. Total administrative expenses decreased from approximately S$6,753,000 in the year ended 31 December 2017 to approximately S$4,154,000 in the year ended 31 December 2018.

Staff costs comprised of Directors' remuneration and remuneration of support staff from the accounts and finance, operations and marketing departments. Staff costs increased by approximately S$686,000 due to annual salary increment and increased bonus payout.

For the year ended 31 December 2017, the Group incurred listing expenses of approximately S$3,108,000 for the listing of the shares of the Company.

Income Tax

The Group's income tax expense decreased by approximately S$424,000 from approximately S$597,000 to approximately S$173,000 for the year ended 31 December 2018. The decrease in tax expense is mainly due to the incurrence of listing expenses in 2017, which was non-deductible for tax purposes.

Profit/(Loss) for the Year

Due to the combined effect of the aforesaid factors, we recorded a profit of approximately S$467,000 for the year ended 31 December 2018, representing an increase of approximately S$874,000 as compared to the loss of S$406,000 for the year ended 31 December 2017.

If the one-off listing expenses incurred in the year ended 31 December 2017 of approximately S$3,108,000 were excluded, the Group would have recorded a profit for the year ended 31 December 2017 of approximately S$2,702,000, representing a decrease of approximately S$2,235,000. This was due to the combined effect of lower revenue and gross profit exacerbated by higher administrative expenses.

Liquidity and Financial Resources and Capital Structure

As at 31 December 2018, the Group had total assets of approximately S$29,628,000 (2017: S$30,355,000), which is financed by total liabilities and shareholders' equity (comprising share capital, share premium and reserves) of approximately S$8,009,000 (2017: S$9,204,000) and approximately S$21,619,000 (2017: S$21,151,000) respectively. The current ratio as at 31 December 2018 of the Group was approximately 3.0 times (2017: approximately 2.7 times).

As at 31 December 2018, the Group had cash and cash equivalents of approximately S$8,703,000 (2017: S$9,093,000) which were placed with major banks in Singapore and Hong Kong.

Management Discussion and Analysis

The total interest-bearing finance leases and bank borrowings of the Group as at 31 December 2018 was approximately S$4,579,000 (2017: S$5,039,000). The gearing ratio (calculated based on interest-bearing liabilities divided by total equity) of the Group as of 31 December 2018 was 21.2% (2017: 23.8%).

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 an unrealised foreign exchange gain of approximately S$124,000 (2017: loss of approximately S$104,000) as Hong Kong dollars appreciated (2017: 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 report, the Group did not have other plans for material investments or capital assets as of 31 December 2018.

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

During the financial year ended 31 December 2018, 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 2018.

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 31 December 2018 (2017: S$640,000).

Capital Commitments

As at 31 December 2018, the Group has commitment of approximately S$37,000 for the implementation and set-up of the container tracking system.

Employee Information and Remuneration Policies

As at 31 December 2018, the Group had an aggregate of 175 employees (2017: 175).

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$9,721,000 for the year ended 31 December 2018 (2017: S$9,254,000).

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 31 December 2018 as stated in the Prospectus	Implementation plan	Actual business progress up to 31 December 2018
Purchase new vehicles to expand our current transportation fleet capabilities	— Purchase of 25 units of Euro VI compliant prime movers and 40 units of trailers	The Group has not purchased any prime movers or trailers.[1]
Purchase a new office to incorporate an increase in our workforce	— Purchase a new office with area of around 1,000 square feet located at Pioneer Junction	The Group is still sourcing for a satisfactory office unit.[2]
	— Renovation of the new office	
Strengthen our information technology system	— Obtain quotation, finish installation and implementation test of tailor-made container tracing system	The Group has obtained quotation for the container tracing system.[3]
	— Obtain quotation, finish installation and implementation test of tailor-made enterprise resources planning system	The Group has obtained a preliminary quotation for tailor-made enterprise resources planning system.[3]
	— Obtain quotation, purchase and finish installation and set-up of computer work stations, servers and ancillary equipment	The Group has obtained a preliminary quotation for hardware and equipment.[3]
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	The Group has hired a financial controller, a finance executive and three operation staff.
	— Hire additional 27 experienced truck drivers, with recruitment cost for the new workforce	The Group has hired 12 drivers, not factoring those drivers with a short turnover.

[1] As at 31 December 2018, approximately HK$23,704,000 allocated for the enhancement of capacity for transport and storage services through acquisition of new vehicles has not been used by the Group. 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.

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 put the Group's expansion plans on hold until the Group can have better visibility on our customers' growth. As such, no acquisition of Euro VI was made after its introduction in the market in the last quarter of 2018. Purchase of trailers was consequently delayed.

Management Discussion and Analysis

[2] As at 31 December 2018, approximately HK$2,619,000 was allocated for the purchase of a new office to incorporate an increase in our workforce. Till the date of the report, the Group has spoken to 2 owners of office units located at our current area that had intention to sell. However, both units were priced above market price, which the Group is not willing to pay. The Group is currently sourcing for other alternate unit.

[3] As at 31 December 2018, approximately HK$4,147,000 was allocated for information technology enhancement to support business activities through the installation and implementation of a) tailor-made container tracing system, and b) tailor-made enterprise resources planning system that will integrate with the container tracing system. Additional computer work stations, servers and ancillary equipment will be acquired to support the new systems. As the initial supplier's system was not suitable for the Group's business, we have sourced for another supplier, and testing is currently being carried out, and expected to be implemented by 1H 2019. Once the system is successfully implemented, the Group will proceed with the enterprise resources planning system and hardware acquisition.

Use of Proceeds

	Planned use of proceeds as shown in the Prospectus (adjusted on a pro rata basis based on the actual net proceeds)	Planned use of proceeds as shown in the Prospectus from the date of the Listing to 31 December 2018 (adjusted on a pro rata basis based on the actual net proceeds)	Actual use of proceeds from the date of the Listing to 31 December 2018	Unutilised amount as at 31 December 2018 [1]
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Enhancement of capacity for transport and storage services through acquisition of new vehicles	26,062	23,704	—	26,062
Expansion and enhancement of workforce to support increased business activities	7,923	7,923	4,544	3,379
Information technology enhancement to support business activities	4,147	4,147	—	4,147
Purchase of office to incorporate an increase in workforce	2,619	2,619	—	2,619
Working capital and other general	2,365	2,365	2,365	—
	43,116	40,758	6,909	36,207

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

As at the date of this report, the Directors do not anticipate any changes to the plan as to the use of proceeds.

Prospects

The Group continues to strive to provide customers with timely delivery and storage of their containers, continue our growth strategy in the industry and enhance overall competitiveness and market share in Singapore. In 2018, the Group saw increasing challenge with the uncertainty in the global trade economy that has impacted the general economic and market conditions in Singapore and the industry in which we operate, which has affected the business operations to a certain extent. Management is monitoring the situation 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.

Pledge of Assets

The carrying amount of motor vehicles held under finance leases was approximately S$12,386,000 as at 31 December 2018. Leased assets are pledged as securities for the related finance lease liabilities.

In addition to the assets held under finance leases, the Group's buildings with an aggregate carrying amount of approximately S$990,000 were mortgaged to secure the Group's bank loans as at 31 December 2018.

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 are set out in Appendix IV to the Prospectus.

No share option was granted, outstanding, lapsed, cancelled or exercised at any time during the year ended 31 December 2018.

Directors and Senior Management Profile

EXECUTIVE DIRECTORS

Mr. Chua Kang Lim ("K L Chua"), age 64, founder of our Group, is our executive Director, chief executive officer and the chairman of our Board. He has been a director of CA Transportation since February 1992 and a director of Nexis Logistics since April 2003, which are the Group's subsidiaries. Mr. K L Chua is responsible for the overall strategic planning and business development of our Group.

Mr. K L Chua has over 27 years of experience in the logistics industry in Singapore. Prior to the establishment of our Group, Mr. K L Chua was involved in business of packing and crating services. Mr. K L Chua was a partner of Teng Lee Packing Co from September 1982 to October 1992, an owner of K. L. Chua Container Service from March 1994 to June 2013 and a director of Teng Lee Packing Co Pte Ltd from October 1992 to May 2012 respectively and involved in their business operation and management. As (i) Teng Lee Packing Co engaged in the business of providing freight forwarding services and wholesale of logs, (ii) K. L. Chua Container Service engaged in the business of providing freight and container services, and (iii) Teng Lee Packing Co Pte Ltd engaged in the business of providing freight and warehousing services, Mr. K L Chua gained experience in management skills and knowledge of freight logistics business.

Mr. K L Chua is the father of both Ms. S F Chua, an executive Director of our Company, and Ms. S H Chua, our Purchasing and Human Resources Director. Mr. K L Chua is also the elder brother of Mr. C H Chua, our Senior Sales Manager.

Ms. Chua Sui Feng ("S F Chua"), age 39, is our executive Director. She joined our Group in May 2003 and has over 15 years of experience in the transport and storage industry. Ms. S F Chua is responsible for overall management of daily operations and business development in relation to our Group's business operations.

Prior to working in the transport and storage industry, Ms. S F Chua had worked as an assistant IT architect of Commerce Exchange Pte Ltd from May 2000 to November 2000. Ms. S F Chua obtained a Diploma in Multimedia Computing from Ngee Ann Polytechnic in August 2000. Ms. S F Chua subsequently graduated from the Queensland University of Technology, with a Bachelor of Information Technology in February 2002.

Ms. S F Chua is the daughter of Mr. K L Chua, our executive Director. Ms. S F Chua is also the younger sister of Ms. S H Chua, our Purchasing and Human Resources Director.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Dax Teo Tak Sin, aged 40, is our independent non-executive Director. He is currently the chairman of the remuneration committee and a member of the audit and nomination committees. Mr. Teo has over 15 years of experience in the audit profession. Mr. Teo graduated from the Nanyang Technological University with a Bachelor of Accountancy in July 2003. Mr. Teo is a Chartered Accountant of Singapore and has been a member of the Institute of Certified Public Accountants of Singapore since February 2007 and a member of the Institute of Singapore Chartered Accountants since July 2013.

Mr. Kwong Choong Kuen, aged 46, is our independent non-executive Director. He is currently the chairman of the audit committee and a member of the nomination and remuneration committees. Mr. Kwong has over 18 years of experience in the finance profession. Mr. Kwong graduated from Nanyang Technological University with a Bachelor of Accountancy in June 1996. Mr. Kwong is also a Chartered Accountant of Singapore and has been a member of the Institute of Certified Public Accountants of Singapore since September 1999 and a member of the Institute of Singapore Chartered Accountants since July 2013.

Ms. Grace Choong Mai Foong, aged 50, is our independent non-executive Director. She is currently the chairwoman of the nomination committee and a member of the audit and remuneration committees. Ms. Choong has over 18 years of experience in the financial services industry. Ms. Choong graduated from Universiti Utara Malaysia with a Bachelor of Economics with Honours in September 1992.

SENIOR MANAGEMENT

Mr. Chua Chin Ho ("C H Chua"), aged 55, is our Sales Director and is primarily responsible for the sales and marketing activities of our Group. Mr. C H Chua graduated with a Diploma in Business Administration from the PSB Academy in 2001. Mr. C H Chua has over 28 years of experience in the logistics industry. Prior to joining our Group, he was a sales manager in Chun Logistics Pte Ltd. Mr. C H Chua is the younger brother of Mr. K L Chua, our executive Director.

Ms. Chua Shu Hui ("S H Chua"), aged 41, is our Purchasing and Human Resources Director and is primarily responsible for the purchasing and human resource matters of our Group. Ms. S H Chua graduated with a Diploma in Business Administration and Marketing from the TMC Business School in August 1997. Ms. S H Chua has over 20 years of relevant experience in the transportation industry. Ms. S H Chua is the daughter of Mr. K L Chua, our executive Director. Ms. S H Chua is also the elder sister of Ms. S F Chua, our executive Director.

Ms. Li Xueling, Sharlene, aged 34, is our Financial Controller and is primarily responsible for the finance and accounting functions of our Group. Ms. Li graduated with a Bachelor of Accountancy from Nanyang Technological University in 2007. She is a Chartered Accountant of Singapore and has been a member of the Institute of Singapore Chartered Accountants since July 2013. Ms. Li has over 10 years of relevant experience in the accounting field. Ms. Li has been a non-executive director of BHCC Holdings Limited (a company listed on the Main Board, stock code: 1552) since August 2017.

Mr. Toh Hwa Keong, aged 41, is our Full Container Load ("FCL") Operations Manager and is primarily responsible for the FCL operations of our Group. He graduated with a Diploma in Electronics, Electrical and Communications Engineering from Singapore Polytechnic on 26 May 1997. Mr. Toh Hwa Keong has over 15 years of relevant experience in the transportation services industry.

COMPANY SECRETARY

Mr. Chang Man Leong, aged 41, is the company secretary of our Company. Mr. Chang does not act as an individual employee of our Company, but as an external service provider. Mr. Chang is a practising solicitor and a partner at Michael Li & Co. specialising in corporate finance work including initial public offerings, mergers and acquisitions and restructuring. Mr. Chang obtained his Bachelor of Business Administration degree from the Chinese University of Hong Kong in 1999 and subsequently a Bachelor of Laws degree from the University of Hong Kong in 2005. Mr. Chang was admitted as a solicitor in Hong Kong in November 2008.

COMPLIANCE OFFICER

Mr. K L Chua is an executive Director and the compliance officer of the Company. His biographical details and professional qualifications are set out on page 12 of this annual report.

Corporate Governance Report

The Board, as a whole, is responsible for managing the Corporate Governance function of the Group directly or through delegation to the Audit Committee and Management. The main responsibilities include:

- Developing, reviewing and monitoring the code of conduct, corporate governance policies and practices; and compliance manual applicable to employees and directors;

- Reviewing and monitoring the training and continuous professional development of directors and senior management;

- Assigning the Audit Committee to review an Group's policies and practices on corporate governance and make recommendations to the board; and review the Group's compliance with the Code and disclosure in the Corporate Governance Report; and

- Assigning the Management to review and monitor the Group's policies and practices on compliance with legal and regulatory requirements.

The Board believes that good corporate governance is essential for efficient and effective management of our business to safeguard the interest of our stakeholders and achieve the highest return for our shareholders. The Company's corporate governance practices are based on the principles and code provisions as set out in the Code on Corporate Governance Practices (the "CG Code") in Appendix 15 of the GEM Listing Rules. In the opinion of the Board, the Company has complied with the CG Code from 1 January 2018 up to 31 December 2018, except for Code Provision A.2.1 of the CG Code — segregation of the roles of chairman and chief executive officer.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code Provision A.2.1 of the CG Code provides that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Currently, Mr. K L Chua is acting as the chairman and the chief executive officer. In view of Mr. K L Chua being the founder of the Group, and his responsibilities in corporate strategic planning and overall business development as mentioned above, the Board believes that it is in the interests of both our Group and our Shareholders to have Mr. K L Chua taking up both roles for effective management and business development. Therefore, the Directors consider the deviation from Code Provision A.2.1 of Appendix 15 to the GEM Listing Rules to be appropriate in such circumstance. The Board will continue to review the effectiveness of the corporate governance structure of our Group in order to assess whether separation of the roles of the chairman and chief executive officer is necessary.

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 2018.

NON-COMPETITION UNDERTAKING

Ventris Global Limited and Mr. K L Chua (collectively, the "Controlling Shareholders") entered into a deed of non-competition dated 3 October 2017 in favour of the Company and the subsidiaries (the "Deed of Non-competition"). Pursuant to the Deed of Non-competition, each of the Controlling Shareholders has irrevocably and unconditionally undertaken to the Company (for itself and for the benefit of the subsidiaries), among others, that during the continuation of the Deed of Non-competition, it or he would not, and would procure that its or his close associates (other than any member of our Group) would not, whether on its or his own account or in conjunction with or on behalf of any person, firm or company, whether directly or indirectly, carry on a business which is, or be interested or involved or engaged in or acquire or hold any rights or interest or otherwise involved in (in each case whether as a shareholder, partner, principal, agent, director, employee or otherwise and whether for profit, reward or otherwise) any business which competes or is likely to compete directly or indirectly with the business currently and from time to time engaged by our Group (including but not limited to the provision of transport and storage services to the logistics industry in Singapore and business ancillary to any of the foregoing), in Hong Kong, Singapore and any other country or jurisdiction to which our Group provides such services and/or in which any member of our Group carries on such business from time to time (the "Restricted Business"). Each of the Controlling Shareholders has further undertaken that if each of the Controlling Shareholders and/or any of its/his close associates is offered or becomes aware of any project or new business opportunity that related to the Restricted Business, it/he shall promptly notify the Company in writing and the Group shall have a right of first refusal to take up such opportunity.

For details of the Deed of Non-competition, please refer to the section headed "Relationship with our Controlling Shareholders — Deed of Non-competition" in the Prospectus.

The Company has received a written confirmation from the Controlling Shareholders that they have complied with the terms of the Deed of Non-Competition since the Listing Date and up to the date of this annual report. The independent non-executive Directors have also reviewed the status of compliance and written confirmation from the Controlling Shareholders, and confirmed that all the undertakings under the Deed of Non-Competition have been complied with by each of the Controlling Shareholders since 1 January 2018 and up to the date of this annual report.

BOARD OF DIRECTORS

The overall management of the Group's business is vested in the Board which assumes the responsibility for leadership and control of the Group and is collectively responsible for promoting the success of the Group by directing and supervising its affairs. All Directors should make decisions objectively in the interests of the Group.

The Board formulates strategies and sets directions for the Group's activities to develop its business and enhance shareholders' value. The Board also assumes the responsibilities for maintaining high standard of corporate governance, including among others, reviewing the Company's policies and practices on corporate governance, and reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements.

The Board has established board committees with specific written terms of reference which deal clearly with the committees' authority and duties. Details of the respective committee's terms of reference are available at the websites of the Company and the Stock Exchange.

The day-to-day management, administration and operation of the Group are delegated to the executive Director and the senior management. The delegated functions and work tasks are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions being entered into by the abovementioned officers.

Corporate Governance Report

Board Composition

As at the date of this report, the Board comprises five Directors of which two are executive Directors and three are independent non-executive Directors. The composition of the Board is as follows:

Executive Directors:

Mr. Chua Kang Lim *(Chairman)*
Ms. Chua Sui Feng

Independent non-executive Directors:

Mr. Dax Teo Tak Sin
Mr. Kwong Choong Kuen
Ms. Grace Choong Mai Foong

From 1 January 2018 up to the date of this report, there was no change in the composition of the Board. The biographical details of the Directors are set out in the section headed "Directors and Senior Management Profile" on pages 12 to 13 of this annual report.

Other than Ms. Chua Sui Feng who is the daughter of Mr. Chua Kang Lim, the Directors do not have financial, business, family or other material/relevant relationships with each other.

Throughout the period from 1 January 2018 to the date of this report, the Board at all times met the requirements of the GEM Listing Rules relating to the appointment of at least three independent non-executive directors, accounting for at least one-third of the Board, with at least one independent non-executive director possessing the appropriate professional qualifications or accounting or related financial management expertise.

The Company has received from each of the independent non-executive Directors an annual confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules and the Board considers that all the independent non-executive Directors to be independent and meet the requirements set out in Rule 5.09 of the GEM Listing Rules as at the date of this report.

Roles and Responsibility of the Board

The Board is responsible for the overall management of the Group, which includes controlling resources allocation of the Company and leading the Company to strive for success. It oversees the Group's businesses, strategic decisions, internal control, risk management and performances.

The management team is delegated with the authority and responsibility by the Board for the daily management of the Group. The delegated functions and work tasks are periodically reviewed. Major corporate matters that are specifically delegated by the Board to the management include (1) the preparation of quarterly, interim and annual reports and announcements for the Board's approval before publishing; (2) implementation of adequate systems of internal controls and risk management procedures; and (3) compliance with relevant statutory and regulatory requirements and rules and regulations.

It is the responsibility of the Board to determine the appropriate corporate governance practices applicable to the Company's circumstances and to ensure processes and procedures are in place to achieve the Company's corporate governance objectives.

Board/Board Committee Meetings

The Board meets regularly to discuss the overall strategy as well as the operation and financial performance of the Company, and to review and approve the Company's quarterly, interim and annual results. The attendance of each Director at the Board meetings is set out in the section headed "Attendance Records of Directors and Committee Members" of this report. On 25 March 2019, the board meeting has approved, among other matters, the audited consolidated results of the Company and its subsidiaries for the year ended 31 December 2018.

Regular Board meetings for each year are scheduled in advance to facilitate maximum attendance of Directors. At least 14 days' notice is given for a regular Board meeting. All Directors are given an opportunity to include matters for discussion in the agenda. The Company Secretary assists the Chairman in preparing the agenda for meetings to comply with all applicable rules and regulations. The agenda and the accompanying Board papers are normally sent to Directors at least three days before the intended date of a Board meeting. Draft minutes of each Board meeting are circulated to Directors for their comment before being tabled at the next Board meeting for approval. The minutes are kept by the Company Secretary and are open for inspection at any reasonable time on reasonable notice by any Director.

Attendance Records of Directors

During the Year, a total of four (4) regular Board meetings and one (1) annual general meeting were held and the attendance of each of the Directors is set out as follows:

	Attendance/Number of Meetings Held	
	Regular board Meetings	**2017 AGM**
Executive Directors		
Mr. Chua Kang Lim	4/4	1/1
Ms. Chua Sui Feng	4/4	1/1
Independent Non-executive Directors		
Mr. Dax Teo Tak Sin	4/4	1/1
Mr. Kwong Choong Kuen	4/4	1/1
Ms. Grace Choong Mai Foong	4/4	1/1

Appointment and Re-election of Directors

The executive Directors have entered into service contracts with the Company for a fixed term of three years commencing from the Listing Date and will continue thereafter until terminated by not less than three months' notice in writing sent by either party to the other. Each of the independent non-executive Directors has entered into a letter of appointment with the Company. Each of the independent non-executive Directors is appointed with an initial term of three years commencing from the Listing Date subject to termination in certain circumstances as stipulated in the relevant letters of appointment.

The procedures and process of appointment, re-election and removal of Directors are laid down in the Company's articles of association. The nomination committee is responsible for reviewing the Board composition, assessing the independence of independent non-executive Directors and making recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors and succession planning for Directors.

Board Diversity Policy

The Company recognises and embraces the benefits of having a diverse Board as an essential element to improving governance and performance, and to creating a competitive advantage. In designing the Board's composition, board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board, having regard to the benefits of diversity on the Board and also the needs of the Board without focusing on a single diversity aspect. All Board appointments are made on merit, in the context of the skills, experience, independence and knowledge which the Board as a whole requires to be effective. The Board shall review the structure, size and composition of the Board from time to time to ensure that it has a balanced composition of skills and experience appropriate to the requirements of the Company's business, with due regard to the benefits of diversity of the Board.

Directors' Training and Continuing Professional Development

Directors are aware of Code Provision A.6.5 regarding continuing professional development programme for directors. Every director is required to keep abreast of his responsibilities as a Director and of the conduct, business activities and development of the Company. On appointment to the Board, each Director receives a comprehensive induction package covering business operations, policy and procedures of the Company as well as the general, statutory and regulatory obligations of being a Director to ensure that he/she is sufficiently aware of his/her responsibilities under the Listing Rules and other relevant regulatory requirements.

The Directors are regularly updated and apprised of the amendments to or updates on the relevant laws, rules, regulations and guidelines, particularly the effects of such new or amended laws, rules, regulations and guidelines on directors specifically, and the Company and the Group generally. On an ongoing basis, Directors are encouraged to keep up-to-date on all matters relevant to the Group and to attend briefings, seminars and relevant training courses as appropriate.

For the year ended 31 December 2018, all Directors participated in appropriate continuous professional development activities by way of attending training sessions or reading materials relevant to the Company's business, directors' duties and responsibilities, corporate governance and recent amendments to the Listing Rules.

Directors' and Officers' Liabilities

The Company has in place appropriate insurance coverage on Directors' and officers' liabilities in respect of any legal actions taken against Directors and senior management arising out of corporate activities. The insurance coverage is reviewed on an annual basis by the Company.

BOARD COMMITTEES

The Board is supported by three Board Committees. Each committee has its defined scope of duties and terms of reference and the committee members are empowered to make decisions on matters within their respective terms of reference.

AUDIT COMMITTEE

Our Group established an Audit Committee on 25 September 2017 which comprises three members. Our audit committee has adopted the written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and paragraph C3.3 of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 15 to the GEM Listing Rules. The primary duties of our Audit Committee are, among other things, to review and supervise the financial reporting process and internal control systems of our Group. The committee will be assisted by the professional accounting firm engaged by our Group, which will conduct regular internal audits and report to the committee. As at the date of this report, the Audit Committee comprises three members, namely, Mr. Kwong Choong Kuen, Mr. Dax Teo Tak Sin and Ms. Grace Choong Mai Foong. Mr. Kwong Choong Kuen is the chairman of the Audit Committee.

For the financial year ended 31 December 2018, four meetings of the Audit Committee were held to review the quarterly, interim and annual results of the Group and the meeting was attended by the Company's external auditor so that the members of the Audit Committee could exchange their views and concerns on the financial reporting process of the Group with the auditor. Risk management and internal control systems of the Group were also reviewed.

The attendance of each member of the Audit Committee is set out as follows:

Name of members of Audit Committee Meeting	Attendance/ Number of Meetings Held
Mr. Kwong Choong Kuen *(Chairman)*	4/4
Mr. Dax Teo Tak Sin	4/4
Ms. Grace Choong Mai Foong	4/4

Subsequent to the year under review and up to the date of this annual report, the Audit Committee has held one meeting and reviewed with the management and the external auditor the accounting principles and practices adopted by the Group and discussed auditing, internal controls, and financial reporting matters including the following:

- the review of the audited financial statements for the year ended 31 December 2018;
- the recommendation to the Board for the proposal for reappointment of the external auditor of the Company and approval of the remuneration and terms of engagement of the external auditor; and
- the review of the risk management and internal control systems of the Company and its subsidiaries.

REMUNERATION COMMITTEE

As at the date of this Report, the Remuneration Committee comprises three members. Our Remuneration Committee has adopted written terms of reference in compliance with Rule 5.34 of the GEM Listing Rules and paragraph B1.2 of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 15 to the GEM Listing Rules. The primary duties of our Remuneration Committee are, among other things, to evaluate the performance and to determine, with delegated responsibility, on the remuneration package of our Directors and senior management. The Remuneration Committee comprises three members, namely, Mr. Dax Teo Tak Sin, Mr. Kwong Choong Kuen and Ms. Grace Choong Mai Foong. Mr. Dax Teo Tak Sin is the chairman of the Remuneration Committee.

For the financial year ended 31 December 2018, one meeting of the Remuneration Committee was held to review the remuneration package of the executive Directors and senior management for the financial year ended 31 December 2018. On 25 March 2019, the Remuneration Committee held a meeting to approve the remuneration packages and performance bonuses for the executive Directors and senior management of the Company.

The attendance of each member of the Remuneration Committee is set out as follows:

Name of members of Remuneration Committee Meeting	Attendance/ Number of Meetings Held
Mr. Dax Teo Tak Sin *(Chairman)*	1/1
Mr. Kwong Choong Kuen	1/1
Ms. Grace Choong Mai Foong	1/1

Pursuant to paragraph B.1.5 of the CG Code, the remuneration of the members of the senior management by band for the year ended 31 December 2018 is set out below:

Remuneration band (in HK$)	Number of individuals
Nil to HK$1,000,000	4
HK$1,000,000–HK$1,500,000	—

Particulars of the Directors' remuneration for the year ended 31 December 2018 are set out in note 8 to the consolidated financial statements.

NOMINATION COMMITTEE

As at the date of this report, the Nomination Committee comprises three members. Our Nomination Committee has adopted written terms of reference in compliance with paragraph A5.2 of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 15 to the GEM Listing Rules. The Nomination Committee is responsible for monitoring the implementation of the Board Diversity Policy and will at the appropriate time set measurable objectives for achieving diversity of the Board. It is also responsible to consider and recommend to the Board suitably qualified persons to become a member of the Board, monitor the succession planning of Directors and assess the independence of Independent Non-executive Directors. No candidate had been nominated for appointment as additional Director during the year. The Nomination Committee comprises three members, namely, Ms. Grace Choong Mai Foong, Mr. Dax Teo Tak Sin and Mr. Kwong Choong Kuen. Ms. Grace Choong Mai Foong is the chairwoman of the Nomination Committee.

For the financial year ended 31 December 2018, one meeting of the Nomination Committee was held to consider a) the re-election of Ms. Chua Sui Feng as an executive Director; b) the re-election of Mr. Dax Teo Tak Sin as an independent non-executive Director and Chairman of the Remuneration Committee; c) reviewed the structure, size and composition of the Board; and d) accessed the independence of independent non-executive Directors. On 25 March 2019, the Nomination Committee held a meeting to review the structure, size and composition of the Board and concluded that members of the Board have possessed the expertise and independence to carry out the Board's functions and responsibilities.

The attendance of each member of the Nomination Committee is set out as follows:

Name of members of Remuneration Committee Meeting	Attendance/ Number of Meetings Held
Ms. Grace Choong Mai Foong *(Chairwoman)*	1/1
Mr. Dax Teo Tak Sin	1/1
Mr. Kwong Choong Kuen	1/1

FINANCIAL REPORTING

The Directors are responsible for the preparation of the financial statements for the year ended 31 December 2018. As at 31 December 2018, the Directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern. Accordingly, the Directors have prepared the financial statements of the Group on a going-concern basis. The responsibilities of the external auditors regarding their financial reporting are set out in the independent auditor's report contained in this annual report for the year ended 31 December 2018.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Company does not have an internal audit function and is currently of the view that there is no immediate need to set up an internal audit function within the Group in light of the size, nature and complexity of the Group's business. Nevertheless the Company engaged an external professional firm to carry out internal audit functions. It was decided that the Board would be directly responsible for internal control of the Group and for reviewing its effectiveness.

The Board has engaged an external professional firm as its risk management and internal control review adviser ("the Adviser") to conduct the annual review of the risk management and internal control systems for the year ended 31 December 2018. Such review is conducted annually and cycles reviewed are under rotation basis. The scope of review was previously determined and approved by the Board. The Adviser has reported findings and areas for improvement to the Audit Committee and management. The Board and Audit Committee are of the view that there are no material internal control defeats noted. All recommendations from the Adviser are properly followed up by the Group to ensure that they are implemented within a reasonable period of time. The Board therefore considered that the risk management and internal control systems are effective and adequate.

DIVIDEND POLICY

Provided that the Group is profitable and without affecting the normal operations of the Group, the Company may consider to declare and pay dividends to the shareholders of the Company.

In deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into account various factors, which include, but are not limited to, the operating results and performance, cash flow, financial position, capital requirements and future prospects of the Group, as well as the interests of the shareholders of the Company.

Declaration and payment of dividend by the Company are also subject to the laws of the Cayman Islands, the memorandum and articles of association of the Company and any applicable laws, rules and regulations.

For the avoidance of doubt, there can be no assurance that a dividend will be proposed or declared in any specific period.

EXTERNAL AUDITOR'S REMUNERATION

The remuneration of external auditors of the Company, Ernst & Young, in respect of audit services and non-audit services for the year ended 31 December 2018 is set out below:

Services Rendered	**Fees paid/ payable** *(S$'000)*
Audit services	164
Non-audit services	13
	177

The reporting responsibilities of Ernst & Young are set out in the independent auditor's report on page 45 to 48 of this annual report.

COMPANY SECRETARY

Mr. Chang Man Leong is the company secretary of the Company as appointed pursuant to Rule 5.14 of the GEM Listing Rules. Mr. Chang obtained his Bachelor of Business Administration degree from the Chinese University of Hong Kong in 1999 and subsequently a Bachelor of Laws degree from the University of Hong Kong in 2005. Mr. Chang is a practising solicitor, and was admitted as a solicitor in Hong Kong in November 2008.

Mr. Chang does not act as an individual employee of the Company, but as an external service provider. Pursuant to paragraph F.1.1 of the CG Code, the Company can engage an external service provider as its company secretary, provided that the Company should disclose the identity of a person with sufficient sensitivity at the Company whom the external provider can contact, in this respect, the Company has nominated Ms. S F Chua, an executive Director, as its contact point for Mr. Chang. Mr. Chang has taken no less than 15 hours of relevant professional training for the year ended 31 December 2018.

COMMUNICATION WITH SHAREHOLDERS

The Company communicates with the shareholders and the potential investors of the Company mainly in the following ways:

(i) the holding of annual general meetings and general meetings of the Company, if any, which may be convened for specific purpose and provide opportunities for shareholders and investors to communicate directly with the Board;

(ii) the publication of quarterly, half-yearly and annual reports, announcements and/or circulars as required under the GEM Listing Rules and/or press releases of the Company providing updated information on the Group; and

(iii) the latest information on the Group is available on the respective websites of the Stock Exchange and the Company.

SHAREHOLDERS' RIGHTS

Right to convene extraordinary general meeting

Pursuant to the Company's Articles of Association, any shareholder(s) holding at the date of the deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company shall have the right to submit a written requisition requiring an extraordinary general meeting to be called by the Board. The written requisition (i) must state the purpose(s) of the extraordinary general meeting, and (ii) must be signed by the requisitionist(s) and deposited at the registered office of the Company for attention of the Company Secretary of the Company, and may consist of several documents in like form, each signed by one or more requisitionist(s). Such requisitions will be verified with the Company's branch share registrar and upon their confirmation that the requisition is proper and in order, the Company Secretary will ask the Board to convene an extraordinary general meeting by serving sufficient notice to all shareholders. On the contrary, if the requisition has been verified as not in order, the requisitionist(s) will be advised of this outcome and accordingly, the extraordinary general meeting will not be convened as requested.

If the Board does not within 21 days from the date of the deposit of the requisition proceed duly to convene the extraordinary general meeting, the requisitionist(s) or any of them representing more than one-half of the total voting rights of all of them may convene an extraordinary general meeting, but any extraordinary general meeting so convened shall not be held after expiration of two months from the said date of deposit of the requisition. An extraordinary general meeting convened by the requisitionist(s) shall be convened in the same manner, as nearly as possible, as that in any extraordinary general meeting to be convened by the Board.

Right to put forward proposals at general meeting

To put forward proposals at a general meeting of the Company, a shareholder should lodge a written notice of his/her proposal with his/her detailed contact information at the Company's principal place of business in Hong Kong.

The request will be verified with the Company's branch share registrar in Hong Kong and upon their confirmation that the request is proper and in order, the Board will be asked to include the proposal in the agenda for the general meeting.

Right to make enquiries to the Board

Shareholders may send their enquiries and concerns, in written form, to the Board by addressing them to the Company Secretary at 19th Floor, Prosperity Tower, 39 Queen's Road Central, Central, Hong Kong. Shareholders may also make enquiries to the Board at the general meeting of the Company. In addition, shareholders can contact Union Registrars Limited, the branch share registrar of the Company in Hong Kong, if they have any enquiries about their shareholdings and entitlements to dividend.

CONSTITUTIONAL DOCUMENTS

During the period from Listing Date to 31 December 2018, there had been no significant change in the Company's constitutional documents. The Articles of Association of the Company are available on the websites of the Stock Exchange and the Company.

INVESTOR RELATIONS

The Company believes that maintaining effective communication with the investment industry is crucial to having a deeper understanding of the Company's business and its development among investors. To achieve this goal and increase transparency, the Company will continue to adopt proactive measures to foster better investor relations and communications. As such, the purpose for the Company to formulate investor relations policies is to let investors have access to the information of the Group in a fair and timely manner, so that they can make an informed decision.

We welcome investors to write to the Company or send their enquiries to the Company's email of business@cnlimited.com to share their opinions with the Board. The Company's website also discloses the latest business information of the Group to investors and the public.

ACCOUNTABILITY AND AUDIT FINANCIAL REPORTING

The management provides such explanation and information to the Board and reports to the Board on the financial position and prospects of the business of the Group so as to enable the Board to make an informed assessment of the financial and other information put before the Board for approval.

The Directors acknowledge their responsibilities (as set out in the independent auditor's report) for preparing the financial statements of the Group that give a true and fair view of the state of affairs of the Group. As at 31 December 2018, the Board was not aware of any material uncertainties relating to any events or conditions that might cast significant doubt upon the Group's ability to continue as a going concern and the Board has prepared the financial statements on a going concern basis. The responsibility of the external auditor is to form an independent opinion, based on their audit, on those financial statements prepared by the Board and to report their opinion to the shareholders of the Company. A statement by the external auditor about their reporting responsibility is set out in the section headed "Independent Auditor's Report" of this annual report.

FORWARD

This Environmental, Social and Governance ("ESG") Report (the "Report") published by C&N Holdings Limited ("C&N", the 'Company") outlines the various initiatives of the Company and its subsidiaries (collectively referred to as the "Group" or "we") in supporting sustainable development and the performance in the social and governance aspects. Additional information in relation to the Group's corporate governance and financial performance can be referred in our 2018 annual report for the year ended 31 December 2018.

Scope of the report

The content of the ESG Report mainly outlines the environmental and social policies of the Group in its operations 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 our logistics yard or other locations designated by our customers.

The environmental data covers the financial year from 1 January 2018 to 31 December 2018 (the "Review year") with the scope confined to C&N major business segment of transportation and storage services to the logistics industry in Singapore.

Basis Preparation

The ESG Report is prepared according to the "Environmental, Social and Governance Reporting Guide" (the "ESG Reporting Guide") as set out in Appendix 20 to the Listing Rules. With reference to the ESG Reporting Guide and the Group's business operation, the presentation of our Report divides the relevant aspects and key performance indicators ("KPI"), which are considered to be relevant and material to the Group, into four subject areas: Environmental Aspect, Employment and Labour Practices, Operating Practices and Community Involvement.

A complete index in compliance with the ESG Reporting Guide is also available at in the Report for reference. Except for "comply or explain" provisions that the Group believes are inapplicable to its operations, for which explanations have been given on the rightmost column in the said index, the Group has complied with all the "comply or explain" provisions set out in the ESG Reporting Guide in the Review year.

The Group is determined to be a responsible enterprise and is committed to perfecting its business and improving the operation. In order to determine what issues are relevant and material to our business with respect to sustainability, the Group is aware that the key is to understand what issues that our stakeholders are concerned most. To ensure the accuracy of environment-related KPIs, the Group has engaged GRC Chamber Limited, a consulting firm, in assisting our management team in conducting a materiality assessment. The last section of this Report provides complete indexing to allow easy comprehension of this Report in accordance with the Guide.

Stakeholders' Feedback

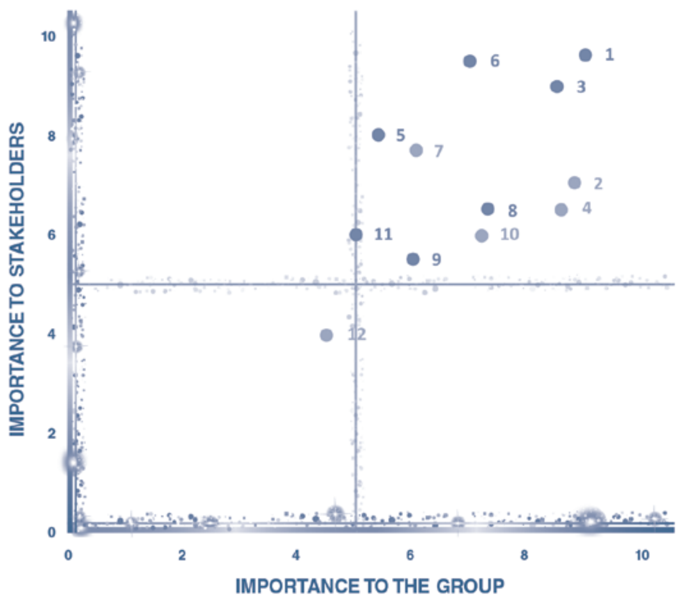
We welcome comments and suggestions from our stakeholders. You may provide your comments on the Report or towards our performance in respect of sustainability via email to business@cnlimited.com.

STAKEHOLDERS ENGAGEMENT

With the goal to strengthen its sustainability approach and performance, the Group has put tremendous effort in listening to both its internal and external stakeholders. The Group highly values the feedback from is stakeholders and takes initiative to build a trustful and supportive relationship with them through their preferred communication channels. Identified key stakeholders are employees, investors, customers, suppliers, government bodies and communities through different channels such as conferences and electronic platforms. In formulating operational strategies and ESG measures, the Group takes into account the stakeholders' expectations and strives to improve its performance through mutual cooperation with the stakeholders, resulting in creating greater value for the community.

Materiality Assessment

The Directors, management and staff of the Group's respective major functions have participated in the preparation of the ESG Report to assist the Group in reviewing its operations and identifying relevant ESG issues that are critical to the Group and stakeholders. The result from the materiality assessment was mapped and presented below. The Group built a materiality analysis matrix and prioritized the twelve sustainability issues accordingly.



INDEX	CATEGORY	MOST CONCERNED ISSUES
1	Social	Diversity employment structure
2	Operational	Complaint handing
3	Social	Health and safe workplace
4	Operational	Open communication
5	Environment	Efficient consumption
6	Social	Staff health & benefits
7	Operational	Anti-corruption & bribery
8	Environment	Emission control
9	Social	Staff development & training
10	Operational	Compliance operation
11	Social	Social & community contributions
12	Operational	Managing and monitoring risks

Sustainability performance highlight

C&N focuses on the implementation of sustainable practices in a diverse range of arenas.

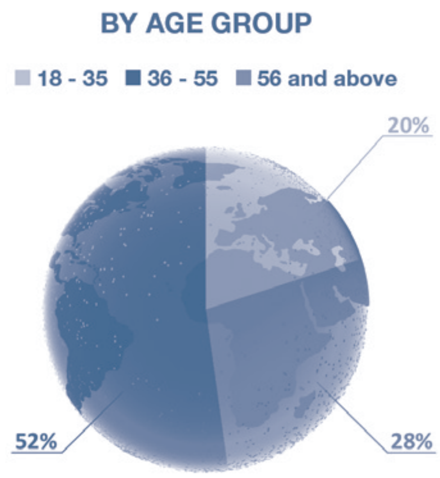
For starter, C&N cares for its employees and believes that employees are the creators, practitioners and trailblazers of the fulfillment of corporate sustainability values. We also put great efforts into the welfare, IT work-tool, environment provided to employees, aiming to build and retain a vibrant team. Besides, we always put customers in the first place and endeavor to offer as much friendly and responsive experience as possible for both recurring and new customers. Not only do we prioritize the health and safety of our employees, an unwavering determination to keep efficient, reliable, and enhancing its services is believed by the Group to ensure the resilience and stability of business development as well.

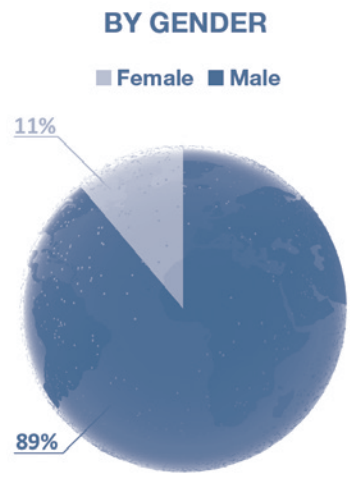
CARE FOR OUR EMPLOYEES

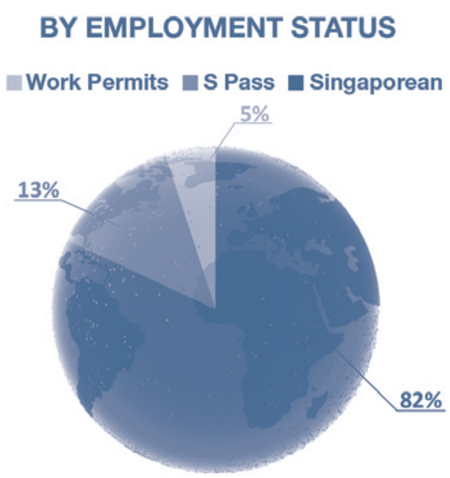
The Group treasures employees' talent, and sees it as the key in driving the success and maintaining the sustainable development of the Group. We care for our employees by adhering to the 'people-oriented' approach and treat them like family members. To keep our operation and management system up-to-date, we invested massively in the innovation of technological device and systems to abate the workload and promote timeliness and accuracy. For example our operation workflow is synchronized with back-office control panel in real time enhancing the efficient collaboration of front-line operator and customer service team.

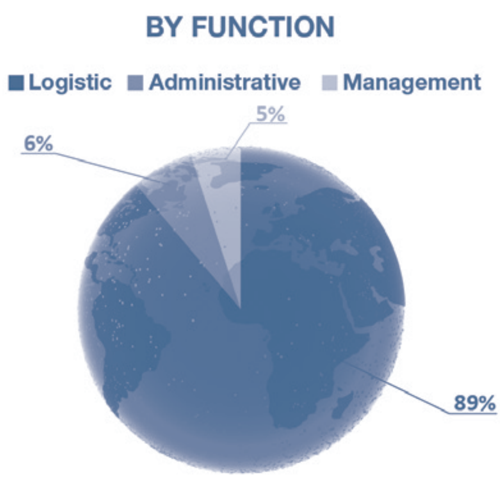
Employee structure

The Group attaches great importance to human resources management. As at the year ended 2018, we have 175 employee including 136 qualified drivers. During the year, we have 32 joiners and 39 leavers mostly belonging to the logistic department.









Law Compliance

The human resources policies of the Group strictly adhere to the applicable employment laws and regulations in Singapore, including the Employment Act (Chapter 91 of Statutes of Singapore) ("EA") which is administered by the Ministry of Manpower ("MOM"), the Employment of Foreign Manpower Act (Chapter 91A of Statutes of Singapore) ("EFMA"), the Employment of Foreign Manpower (Work Passes) Regulations 2012 ("EFMR") and Central Provident Fund of Singapore ("CPF"). The Group is responsible for reviewing and updating the relevant company policies on a regular basis in accordance with the latest laws and regulations.

In trucking services, we owe much of our success to a team of dedicated and efficient workforce. We recognise that our people essentially form the foundation on which we fulfil goals and continuously drive our business to new levels of milestone. We are determined to provide a desirable workplace and stable career environment to our employees.

As an equal opportunity employer, the Group is committed to creating a fair, respectful and diverse working environment by promoting anti-discrimination and equal opportunity in all its human resources and employment decisions. In other words, training and promotion opportunities, dismissals and retirement policies of the Group are based on factors irrespective of the employees' age, gender, race, color, disability, nationality, religion or any other non-job related elements in all business units of the Group. Meanwhile, the equal opportunity policy allows zero tolerance in relation to any workplace discrimination, harassment or vilification in accordance with Employment Act, Retirement and Re-employment Act, and Child Co-Savings Development Act. Employees are highly encouraged to report any incidents involving discrimination to the human resources department of the Group. The Group will then take responsibility for assessing, dealing with, recording and taking any necessary disciplinary actions on such incidents.

The Group has formulated its protocol reference to Employment Act of Singapore for determining enough working hours and rest time for employees. The Group arranges reasonable working hours and rest periods for its employees. Any appointment, promotion, or termination of recruitment contract would be based on reasonable, lawful grounds and staff handbooks. The Group strictly prohibits any kind of unfair or illegitimate dismissals.

To combat against illegal employment on child labour, underage workers and forced labour, the Group's human resources department requires job applicants to provide valid identity documents before confirmation of employment to ensure that the applicants are lawfully employable. Furthermore, the human resources department of the Group is also responsible to monitor and guarantee the compliance by the Group with the relevant laws and regulations that prohibit child labour and forced labour employment.

In the Review year, the Group was in compliance with relevant laws and regulations in relation to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, welfare and other benefits that have a significant impact on the Group.

HEALTH AND SAFETY

We understand that the maintenance of a healthy and safe working environment and the operational efficiency of an enterprise are closely related.

The Group believes that health and safety at work involves both the prevention of harm, and the promotion of employees' well-being. To provide and maintain a safe, clean and environmentally friendly working condition for employees, the Group has established protocol and guidelines regarding safety and health, which are in line with relevant laws and regulations in Singapore including Workplace Safety and Health ("WSH") Act and WSH (Incident Reporting) Regulation.

Our directions in providing a safe and healthy work environment are demonstrated as follows:

Health and safety requirements are incorporated into the Group's policies for all employees to comply with. According to our safe work procedures and employee handbook, smoking and abuse of alcohol and drugs are prohibited in the workplace. The Group provides induction programs and safety training programs to new employees such that they can be familiar with our corporation protocol in relation to health and safety matters as quickly as they can. The Group also maintains the risk management system including procedures of identification and prevention of risks and hazards in the working area and follow-up actions for accidents or personal injuries.

We have strictly adhered to all applicable laws and regulations in relation to health and safety, including, but not limited to the Workplace Safety and Health Act (Chapter 354A of Statutes of Singapore) ("WSHA") and the Work Injury Compensation Act (Chapter 354 of Statutes of Singapore) ("WICA"). Our Group has confirmed that it is in compliance with the MOM's requirements and has maintained the work injury compensation insurance as mandatory.

In the Review year, the Group was not in violation of any of the relevant laws and regulations in relation to providing a safe working environment and protecting the employees from occupational hazards that have a significant impact on the Group.

Staff Development and Training

The Group values the importance of the growth and development of its employees and has formulated its internal training program. We provide induction and refresher courses to ensure that the drivers are up to date with the latest safety regulations, while our customers may also conduct their own safety courses for our drivers who operate within their premises. For example, the port operator conducts regular training courses to train new drivers so they would be able to maneuverer the prime movers safely inside the port.

Welfares and safeguards

A sustainable and stable workforce is the mean to better facilitate every parties, creating common values with the hope to deliver up-standard quality service for a sustainable development and future.

To achieve the goal, we also put a strong emphasis on assuring comprehensive welfares and safeguards for employees. The Company implemented a compensation and benefits system to further provide employees with competitive remuneration. On top of legislated requirements relating to employee compensation, our full-time employees are entitled to medical care, dental benefits, business travel accident insurance, matrimonial leave, and paternity leave.

We are eager to provide a harmonious working environment for our employees. We offer various leisure and gathering events to light up the office atmosphere and enhance bonding among employees.

Anti-Corruption

To maintain a fair, ethical and efficient business and working environment, the Group strictly abides by all the applicable laws and regulations relating to bribery, extortion, fraud and money laundering, including, but not limited to The Prevention of Corruption Act (Chapter 241) and Competition Act (Chapter 50B) of Singapore.

The Group prohibits all forms of bribery and corruption, and requires all employees to strictly abide by professional ethics and eliminate any corruption and bribery. All employees are expected to discharge their duties with integrity, to act fairly and professionally, and to abstain from engaging in bribery activities or any activities which might exploit their positions against the Group's interest. Anti-corruption procedures are put into our practice and embedded in our employee handbook, human resource policy, and whistle blowing policy covers similar standard in regulating employee to possess business ethics.

We will take disciplinary or legal actions against any acts of bribery and corruption. In the Review year, no concluded legal cases regarding corrupt practices were brought against the Group or its employees.

CARE FOR OUR CUSTOMERS

In touch with customer need by improving efficiency

As a leading transport and storage service provider in Singapore, our Group offers trucking and hubbing services to our customers locally and globally. We listen to the voice of our customers by providing responsive and attentive workforce equipped with up-to-update tools & equipment.

Our fleet is supported by our qualified drivers in handling and storage of empty containers and laden at our logistics yard, which is regarded as hubbing services, and in providing the timely and quality cargo delivery service from pick up station to delivery station designated by customers, which is regarded as trucking service.

Value chain, the transportation and storage sector

Our Group's main business segment falls within the Transportation services of the value chain in Port logistic services. C&N endeavours to up-keep the reputation built and excel in the business performance. Over the years, the Group managed to have a stable and close relationship with a list of suppliers who keep providing quality goods and services in contribution to our business.

Quality Management

The Group emphasizes the quality management of its services and is committed to providing customers with reliable and flexible services. Our quality control policy can be divided into two segments and they have provided a solid platform for us to deliver our services in a reliable and flexible manner to meet our customers' ever-changing demand and market needs.

The first segment, in macro view, entails our management principles to ensure our workforce provides reliable and controllable service as steady as possible.

The second segment, in operational level, we ensure the workplace and equipment are maintained in good condition.

Operational quality control mechanism

Vehicle selection	The selection of the brand and model of vehicles to purchase is important as it impacts on the ability of our Group to deliver reliable trucking services in a timely manner and concurrently provide a safe working environment for our drivers.
Regular vehicle inspection	Regular vehicle maintenance regime for our vehicles is implemented. All vehicles in our fleet are subject to regular inspection as regulated by the Land Transport Authority of Singapore ("LTA") with the view that vehicles which are not roadworthy can be a potential hazard to other road users and that regular inspections help to minimise vehicular breakdowns and road accidents.
Safety courses for drivers	As drivers are operating heavy vehicles such as prime movers, reach stackers and lorries, we require all drivers to attend relevant safety courses. We conduct in-house safety courses for all our drivers. Our customers and suppliers may also conduct their own safety courses for our drivers who operate within their premises.

With a solid foundation, we also have daily operational quality control measures to safeguard our resource and maintain the stability and reliability of our workforce.

Listening to Customers

The Group has established relevant quality and safety inspection protocol standardized on handling orders. Our customer service department plays a key role in confirming objective and client's expectation of each order, set out direction prior launching any project, and actively coordinates projects with customers in the process of providing services. In the Review year, we do not have any material complaints.

Selection of suppliers and sub-contractors

We not only consider commercial benefits during the quotation processes, but also assess their track records in relation to prior performance, reputation, corporate capacity and customer feedback. We did not enter into any material contractual agreement with supplier or sub-contractors in the reporting period.

In the course of our operation, we seldom source out any of our operating function out, except in rare situation that we do not have the right equipment or capacity to perform the order. Even so, we only engage outsiders to perform part of the work or rent their equipment. Discussion and close monitoring on the outsourcing tasks are performed by the responsible department.

Customer Privacy Protection

The Group places great emphasis on the privacy protection of its customers and ensures that the customers' rights are strictly protected in accordance with the Personal data Protection Act (Singapore) in terms of consumer data policy. It is included in the Group's protocol that all information collected would only be used for the purpose authorized by customers in the first place. The Group prohibits the provision of consumer information to a third party without authorization from the customers. All collected personal data is treated confidentially and kept securely, accessible by designated personnel only.

Advertising & labeling

In our course of operation, we are not required to handle advertising, labelling, and privacy matters of customers, suppliers, and business partners. We have confidentiality policy implemented in Employee handbook to require our employee to maintain confidentiality with respect to confidential information pertaining to its operations. The Group did not identify any non-compliance case in relation to service liability.

CARE FOR OUR ENVIRONMENT

Pursuant to which we have taken into account factors concerning environmental protection and, and will continue to devote operating and financial resources on environmental compliance as required under applicable laws or regulations, thereby related to air and greenhouse gas emissions ("GHG"), discharges into water and land, and generation of hazardous and non-hazardous waste, including, but not limited to the Environmental Protection and Management Act (Chapter 94A of Statutes of Singapore) ("EPMA").

Air & GHG Emission management

The principal greenhouse gas ("GHG") emissions of the Group are direct GHG emissions from gasoline generated through logistic operation, energy indirect GHG emissions generated mainly from purchased electricity, and indirect GHG emissions mainly generated from paper consumption. We have implemented some operational measures like encouraging printing double-sided, planning the most efficient route, and minimize consumption by improving the efficiency of our workflow.

Conservation Practices

During daily operation and office administration, the Group generates GHG emissions directly or indirectly through resource consumption. To properly manage our GHG emissions, the Group actively adopts conservation and monitoring measures. We adopt digitized office to minimize paper usage, conducts regular vehicle maintenance and monitor fuel consumption, phases out any vehicles that fail to satisfy the standards of the national emission policy, purchases regular diesel and gasoline for vehicles, and conduct annual inspections to ensure the compliance with national emission standards, encouraging modern telecommunication system to avoid unnecessary travel arrangement; and encouraging employees to switch off IT devices, such as computers and monitors when not in use. These are some of our conversation practices to increase our employees' awareness of reducing GHG emissions.

Emission Data

The primary source of GHG emissions emitted by the Group was the use of gasoline. The summary of the resource consumption and GHG emissions performance are extracted below:

Emissions	**Unit**	**FY2018**	**Intensity[1]**
Nitrogen Oxides (NOx)	kg	24,964	849.1
Sulfur Dioxide (SO_2)	kg	58	2.0
Particulate Matter (PM)	kg	2,475	84.2
Direct Emission of GHG, Scope 1	tones of CO_2e	9,467	322.0
Indirect Emission of GHG, Scope 2	tones of CO_2e	21	0.7
Other Indirect Emission of GHG, Scope 3	tones of CO_2e	20	0.7
Total GHG Emission	tones of CO_2e	**9,508**	323.4

Notes:

1 Intensity is calculated by the total amount consumption divided by the revenue from operation for Financial Year 2018, approximately S$29.4 million.

2 GHG emissions data is presented in terms of carbon dioxide equivalent and are based on, but not limited to, "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards" issued by the World Resources Institute and the World Business Council for Sustainable Development, Appendix II: Reporting Guidance on Environmental KPIs" issued by the SEHK.

3 Major source of Scope 1 emission came from usage of gasoline.

4 Major source of Scope 2 emission came from usage of purchased electricity. The emission factor refers to Singapore's average Operating Margin Grid Emission Factor.

5 Major source of Scope 3 emission came from paper usage.

Consumption Efficiency Management

The energy consumed by the Group in the operation are mainly electricity and diesel. The major energy consumption of the Group during its daily operation is electricity consumption in the operation, and gasoline consumption via logistic operation. The Group regards reducing energy consumption and recycling of resources as priorities during operating processes. We keep improving our efficient minded management system and have implemented various resource conservation protocols and introduce more systematic software, which enable us to increase the efficient of operation and thus reduce the consumption of diesel.

The Group is committed to establishing an electronic automated office. The office makes full use of the online system, while general business notices, communication and data transmissions are conducted through the internet system, and has established electronic workflows. Printing and copying are minimized to the largest extent to reduce paper usage, while double-side printing is also encouraged in the office.

The Group has formulated rules and regulations to achieve the goal of energy saving and efficient consumption. The relevant specific measures include selecting energy-efficient equipment and electrical appliances, turning off all unnecessary lights, air conditioners, computers and other office equipment in office areas and forbidding the run of idle vehicles and equipment.

Summarize resource consumption record in the Review year as follows:

Resource consumption	Unit	FY2018	Intensity (unit/sales in thousand)
Water	Cu M	356	12.1
Electricity	kWh	50,121	1,704.8
Fuel	Litre	3,621,652	123.2

Notes:

1 Water consumption refers to office water consumption.

2 Our operation did not generate hazardous waste.

3 We did not generate significant non-hazardous waste or waste water.

4 Packaging material usage are insignificant in our operation process, thus we did not maintain a record accordingly.

Water consumption and waste management

The water consumption of the Group mainly comes from the office water consumption. We encourage all employees to develop the habit of conserving water consciously. The Group also discharges domestic sewage in our office premise during daily operation, which is discharged into the urban sewage pipe network. Our operation did not generate significant amount of non-hazardous waste and water wastage/pollution. The non-hazardous wastes generated by the Group's business activities are domestic waste and paper. Such wastes will eventually be collected and processed by general waste service providers.

The Environment and Natural Resources

Through a series of measures to conserve electricity and diesel that have been introduced above, the Group continues to explore possible measure towards the building of a reliable, resilient and sustainable corporation that pioneers in the logistic industry in Singapore.

The Group is committed to providing employees with a comfortable and green working environment to enhance work efficiency. The Group maintains office discipline and environmental hygiene and keeps the personal office area and public areas clean and tidy. We will deal with any identified problems and potential risks in time to maintain a sound working environment.

Community Investment

C&N has consistently been committed towards corporate social responsibility where it aims to promote and achieve a positive impact toward the community. We actively participate in social networking activities, conferences and gathering in Singapore logistic organization. We encourage our senior management to attend these events thereby to exchange of ideas and also contributed invaluably to consumers and practitioners across the industry.

APPENDIX 1: HKEX ESG REPORTING GUIDE INDEX

SEHK ESG Reporting Guide General Disclosures		Reference Section /Remark	Comply or Explain
A. Environment			
A1 Emission	Information on: (a) the policies; and (b) compliance and material non-compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, generation of hazardous and non-hazardous wastes, etc.	Care for our environment	Complied
KPI A1.1	The types of emissions and respective emissions data.	Emission data	Explained
KPI A1.2	Greenhouse gas emissions in total, and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emission data	Explained
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Not applicable — No hazardous waste was generated	Explained
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Water consumption and waste management	Complied
KPI A1.5	Description of measures to mitigate emissions and results achieved.	Consumption efficiency management	Complied
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Water consumption and waste management	Explained
A2 Use of Resource	Policies on efficient use of resources including energy, water and other raw materials.	Consumption efficiency management	Complied
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Consumption efficiency management	Complied

SEHK ESG Reporting Guide General Disclosures		Reference Section /Remark	Comply or Explain
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Consumption efficiency management	Complied
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Care for our environment — Conservation Practices	Complied
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Not applicable — water consumption were insignificant	Explained
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not applicable — Packaging materials used in operation were insignificant.	Explained
A3 The Environment and Natural Resources	Policies on minimizing the operation's significant impact on the environment and natural resources.	Not applicable — we did not have significant impact on environment and natural resources during our operation.	Explained
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Not applicable. We did not have significant impacts of activities on the environment and natural resources.	Explained
B. Social			
B1 Employment	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Care for our employees	Complied

SEHK ESG Reporting Guide General Disclosures		Reference Section /Remark	Comply or Explain
B2 Health and Safety	Information on: (a) the policies; and (b) Compliance and material non-compliance with relevant standards, rules and regulations on providing a safe working environment and protecting employees from occupational hazards.	Health and Safety	Complied
B3 Development and Training	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Staff Development and Training	Complied
B4 Labour Standard	Information on: (a) the policies; and (b) Compliance and material non-compliance with relevant standards, rules and regulations on preventing child or forced labour.	Law Compliance	Complied
B5 Supply Chain Management	Policies on managing environmental and social risks of supply chain.	Care for our customers	Complied
B6 Product Responsibility	Information on: (a) the policies; and (b) compliance and material non-compliance with relevant standards, rules and regulations on health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Quality Management	Complied
B7 Anti-corruption	Information on: (a) the policies; and (b) Compliance and material non-compliance with relevant standards, rules and regulations on bribery, extortion, fraud and money laundering.	Anti-corruption principles and practices are embedded into different area of our policies. Please refer to "Anti-corruption" section for details.	Complied
B8 Community Investment	Policies on community engagement to understand the community's needs where it operates and to ensure its activities take into consideration communities' interests.	Community investment	Complied

The Directors present their report and the audited financial statements for the year ended 31 December 2018.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Company is investment holding. Details of the principal activities of the subsidiaries are set out in note 1 to the financial statements. The business of the Group comprises the provision of transport and storage services to the logistics industry in Singapore, offering trucking and hubbing services to customers. There were no significant changes in the nature of the Group's principal activities during the year.

A review of the business of the Group as well as discussion and analysis of the Group's performance during the year and the material factors underlying its financial performance and financial position can be found in the section headed "Management Discussion and Analysis" set out on pages 5 to 11 of this annual report. This discussion forms part of this Directors' statement.

PRINCIPAL RISKS AND UNCERTAINTIES

Further discussion and analysis of the principal risks and uncertainties facing the Group can be found in the "Management Discussion and Analysis" set out on pages 5 and 11 of the annual report. The above section forms part of this report.

RESULTS AND DIVIDENDS

The Group's profit for the year ended 31 December 2018 and the Group's financial position at that date are set out in the financial statements on pages 49 to 105.

The Board takes into account of the Group's overall results of operation, financial position and capital requirements, among other factors, in considering the declaration of dividends. The Directors do not recommend the payment of any dividend for the year ended 31 December 2018.

SHARE CAPITAL

Details of movements in the Company's share capital during the year are set out in notes 22 to the financial statements.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2018.

PRE-EMPTIVE RIGHT

There are no provisions for pre-emptive rights under the Company's Articles of Association or the laws of the Cayman Islands, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders unless otherwise required by the Stock Exchange.

RESERVES

Details of movements in reserves of the Group for the year ended 31 December 2018 are set out in the consolidated statement of changes in equity.

DISTRIBUTABLE RESERVES

The Company did not have reserves available for cash distribution as at 31 December 2018, calculated under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, as it has accumulated losses. However, the amount of approximately S$19.8 million included in the Company's share premium account may be distributed as dividends provided that immediately following the date on which the dividend is proposed to be paid, the Company is able to pay its debts as they fall due in the ordinary course of business.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group's five largest customers accounted for 75% of the total sales for the year and sales to the largest customer included therein amounted to 39%. Purchases from the Group's five largest suppliers accounted for 65% of the total purchases for the year and purchase from the largest supplier included therein amounted to 24%. The Group maintains good relationships with its customers and suppliers.

None of the directors of the Company or any of their associates or any shareholders (which, to the best knowledge of the directors, own more than 5% of the Company's share capital) had any beneficial interest in the Group's five largest customers or suppliers.

USE OF PROCEEDS FROM SHARE OFFER

As at 31 December 2018, the Company has not yet utilised the net proceeds of approximately HK$40.4 million (approximately S$6.9 million) raised from the Share Offer in accordance with the intended use of proceeds set out in the Prospectus. Details of the intended uses and utilised amount are set out on page 10 of the annual report.

ENVIRONMENTAL POLICIES

The Group is committed to building an environmentally-friendly corporate environment that focuses on conserving natural resources. We believe that everyone can make a difference — a small step from each employee will go a long way to reducing our carbon footprint on the earth. As a responsible Group, we strive to keep improving the efficient use of the natural resources, and aim to develop energy saving culture.

The environmental, social and governance report is set out on page 25 to 38 of the annual report.

COMPLIANCE WITH LAWS AND REGULATIONS

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, our Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of our Group during the year ended 31 December 2018.

DIRECTORS

The Directors of the Company during the year were:

Executive Directors:

Mr. Chua Kang Lim
Ms. Chua Sui Feng

Independent non-executive Directors:

Mr. Dax Teo Tak Sin
Mr. Kwong Choong Kuen
Ms. Grace Choong Mai Foong

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the directors of the Company and the senior management of the Group are set out on pages 12 to 13 of the annual report.

DIRECTORS' SERVICE CONTRACTS

The executive Directors, Mr. Chua Kang Lim and Ms. Chua Sui Feng have service contracts with the Company for a fixed term of three years commencing from 18 October 2017. The service contracts will continue thereafter until terminated by not less than three months' notice in writing sent by either party or the other.

Each of the independent non-executive Directors has entered into a letter of appointment with the Company. Each of the independent non-executive Directors is appointed with an initial term of three years commencing from the Listing Date subject to termination in certain circumstances as stipulated in the relevant letters of appointment.

Pursuant to the Articles and Association of the Company, any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

In compliance with Code Provision A.4.2 of the CG Code, all Directors are subject to retirement by rotation at least once every three years. Furthermore, pursuant to the Articles and Association of the Company, at each general meeting, one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election.

No Director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' REMUNERATION

The Directors' fees are subject to shareholders' approval at general meetings. Other emoluments are determined by the Board with reference to Directors' duties, responsibilities and performance and the results of the Group. The remuneration policy of the Group is on the basis of the qualifications and contributions of individuals to the Group.

Details of the remuneration of the Directors and five highest paid individuals pursuant to Rules 18.28 to 18.30 of the GEM Listing Rules are set out in note 8 (for the Directors) and note 9 (for the five highest paid individuals) to the financial statements.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No Director nor a connected entity of a Director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which the holding company of the Company, or any of the Company's subsidiaries was a party at any time during or as at the end of the year ended 31 December 2018.

As at 31 December 2018, no contract of significance had been entered into between the Company, or any of its subsidiaries and the Controlling Shareholder of the Company (as defined in the GEM Listing Rules) or any of its subsidiaries.

COMPETING BUSINESS

For the year ended 31 December 2018, 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.

MANAGEMENT CONTRACTS

No contracts, other than employment contracts, concerning the management and administration of the whole and any part of the Company's business were entered into or existed during the year ended 31 December 2018.

Directors' and chief executive's interests and short positions in shares and underlying shares and debentures

As at 31 December 2018, 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 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:

Long positions in ordinary shares of the Company:

		Number of shares held, capacity and nature of interest			
Name of director	*Note*	**Directly beneficially owner**	**Through controlled corporation**	**Total**	**Percentage of the issued share capital**
Mr. Chua Kang Lim	(1)	–	325,000,000	325,000,000	50.78%

Note

(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.

Long positions 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 31 December 2018, 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.

SHARE OPTION SCHEME

On 25 September 2017, the then sole shareholder 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. No option has been granted, outstanding, lapsed, cancelled or exercised at any time during the year ended 31 December 2018.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

During the year ended 31 December 2018 and up to the date of this report, except for the Share Option Scheme, the Company or any of its subsidiaries is not a party to any arrangement to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any body corporate.

EQUITY-LINKED AGREEMENTS

Save for the Share Option Scheme, no equity-linked agreements were entered into by the Company during the year or subsisted at the end of the year ended 31 December 2018.

CONTRACT OF SIGNIFICANCE

No contracts of significance in relation to the Group's business in which the Company, any of its subsidiaries, or its parent company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted during or at the end of the year.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

So far as the Directors and the Chief Executive are aware, as at 31 December 2018, 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:

Name	Directly beneficially owned	Interest of spouse	Through controlled corporation	Total	Percentage of the issued share capital
Ventris Global Limited	325,000,000	—	—	325,000,000	50.78%
Mr. Dai Wangfei	79,000,000	—	—	79,000,000	12.34%

Save as disclosed above, as at 31 December 2018, no person, other than the Directors and chief executive of the Company, whose interests are set out in the section headed "Directors' and chief executive's interests and short positions in shares and underlying shares" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to section 336 of the SFO.

Report of the Directors

CONNECTED TRANSACTIONS

During the year ended 31 December 2018, the Group had no transactions which need to be disclosed as connected transactions in accordance with the requirements of the GEM Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the directors, at least 25% of the Company's total number of issued shares are held by the public as at the date of this report and the Company has maintained prescribed public float under the GEM Listing Rules.

EVENTS AFTER THE REPORTING PERIOD

The Board is not aware of any significant event requiring disclosure that has taken place subsequent to 31 December 2018 and up to the date of this report.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The forthcoming annual general meeting (the "2018 AGM") will be held on 10 May 2019 at 10:30 a.m. In order to determine the entitlements of the Shareholders to attend and vote at the 2018 AGM, the register of members of the Company will be closed from 7 May 2019 to 10 May 2019, both days inclusive, during which period no transfer of shares will be registered. All transfers documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Union Registrars Limited at Suites 3301–04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for registration no later than 4:30 p.m. on 6 May 2019.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE

A full corporate governance report is set out on pages 14 to 24 of this annual report.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision for the benefit of the Directors of the Company is currently in force and was in force throughout this year. The Company has taken out and maintained appropriate insurance cover in respect of potential legal actions against its Directors and officers.

INTEREST OF THE COMPLIANCE ADVISER

As notified by the compliance adviser of the Company, Vinco Capital Limited, as at 31 December 2018, save for the compliance adviser agreement dated 3 October 2017 entered into between the Company and Vinco Capital Limited, neither Vinco Capital Limited, its Directors, employees and associates had any interest in relation to the Group which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

AUDITORS

Ernst & Young will retire at the conclusion of the 2018 AGM and a resolution for their reappointment as auditors of the Company will be proposed at the 2018 AGM.

On behalf of the board of directors

Chua Kang Lim
Chairman

Hong Kong
25 March 2019

EY 安永

To the shareholders of C&N Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of C&N Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 49 to 105, which comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants ('HKICPA"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

KEY AUDIT MATTERS (continued)

Key audit matter	How our audit addressed the key audit matter
Impairment for trade receivables As at 31 December 2018, trade receivables of the Group amounted to S$6,066,811. The Group's trade receivables balance was significant to the Group as it represented 20% of the total assets of the Group. The collectability of trade receivables is a key element of the Group's working capital management, which is managed on an ongoing basis by management. The determination as to whether trade receivables are collectable involves management judgement and estimates. As such, we determined that this is a key audit matter. Management considered the age of the outstanding balances, existence of disputes, recent historical payment patterns and any other available information concerning the creditworthiness of customers. Management incorporated this information together with the default rate of the industry and forward looking growth rate to determine the provision of expected credit losses on trade receivables. The significant accounting judgements and estimates and disclosures related to trade receivables are included in Note 17 Trade receivable to the financial statements.	Our audit procedures included, but are not limited to the following procedures. We assessed the Group's processes relating to the monitoring of trade receivables and reviewed the ageing of receivables to identify collection risks. We requested trade receivable confirmations, reviewed management's reconciliation of confirmation replies, where applicable, and obtained evidence of receipts from selected customers subsequent to financial year end. We assessed management's assumptions used in assessing the allowance for doubtful debts amount through review of specific debtors' payment history and management's assessment of credit risk of these debtors. We also reviewed and assessed management's expected credit loss model assessment and assessed the adequacy of the Group's disclosures of trade receivables and the related credit risk in the financial statements.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is TJEN, MICHAEL.

Ernst & Young
Certified Public Accountants
22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

25 March 2019

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 December 2018

	Notes	**2018**	2017
		$	*$*
Revenue	5	**29,400,494**	30,822,059
Cost of sales		**(24,860,871)**	(23,986,785)
Gross profit		**4,539,623**	6,835,274
Other income	5	**410,551**	284,072
Administrative expenses		**(4,153,745)**	(6,753,245)
Finance costs	6	**(155,814)**	(175,464)
Profit before tax	7	**640,615**	190,637
Income tax expense	10	**(173,460)**	(597,023)
Profit/(loss) for the year, representing total comprehensive income/(loss) for the year		**467,155**	(406,386)
Earnings/(loss) per share attributable to ordinary equity holders of the Company			
Basic and diluted	12	**0.0007**	(0.0008)

Consolidated Statement of Financial Position

31 December 2018

	Notes	2018 $	2017 $
Non-current assets			
Property, plant and equipment	13	**14,149,261**	14,379,084
Deferred tax assets	14	**78,614**	78,360
Available-for-sale investment	15	**–**	6,750
Deposits	16	**66,500**	66,500
Total non-current assets		**14,294,375**	14,530,694
Current assets			
Trade receivables	17	**6,066,811**	5,781,140
Deposits and other receivables	16	**19,360**	33,490
Prepayments		**43,684**	109,844
Pledged deposits	18	**501,500**	806,710
Cash and bank balances	18	**8,702,552**	9,093,347
Total current assets		**15,333,907**	15,824,531
Current liabilities			
Trade payables	19	**1,349,220**	1,900,091
Contract liabilities	24	**154,995**	–
Other payables and accruals	20	**1,107,194**	1,162,053
Loans and borrowings	21	**2,485,022**	2,247,813
Tax payable		**35,922**	448,454
Total current liabilities		**5,132,353**	5,758,411
Net current assets		**10,201,554**	10,066,120
Total assets less current liabilities		**24,495,929**	24,596,814
Non-current liabilities			
Loans and borrowings	21	**2,093,989**	2,790,723
Deferred tax liabilities	14	**783,327**	654,633
Total non-current liabilities		**2,877,316**	3,445,356
Net assets		**21,618,613**	21,151,458
Equity			
Share capital	22	**1,106,317**	1,106,317
Reserves	23	**20,512,296**	20,045,141
Total equity		**21,618,613**	21,151,458

Chua Kang Lin
Director

Chua Sui Feng
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2018

	Share capital **$**	**Share premium** **$**	**Retained earnings** **$**	**Other reserve** **$**	**Total equity** **$**
1 January 2018	**1,106,317**	**19,773,348**	**271,793**	**—**	**21,151,458**
Profit for the year and total comprehensive income for the year	**—**	**—**	**467,155**	**—**	**467,155**
At 31 December 2018	**1,106,317**	**19,773,348***	**738,948***	**—***	**21,618,613**

	Share capital $	Share premium $	Retained earnings $	Other reserve $	Total equity $
1 January 2017	—	—	7,761,809	3,200,000	10,961,809
Loss for the year and total comprehensive loss for the year	—	—	(406,386)	—	(406,386)
Issue of 999,999 ordinary shares pursuant to the Reorganisation	1,726	10,281,904	(7,083,630)	(3,200,000)	—
Issue of 479,000,000 ordinary shares under the Capitalisation Issue *(note 22)*	826,717	(826,717)	—	—	—
Issue of 160,000,000 ordinary shares under the IPO *(note 22)*	277,874	11,948,593	—	—	12,226,467
Share issue expenses	—	(1,630,432)	—	—	(1,630,432)
At 31 December 2017	1,106,317	19,773,348*	271,793*	—*	21,151,458

* These reserve accounts comprise the consolidated other reserves of $20,512,296 (2017: $20,045,141) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

Year ended 31 December 2018

	Notes	2018	2017
		$	$
Cash flows from operating activities			
Profit before tax		**640,615**	190,637
Adjustments for:			
Depreciation	13	**2,239,888**	2,076,999
Fair value loss, net:			
Equity investments at fair value through profit or loss	7, 15	**6,750**	—
Gain on disposal of items of property, plant and equipment	5	**(182,100)**	(68,507)
Finance costs	6	**155,814**	175,464
Interest income	5	**—**	(36,963)
		2,860,967	2,337,630
Increase in trade receivables		**(682,692)**	(1,141,958)
Decrease in contract assets		**397,021**	—
Decrease in deposits and other receivables		**14,130**	174,580
Decrease/(increase) in prepayments		**66,160**	(109,844)
(Decrease)/increase in trade payables		**(550,871)**	1,214,064
(Decrease)/increase in other payables and accruals		**(54,859)**	465,555
Increase in contract liabilities		**154,995**	—
Cash generated from operations		**2,204,851**	2,940,027
Income tax paid		**(457,552)**	(292,336)
Interest received		**—**	36,963
Net cash flows generated from operating activities		**1,747,299**	2,684,654
Cash flows from investing activities			
Purchase of items of property, plant and equipment	13	**(434,698)**	(938,664)
Proceeds from disposal of items of property, plant and equipment		**1,010,419**	92,425
Net cash flows from/(used in) investing activities		**575,721**	(846,239)
Cash flows from financing activities			
Issuance of share capital — net of share issue expenses		**—**	10,596,035
New loans and borrowings		**—**	292,000
Decrease/(increase) in pledged deposits		**305,210**	(502,135)
Repayment of loans and borrowings		**(449,866)**	(993,450)
Repayment of obligations under finance leases		**(2,413,345)**	(3,505,110)
Repayment from a director		**—**	100,000
Interest paid		**(155,814)**	(175,464)
Net cash flows generated (used in)/from financing activities		**(2,713,815)**	5,811,876
Net (decrease)/increase in cash and cash equivalents		**(390,795)**	7,650,291
Cash and cash equivalents at beginning of year		**9,093,347**	1,443,056
Cash and cash equivalents at end of year		**8,702,552**	9,093,347

1. CORPORATE AND GROUP 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, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company is 19th Floor, Prosperity Tower, 89 Queen's Road Central, 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 Company is an investment holding company. Its subsidiaries are engaged in offering various transport management services to the logistics industry in Singapore, primarily trucking and hubbing.

Information about subsidiaries

Particulars of the Company's subsidiaries are as follows:

Company name	Principal place of business	Issued ordinary share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
CA Transportation & Warehousing Pte	Singapore	$3,000,000	–	100%	Trucking and hubbing
Nexis Logistics Services Pte Ltd.	Singapore	$200,000	–	100%	Trucking and hubbing
New Pine Global Limited	The British Virgin Islands	U$3	100%	–	Investment holding

2.1 BASIS OF PREPARATION

The Group's consolidated financial statements 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 consolidated financial statements have been prepared under the historical cost convention. The consolidated financial statements are presented in Singapore dollars ("S$" or "$") except when otherwise indicated.

2.1 BASIS OF PREPARATION (continued)

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2018. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised IFRS for the first time for the current year's financial statements.

Amendments to IFRS 2	*Classification and Measurement of Share-based Payment Transactions*
Amendments to IFRS 4	*Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts*
IFRS 9	*Financial Instruments*
IFRS 15	*Revenue from Contracts with Customers*
Amendments to IFRS 15	*Clarifications to HKFRS 15 Revenue from Contracts with Customers*
Amendments to IAS 40	*Transfers of Investment Property*
IFRIC-Int 22	*Foreign Currency Transactions and Advance Consideration*
Annual Improvements 2014–2016 Cycle	Amendments to IFRS 1 and IAS 28

The accounting policies adopted are consistent with those previously applied under FRS except that in the current financial year, the Group has adopted all the IFRS which are effective for annual financial periods beginning on or after 1 January 2018. Except for the impact arising from the exemptions applied as described and the adoption of IFRS 15 described below, the adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

The Company applied IFRS 15 using modified retrospective approach, whereby the cumulative effect of initially applying the new standard is recognised at the date of initial application i.e. 1 January 2018, as an adjustment to the opening balance of retained earnings and has elected to apply the exemption in IFRS 1 to apply the following practical expedients in accordance with the transitional provision in IFRS 15.

The Group has adopted IFRS 15 using the modified retrospective method of adoption. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Group has elected to apply the standard to contracts that are not completed as at 1 January 2018.

Set out below are the amounts by which each financial statement line item was affected as at 1 January 2018 as a result of the adoption of IFRS 15:

	Note	**Increase/ (Decrease)**
Assets		
Contract asset	(i)	397,021
Trade receivable	(i)	(397,021)
Total assets		–

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

Set out below are the amounts by which each financial statement line item was affected as at 31 December 2018 and for the year ended 31 December 2018 as a result of the adoption of IFRS 15. The adoption of IFRS 15 has had no impact on total comprehensive income or on the Group's operating, investing and financing cash flows. The first column shows the amounts recorded under IFRS 15 and the second column shows what the amounts would have been had IFRS 15 not been adopted.

Consolidated statement of financial position as at 31 December 2018:

		Amounts prepared under		
			Previous	Increase/
	Note	**IFRS 15**	**IAS 18**	**(Decrease)**
		$	**$**	
Liabilities				
Contract liabilities	(ii)	**154,995**	**–**	**154,995**
Advance payment from customers	(ii)	**–**	**154,995**	**(154,995)**
Total liabilities		**154,995**	**154,995**	**–**

(i) According to IFRS 15, once either party to an existing contract (i.e., the customer or the Company) has performed its performance obligation, the contract is presented in the financial statements as a contract asset or a contract liability. Contract assets relates to unbilled receivables.

(ii) According to IFRS 15, once either party to an existing contract (i.e., the customer or the Company) has performed its performance obligation, the contract is presented in the financial statements as a contract asset or a contract liability. Contract liability relates to advance payment from customers.

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective, in these financial statements.

Amendments to IFRS 3	*Definition of a Business* [2]
Amendments to IFRS 9	*Prepayment Features with Negative Compensation* [1]
Amendments to IFRS 10 IAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* [4]
IFRS 16	*Leases* [1]
IFRS 17	*Insurance Contracts* [3]
Amendments to IAS 1 and IAS 8	*Definition of Material* [2]
Amendments to IAS 19	*Plan Amendment, Curtailment or Settlement* [1]
Amendments to IAS 28	*Long-term Interests in Associates and Joint Ventures* [1]
IFRIC-Int 23	*Uncertainty over Income Tax Treatments* [1]
Annual Improvements 2015–2017 Cycle	Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23 [1]

1 Effective for annual periods beginning on or after 1 January 2019
2 Effective for annual periods beginning on or after 1 January 2020
3 Effective for annual periods beginning on or after 1 January 2021
4 No mandatory effective date yet determined but available for adoption

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs (continued)

Except for IFRS 16, the directors expect that the adoption of the standards and amendments above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policies on adoption of IFRS 16 are described below.

IFRS 16 *Leases*

IFRS 16 replaces IAS 17 Leases IFRIC-Int 4 Determining whether an Arrangement contains a Lease, ISIC-Int 15 Operating Leases — Incentives and ISIC-Int 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise assets and liabilities for most leases. The standard includes two recognition exemptions for lessees — leases of low-value assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses unless the right-of-use asset meets the definition of investment property in IAS 40, or relates to a class of property, plant and equipment to which the revaluation model is applied. The lease liability is subsequently increased to reflect the interest on the lease liability and reduced for the lease payments. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events, such as change in the lease term and change in future lease payments resulting from a change in an index or rate used to determine those payments. Lessees will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under IFRS 16 is substantially unchanged from the accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between operating leases and finance leases. IFRS 16 requires lessees and lessors to make more extensive disclosures than under IAS 17. Lessees can choose to apply the standard using either a full retrospective or a modified retrospective approach.

The Group will adopt IFRS 16 from 1 January 2019. The Group plans to adopt the transitional provisions in IFRS 16 to recognise the cumulative effect of initial adoption as an adjustment to the opening balance of retained earnings at 1 January 2019 and will not restate the comparatives. In addition, the Group plans to apply the new requirements to contracts that were previously identified as leases applying IAS 17 and measure the lease liability at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at the date of initial application. The right-of-use asset will be measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before the date of initial application. The Group plans to use the exemptions allowed by the standard on lease contracts whose lease terms end within 12 months as of the date of initial application. During 2018, the Group has performed a detailed assessment on the impact of adoption of IFRS 16. The Group has estimated that right-of-use assets of $617,828 and lease liabilities of $617,828 will be recognised at 1 January 2019.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made as at the end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement (continued)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rate used for this purpose is as follows:

Motor vehicles	—	20% to 10%
Furniture and fittings	—	20%
Office equipment	—	100%
Computers	—	100%
Buildings	—	Over the remaining lease terms
Leasehold improvements	—	50%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least as at each financial year.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Leases

Finance leases which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

Assets acquired through hire purchase contracts of a financing nature are accounted for as finance leases, but are depreciated over their estimated useful lives. The finance costs of such leases are charged to profit or loss so as to provide a constant periodic rate of charge over the lease terms. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Investments and other financial assets (policies under IFRS 9 applicable from 1 January 2018)

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition (applicable from 1 January 2018)" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

The Group measures financial assets at amortised cost if both of the following conditions are met:

— The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

— The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (policies under IFRS 9 applicable from 1 January 2018) (continued)

Subsequent measurement (continued)

Financial assets at amortised cost (debt instruments) (continued)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through other comprehensive income, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

Investments and other financial assets (policies under IAS 39 applicable before 1 January 2018)

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial investments, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (policies under IAS 39 applicable before 1 January 2018) (continued)

Initial recognition and measurement (continued)

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by IAS 39.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with positive net changes in fair value presented as other income and gains and negative net changes in fair value presented as finance costs in the statement of profit or loss. These net fair value changes do not include any dividends or interest earned on these financial assets, which are recognised in accordance with the policies set out for "Revenue recognition (applicable before 1 January 2018)" below.

Financial assets designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in IAS 39 are satisfied.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated as at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in the statement of profit or loss. The loss arising from impairment is recognised in the statement of profit or loss in finance costs for loans and in other expenses for receivables.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (policies under IAS 39 applicable before 1 January 2018) (continued)

Subsequent measurement (continued)

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in listed and unlisted equity investments and debt securities. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated as at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in market conditions.

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investment revaluation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in the statement of profit or loss in other income, or until the investment is determined to be impaired, when the cumulative gain or loss is reclassified from the available-for-sale investment revaluation reserve to the statement of profit or loss in other gains or losses. Interest and dividends earned whilst holding the available-for-sale financial investments are reported as interest income and dividend income, respectively and are recognised in the statement of profit or loss as other income in accordance with the policies set out for "Revenue recognition (applicable before 1 January 2018)" below.

When the fair value of unlisted equity investments cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such investments are stated at cost less any impairment losses.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term are still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if management has the ability and intention to hold the assets for the foreseeable future or until maturity.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition of financial assets (policies under IFRS 9 applicable from 1 January 2018 and policies under IAS 39 applicable before 1 January 2018)

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

— the rights to receive cash flows from the asset have expired; or

— the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets (policies under IFRS 9 applicable from 1 January 2018)

The Group recognises an allowance for ECLs for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual term.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (policies under IFRS 9 applicable from 1 January 2018) (continued)

General approach (continued)

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 120 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For trade receivables and contract assets that contain a significant financing component and lease receivables, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (policies under HKAS 39 applicable before 1 January 2018)

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other expenses in the statement of profit or loss.

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the statement of profit or loss, is removed from other comprehensive income and recognised in the statement of profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (policies under HKAS 39 applicable before 1 January 2018) (continued)

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss — is removed from other comprehensive income and recognised in the statement of profit or loss. Impairment losses on equity instruments classified as available for sale are not reversed through the statement of profit or loss. Increases in their fair value after impairment are recognised directly in other comprehensive income.

The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

Financial liabilities (policies under IFRS 9 applicable from 1 January 2018 and IAS 39 applicable before 1 January 2018)

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, interest-bearing bank and other borrowings.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Derecognition of financial liabilities (policies under IFRS 9 applicable from 1 January 2018 and IAS 39 applicable before 1 January 2018)

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Offsetting of financial instruments (policies under HKFRS 9 applicable from 1 January 2018 and IAS 39 applicable before 1 January 2018)

Financial assets and financial liabilities are offset and the net amount is reported in the combined statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are payable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash balance comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value as the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

Income taxes

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted as at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current taxes are recognised in profit or loss except to the extent that tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

Deferred tax

Deferred income tax is provided using the liability method on all temporary differences as at the end of reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes (continued)

Deferred tax (continued)

Deferred tax liabilities are recognised for all temporary differences, except:

— where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

— In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

— Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

— In respect of deductible temporary differences associated with investments in subsidiaries, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Goods and services tax ("GST")

Revenues, expenses and assets are recognised net of the amount of GST except where the GST incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset by equal annual instalments.

Revenue recognition (applicable from 1 January 2018)

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liabilities under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

(a) *Rendering of services*

The majority of revenue is derived from the provision of transport management service, such as trucking and hubbing of customer products.

Trucking income is recognised at the point in time when services are provided.

Hubbing income is recognised over the respective storage periods on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by the Group.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (applicable from 1 January 2018) (continued)

Revenue from contracts with customers (continued)

(b) *Interest income*

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Revenue recognition (applicable before 1 January 2018)

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) Rendering of services

The majority of revenue is derived from the provision of transport management service, such as trucking and hubbing of customer products.

Trucking income is recognised when services are rendered with reference to the stage of completion of specific transactions and assessed on the basis of actual service provided as a proportion of the total services to be provided.

Hubbing income is recognised over the respective storage periods on a straight-line basis.

(b) Interest income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Contract assets (applicable from 1 January 2018)

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Contract liabilities (applicable from 1 January 2018)

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received a consideration (or an amount of consideration that is due) from the customer. If a customer pays the consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

Employee benefits

Defined contribution plans

The Group makes contributions to the Central Provident Fund ("CPF") scheme in Singapore, a defined contribution pension scheme. These contributions are recognised as an expense in the period in which the related service is performed.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits (continued)

Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. A provision is made for the estimated liability for leave as a result of services rendered by employees up to the end of the reporting period.

Borrowing costs

Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred.

Dividend

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

Interim dividends are simultaneously proposed and declared, because the Company memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currency

The financial statements are presented in Singapore dollar, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements require management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

Management is of the opinion that there is no significant judgement, apart from those involving estimations, made in applying accounting policies that has a significant effect on the amounts recognised in the financial statements.

Estimates uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty as at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimates uncertainty (continued)

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets as at the end of the reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. Impairment exists when the carrying value of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow ("DCF") model. The cash flows are derived from the budget and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Provision for expected credit losses on trade receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic products) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 17 to the financial statements.

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 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, interest income, finance costs, as well as corporate and other unallocated expenses are excluded from such measurement.

Segment assets exclude deferred tax assets, an available-for-sale investment, 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, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

4. SEGMENT INFORMATION (continued)

Year ended 31 December 2018	Trucking $	Hubbing $	Total $
Segment revenue *(note 5)*			
Sales to external customers	23,685,387	5,715,107	29,400,494
Segment results	1,625,200	2,914,423	4,539,623
Reconciliation			
Other income			410,551
Finance costs			(155,814)
Administrative expenses			(4,153,745)
Profit before tax			640,615
Segment assets	18,717,739	1,498,334	20,216,072
Reconciliation			
Deferred tax assets			78,614
Pledged deposits			501,500
Cash and bank balances			8,702,552
Corporate and other unallocated assets			129,544
Total assets			29,628,282
Segment liabilities	1,911,770	101,170	2,012,940
Tax payable			35,922
Loans and borrowings			4,579,011
Deferred tax liabilities			783,327
Corporate and other unallocated liabilities			598,469
Total liabilities			8,009,669
Other segment information			
Depreciation	1,890,416	260,000	2,150,416
Unallocated amounts			89,472
			2,239,888
Capital expenditure*	2,327,237	500,000	2,827,237

* Represented additions to property, plant and equipment

4. SEGMENT INFORMATION (continued)

Year ended 31 December 2017	Trucking	Hubbing	Total
	$	*$*	*$*
Segment revenue			
Sales to external customers	25,619,718	5,202,341	30,822,059
Segment results	4,255,105	2,580,169	6,835,274
Reconciliation			
Interest income			36,963
Other income			247,109
Finance costs			(175,464)
Administrative expenses			(6,753,245)
Profit before tax			190,637
Segment assets	17,195,497	1,889,379	19,084,876
Reconciliation			
Deferred tax assets			78,360
Available-for-sale investment			6,750
Pledged deposits			806,710
Cash and bank balances			9,093,347
Corporate and other unallocated assets			1,285,182
Total assets			30,355,225
Segment liabilities	2,335,621	91,389	2,427,010
Tax payable			448,454
Loans and borrowings			5,038,536
Deferred tax liabilities			654,633
Corporate and other unallocated liabilities			635,134
Total liabilities			9,203,767
Other segment information			
Depreciation	1,599,851	325,000	1,924,851
Unallocated amounts			152,148
			2,076,999
Capital expenditure*	5,150,358	—	5,150,358

* Represented additions to property, plant and equipment

4. SEGMENT INFORMATION (continued)

Information about major customers

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

	2018	2017
	S$	*S$*
Customer A	**11,365,018**	11,588,551
Customer B	**3,656,991**	3,265,167
Customer C	**2,676,868**	4,524,775

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 2018 and 2017, 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:

	Group	
	2018	2017
	$	*$*
Revenue from contracts with customers	**29,400,494**	–
Rendering of trucking services	**–**	25,619,718
Rendering of hubbing services	**–**	5,202,341
	29,400,494	30,822,059

5. REVENUE AND OTHER INCOME (continued)

Revenue from contracts with customers

(i) Disaggregated revenue information

For the year ended 31 December 2018	***$***
Type of goods or services	
Trucking services	**23,685,387**
Hubbing services	**5,715,107**
	29,400,494
Timing of revenue recognition	
Services transferred at a point in time	**23,685,387**
Services transferred over time	**5,715,107**
	29,400,494

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 good 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 31 December 2018 are S$352,457 which are expected to be recognised in less than one year.

An analysis of other income is as follows:

Other income

	Group	
	2018	2017
	$	*$*
Gain on disposal of items of property, plant and equipment	**182,100**	68,507
Interest income	**—**	36,963
One-off incentive for wage subsidies	**104,883**	178,602
Exchange gain	**123,568**	—
	410,551	284,072

There were no unfulfilled conditions or contingencies relating to the wage subsidies received from the Singapore Government.

6. FINANCE COSTS

	Group 2018 $	Group 2017 $
Interest on finance leases	**131,881**	86,065
Interest on bank and other loans*	**23,933**	89,399
	155,814	175,464

* Including a bank overdraft.

7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	2018 $	2017 $
Depreciation *(note 13)*	**2,239,888**	2,076,999
Employee benefits (excluding directors' remuneration *(note 8)*)		
— Salaries and wages	**8,308,550**	7,860,117
— CPF contributions	**713,642**	687,761
	9,022,192	8,547,878
Fair value loss on equity investments at fair value through profit or loss	**6,750**	—
Auditor's remuneration	**164,000**	156,797
Exchange (gain)/loss	**(123,568)**	88,187
IPO related expenses	**—**	3,108,059
Rental expenses	**1,542,189**	1,524,564

8. DIRECTORS' REMUNERATION

The directors received remuneration from the subsidiaries now comprising the Group, for their appointment as directors of these subsidiaries. The remuneration of each of the directors as recorded in the financial statements of the Group's subsidiaries is set out below:

	Fees	Salaries and bonuses	CPF contributions	Total
	$	$	$	$
Year ended 31 December 2018				
Chua Kang Lim	**120,000**	**517,500**	**23,088**	**660,588**
Chua Sui Feng	**–**	**135,000**	**22,950**	**157,950**
	120,000	**652,500**	**46,038**	**818,538**
Year ended 31 December 2017				
Chua Kang Lim	120,000	421,072	18,457	559,529
Chua Sui Feng	–	111,612	18,975	130,587
	120,000	532,684	37,432	690,116

Mr. Dax Teo Tak Sin, Mr. Kwong Choong Kuen and Ms. Grace Choong Mai Foong were appointed as the Company's independent non-executive directors on 25 September 2017.

The fees paid to independent non-executive directors during the year were as follows:

	2018	2017
	$	$
Dax Teo Tak Sin	**20,000**	5,000
Kwong Choong Kuen	**25,000**	6,251
Grace Choong Mai Foong	**20,000**	5,000
	65,000	16,251

There were no other emoluments payable to the independent non-executive directors during the year (2017: Nil).

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2017: Nil).

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two directors (2017: two directors), details of whose remuneration are set out in note 8 above. Details of the remuneration for the remaining three (2017: three) highest paid employees who are neither a director nor chief executive of the Group are as follows:

	Group	
	2018	2017
	$	*$*
Salaries and bonuses	**423,012**	371,000
CPF contributions	**50,213**	50,670
Total	**473,225**	421,670

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following band is as follows:

	Group	
	2018	2017
HK$1,000,001 to HK$2,000,000	**1**	—
Nil to HK$1,000,000	**2**	3

During the year and in the prior year, no emoluments were paid by the Group to the highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2017: Nil).

10. INCOME TAX

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 (2017: Nil).

10. INCOME TAX (continued)

The Singapore statutory income tax rate has been provided at the rate of 17% (2017: 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 2018 and 2017 are:

	2018	2017
	$	$
Current tax — Singapore		
— Charge for the year	**45,020**	468,572
— Overprovision in respect of prior years	**—**	(26,697)
Deferred tax		
— Origination and reversal of temporary differences	**82,934**	155,148
— Overprovision in respect of prior years	**45,506**	—
Total tax charge for the year	**173,460**	597,023

A reconciliation of the tax charge applicable to profit before tax at the statutory rate for the jurisdiction in which the Company's subsidiaries are domiciled to the tax charge at the Group's effective tax rate is as follows:

	2018	2017
	$	$
Profit before tax	**640,615**	190,637
Tax at Singaporean statutory tax rate of 17%	**108,905**	32,408
Expenses not deductible for tax	**100,186**	656,014
Effects of partial tax exemption and tax rebate	**(25,925)**	(25,925)
Tax relief	**(10,000)**	(38,399)
Overprovision in respect of prior years	**—**	(26,697)
Over recognition of deferred tax asset in prior financial years	**45,506**	—
Benefits from previously unrecognised tax losses	**(22,124)**	—
Others	**(23,088)**	(378)
Tax charge at the Group's effective tax rate	**173,460**	597,023

Tax relief mainly related to accelerated deductions claimed for wear and tear of qualifying fixed assets purchased and used in business.

11. DIVIDENDS

The directors do not recommend the payment of any dividend in respect of the year (2017: Nil).

12. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

	2018	2017
	$	$
Profit/(Loss) attributable to the ordinary equity holders of the Company	467,155	(406,386)
Weighted average number of ordinary shares in issue	640,000,000	512,876,712
Basic and diluted earnings/(loss) per share	0.0007	(0.0008)

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

The weighted average number of ordinary shares in issue used in the calculation of basic earnings/(loss) per share for the years ended 31 December 2018 and 2017 is based on the assumption that 480,000,000 ordinary shares of the Company are in issue and issuable, comprising an aggregate of 1,000,000 ordinary shares issued on 10 February 2017 and 25 February 2017, respectively and 479,000,000 ordinary shares issued under the Capitalisation Issue (note 22), as if those shares were outstanding throughout the years.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2018 and 2017.

13. PROPERTY, PLANT AND EQUIPMENT

	Motor vehicles	Furniture and fittings	Office equipment	Computers	Buildings	Leasehold improvements	Total
	$	$	$	$	$	$	$
Cost							
At 1 January 2017	25,154,262	1,971	590	83,961	824,985	–	26,065,769
Additions	5,150,358	–	–	53,468	365,000	50,719	5,619,545
Disposals	(1,147,848)	–	–	–	–	–	(1,147,848)
At 31 December 2017	29,156,772	1,971	590	137,429	1,189,985	50,719	30,537,466
Additions	2,827,237	–	–	11,147	–	–	2,838,384
Disposals	(3,765,252)	–	–	–	–	–	(3,765,252)
At 31 December 2018	28,218,757	1,971	590	148,576	1,189,985	50,719	29,610,598
Accumulated depreciation							
At 1 January 2017	15,052,165	1,971	590	38,006	112,581	–	15,205,313
Charge for the year	1,924,851	–	–	88,337	42,678	21,133	2,076,999
Disposals	(1,123,930)	–	–	–	–	–	(1,123,930)
At 31 December 2017	15,853,086	1,971	590	126,343	155,259	21,133	16,158,382
Charge for the year	2,150,416	–	–	18,900	45,212	25,360	2,239,888
Disposals	(2,936,933)	–	–	–	–	–	(2,936,933)
At 31 December 2018	15,066,569	1,971	590	145,243	200,471	46,493	15,461,337
Net book value							
At 31 December 2017	13,303,686	–	–	11,086	1,034,726	29,586	14,379,084
At 31 December 2018	13,152,188	–	–	3,333	989,514	4,226	14,149,261

Assets held under finance leases

For the year ended 31 December 2018, the Group acquired motor vehicles with an aggregate cost of $2,403,686 (2017: $4,680,881) by means of finance leases. The cash outflows on acquisition of property, plant and equipment amounted to $434,698 (2017: $938,664) for the year ended 31 December 2018. The carrying amount of motor vehicles held under finance leases were $12,386,240 (2017: $12,282,207) as at 31 December 2018. Leased assets are pledged as securities for the related finance lease liabilities.

Assets pledged as securities

In addition to the assets held under finance leases, the Group's buildings with an aggregate carrying amount of $989,514 (2017: $1,034,726) were mortgaged to secure the Group's bank loans as at 31 December 2018 (note 21 (b)(i)).

14. DEFERRED TAX

The components of deferred tax assets and liabilities with the net balance recognised in the consolidated statement of financial position and the movements during the year are as follows:

Deferred tax liabilities arising from:

	Provisions	**Excess of net book values of plant and equipment over tax values**	**Total**
	$	*$*	*$*
At 1 January 2017	959	617,454	618,413
Credited to profit or loss during the year *(note 10)*	(959)	(18,754)	(19,713)
At 31 December 2017 and 1 January 2018	—	598,700	598,700
Charged to profit or loss during the year *(note 10)*	—	108,107	108,107
At 31 December 2018	—	706,807	706,807

Deferred tax assets arising from:

	Tax benefit available for offsetting against future taxable profits
	$
At 1 January 2017	197,288
Charged to profit or loss during the year *(note 10)*	(174,861)
At 31 December 2017 and 1 January 2018	22,427
Charged to profit or loss during the year *(note 10)*	(20,333)
At 31 December 2018	2,094

14. DEFERRED TAX (continued)

For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2018 $	2017 $
Net deferred tax assets recognised in the consolidated statement of financial position	**78,614**	78,360
Net deferred tax liabilities recognised in the consolidated statement of financial position	**(783,327)**	(654,633)
	(704,713)	(576,273)

There are no income tax consequences attaching to the payment of dividends by the Group to its shareholders.

15. AVAILABLE-FOR-SALE INVESTMENT

	2018 $	2017 $
Non-current:		
Quoted equity security, at fair value	**–**	6,750

During the year, the Group recognised a fair value loss of $6,750 (2017: Nil) for the quoted equity security as there was "significant" or "prolonged" decline in the fair value of this investment below its cost. The Group regards "significant" generally as 20% and "prolonged" as greater than twelve months.

The above equity investment at 1 January 2018 was classified as financial assets at fair value through profit or loss as the Group has not elected to recognise the fair value gain or loss through other comprehensive income.

16. DEPOSITS AND OTHER RECEIVABLES

	2018 $	2017 $
Non-current:		
Deposits	**66,500**	66,500
Current:		
Other receivables	**–**	1,373
Deposits	**19,360**	20,329
GST receivable	**–**	11,788
	19,360	33,490

None of the above assets are either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default. The balance of other receivables and advance to a director are unsecured, interest-free and have no fixed terms of repayment.

17. TRADE RECEIVABLES

	2018	2017
	$	$
External parties	**6,066,811**	5,781,140

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:

	2018	2017
	$	$
Less than 30 days	**3,171,048**	2,980,180
31 to 60 days	**2,117,976**	1,837,638
61 to 90 days	**541,734**	493,692
More than 90 days	**236,053**	469,630
Total	**6,066,811**	5,781,140

Impairment under IFRS 9 for the year ended 31 December 2018

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity. There is no credit risk exposure on the Group's trade receivables using a provision matrix.

17. TRADE RECEIVABLES (continued)

Impairment under IAS 39 for the year ended 31 December 2017

The ageing analysis of the trade receivables as at 31 December 2017 that were neither individually nor collectively considered to be impaired under IAS 39 is as follows:

	2018	2017
	$	*$*
Neither past due nor impaired	**3,941,923**	4,234,141
Less than 30 days past due	**1,596,022**	798,780
31 to 60 days past due	**297,694**	464,722
61 to 90 days past due	**173,351**	175,237
More than 90 days	**57,821**	108,260
Total	**6,066,811**	5,781,140

Receivables that were neither past due nor impaired related to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired related to a number of customers that had a good track record with the Group. Based on past experience, the Company's directors were of the opinion that no provision for impairment under IAS 39 was necessary in respect of these balances as there has not been a significant change in credit quality and the balances were still considered fully recoverable.

18. CASH AND BANK BALANCES AND PLEDGED DEPOSITS

	2018	2017
	$	*$*
Cash and bank balances	**8,702,552**	9,093,347
Time deposits	**501,500**	806,710
	9,204,052	9,900,057
Less: Pledged time deposits:		
Pledged for bank overdraft facility *(note 21 (b)(ii))*	**(501,500)**	(806,710)
Cash and bank balances	**8,702,552**	9,093,347

Cash at banks are denominated in S$ and Hong Kong dollars ("HK$"), and earn interest at floating rates based on daily bank deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

Cash and bank balances denominated in HK$ amounted to $6,323,520 (2017: $6,808,753) as at 31 December 2018.

19. 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:

	2018	2017
	$	*$*
Less than 30 days	**887,101**	1,688,762
31 to 60 days	**435,601**	171,113
61 to 90 days	**26,518**	13,483
More than 90 days	**—**	26,733
	1,349,220	1,900,091

20. OTHER PAYABLES AND ACCRUALS

	2018	2017
	$	*$*
Accrued liabilities	**864,023**	905,492
GST payable	**178,909**	—
Other payables	**64,262**	256,561
	1,107,194	1,162,053

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

21. LOANS AND BORROWINGS

	2018	2017
	$	$
Current:		
Finance lease payables *(note 30)*	**2,352,671**	2,070,944
Bank loans — secured	**132,351**	102,414
Bank loans — unsecured	**—**	74,455
	2,485,022	2,247,813
Non-current:		
Finance lease payables *(note 30)*	**1,619,090**	1,910,476
Bank loans — secured	**474,899**	624,325
Bank loans — unsecured	**—**	255,922
	2,093,989	2,790,723
Total	**4,579,011**	5,038,536
Analysed into:		
Bank loans and overdraft:		
Within one year or on demand	**132,351**	176,869
In the second year	**130,926**	181,817
In the third to fifth years, inclusive	**237,608**	465,184
Beyond five years	**106,365**	233,246
	607,250	1,057,116
Other borrowings:		
Within one year or on demand	**2,352,671**	2,070,944
In the second year	**1,411,141**	1,371,246
In the third to fifth years, inclusive	**207,949**	539,230
	3,971,761	3,981,420
	4,579,011	5,038,536

21. LOANS AND BORROWINGS (continued)

Notes:

(a) Finance leases

The finance lease obligations are secured by charges over the leased assets, details of which are set out in note 13 to these financial statements. For the year ended 31 December 2018, the average effective interest rate of the leases was 2.71% (2017: 2.71%) per annum.

(b) Bank loans, bank overdraft and other loans

For the year ended 31 December 2018, the effective interest rates of the Group's bank loans and other loans ranged from 1.7% to 4.85% (2017: 1.7% to 6.75%) per annum.

The Group's secured bank loans are secured by:

(i) mortgages over the Group's buildings situated in Singapore, which had an aggregate carrying amount of $989,514 (2017: $1,034,726) as at 31 December 2018;

(ii) time deposits with carrying amounts of $501,500 (2017: $806,710) as at 31 December 2018; and

(iii) joint and several personal guarantees provided by the directors of the Company.

22. SHARE CAPITAL

The movements in the Company's authorised and issued share capital during the years ended 31 December 2018 and 2017 are as follows:

	Notes	**Number of ordinary shares**	**Nominal value of ordinary shares** *HK$*
Authorised:			
38,000,000 ordinary shares of HK$0.01 each on 10 February 2017 (date of incorporation)		38,000,000	380,000
Increase of 4,962,000,000 ordinary shares of HK$0.01 each on 25 September 2017	(b)	4,962,000,000	49,620,000
At 31 December 2018		5,000,000,000	50,000,000
Issued and fully paid:			
Issue of 1 ordinary share of HK$0.01 on the date of incorporation of the Company	(a)	1	0.01
Issue of 999,999 ordinary shares of HK$0.01 each pursuant to the Reorganisation	(a)	999,999	9,999
Issue of 479,000,000 ordinary shares of HK$0.01 each under the Capitalisation Issue	(c)	479,000,000	4,790,000
Issue of 160,000,000 ordinary shares of HK$0.01 each under the IPO	(d)	160,000,000	1,600,000
At 31 December 2018		640,000,000	6,400,000

22. SHARE CAPITAL (continued)

Notes:

(a) 1 ordinary share and 999,999 ordinary shares of HK$0.01 each were issued and allotted to Ventris Global Limited on 10 February 2017 and 25 September 2017, respectively.

(b) Pursuant to an ordinary resolution passed on 25 September 2017, the authorised share capital of the Company was increased from HK$380,000 to HK$50,000,000 by the creation of 4,962,000,000 additional ordinary shares of HK$0.01 each.

(c) Pursuant to an ordinary resolution passed on 25 September 2017, 479,000,000 ordinary shares of HK$0.01 each were issued, allotted and credited as fully paid at par by way of capitalisation from the share premium account to the holder of shares whose name appeared on the register of members of the Company at the close of business on 25 September 2017 in proportion to their respective shareholdings (the "Capitalisation Issue"). This allotment and Capitalisation Issue were conditional on the share premium account being credited as a result of the offering of new ordinary shares in connection with the Company's IPO as detailed in note (d) below.

(d) In connection with the Company's IPO, 160,000,000 ordinary shares of HK$0.01 each (the "Shares") were issued at a price of HK$0.44 per share for a total cash consideration before expenses of approximately HK$70,400,000. Dealings in the Company's Shares on the GEM of the Stock Exchange commenced on 18 October 2017.

23. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 51 of these financial statements.

Other reserve

Other reserve represents the aggregate issued share capital of the subsidiaries comprising the Group.

24. CONTRACT LIABILITIES

	31 December 2018 $	1 January 2018 *$*
Advances received from customers	**154,995**	—

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 increase in contract liabilities in 2018 was mainly due to the increase in short-term advanced received from customers in relation to the provision of trucking services at the end of the year.

25. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

	Group	
	2018 $	2017 *$*
Remuneration paid to key management personnel (including directors' remuneration *(note 8)*)	**1,287,820**	1,053,213

26. FINANCIAL INSTRUMENTS

(a) Financial instruments by category

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

2018

Financial assets

	Financial assets measured at amortised cost *$*	Total *$*
Pledged deposits	501,500	501,500
Cash and bank balances	8,702,552	8,702,552
Trade receivables	6,066,811	6,066,811
Deposits and other receivables	85,860	85,860
Total	15,356,723	15,356,723

2018

Financial liabilities

	Financial liabilities at amortised cost *$*	Total *$*
Trade payables	1,349,220	1,349,220
Contract liabilities	154,995	154,995
Financial liabilities included in other payables and accruals	835,426	835,426
Loans and borrowings	4,579,011	4,579,011
Total	6,918,652	6,918,652

26. FINANCIAL INSTRUMENTS (continued)

(a) Financial instruments by category (continued)

2017

Financial assets

	Loans and receivables *$*	Available-for-sale financial assets *$*	Total *$*
Available-for-sale investment	—	6,750	6,750
Pledged deposits	806,710	—	806,710
Cash and bank balances	9,093,347	—	9,093,347
Trade receivables	5,781,140	—	5,781,140
Deposits and other receivables	99,990	—	99,990
Total	15,781,187	6,750	15,787,937

Financial liabilities

	Financial liabilities at amortised cost *$*
Trade payables	1,900,091
Contract liabilities	–
Financial liabilities included in other payables and accruals	822,041
Loans and borrowings	5,038,536
	7,760,668

26. FINANCIAL INSTRUMENTS (continued)

(b) Fair values of financial instruments

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

	Carrying amount		Fair value	
	2018	2017	**2018**	2017
	$	$	**$**	$
Financial assets				
Available-for-sale investments	**–**	6,750	**–**	6,750
	–	6,750	**–**	6,750
Financial liability				
Finance lease payables	**3,971,761**	3,981,420	**3,971,761**	3,981,420
Bank loans, bank overdraft and other loans	**607,250**	1,057,116	**607,250**	1,057,116
Total	**4,579,011**	5,038,536	**4,579,011**	5,038,536

The fair values of the non-current portion of pledged deposits, finance lease payables, interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for finance lease payables, and interest-bearing bank and other borrowings as at 31 December 2018 was assessed to be insignificant.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values.

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to financial risks arising from its operations and the use of financial instruments.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from their loans and borrowings. All of the Group's financial assets and liabilities at floating rates are contractually re-priced at intervals of less than six months from the end of the reporting period.

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Interest rate risk (continued)

The Group's policy is to manage interest cost using a mix of fixed and floating rate debts. The Group's policy is to keep 60% to 90% (2017: 60% to 80%) of its loans and borrowings at fixed rates of interest for the year. Approximately 87% (2017: 77%) of the Group's loans and borrowings are at fixed rates of interest as at 31 December 2018.

Sensitivity analysis for interest rate risk

As at the end of the reporting period, if interest rates had been 75 basis points higher for the Group's floating rate debts with all other variables held constant, the Group's profit before tax for the years ended 31 December 2018 and 2017 would have remained substantially unchanged. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility as in the prior year.

Credit risk

Maximum exposure and year-end staging as at 31 December 2018

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December 2018. For listed debt investments, the Group also monitors them by using external credit ratings. The amounts presented are gross carrying amounts for financial assets and the exposure to credit risk for the financial guarantee contracts.

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	
	$	$	$	$	$
31 December 2018					
Trade receivables*	–	–	–	6,066,811	6,066,811
Financial assets included in prepayments, deposits and other receivables					
— Normal**	129,844	–	–	–	129,844
Pledged deposits					
— Not yet past due	501,500	–	–	–	501,500
Cash and cash equivalents					
— Not yet past due	8,702,552	–	–	–	8,702,552
Total	9,333,896	–	–	6,066,811	15,400,707

* For trade receivables which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in notes 17 to the financial statements.

** The credit quality of the financial assets included in prepayments, deposits and other receivables is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

Maximum exposure as at 31 December 2017

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's main exposure to credit risk arises primarily from trade and other receivables. The credit risk on such trade and other receivables is minimal as the Group adopts the policy of dealing only with customers and counterparties of appropriate credit history.

Exposure to credit risk

As at the end of the reporting period, the Group's maximum exposure to credit risk represented the carrying amount of each class of financial assets recognised in the consolidated statement of financial position.

Credit risk concentration profile

The Group manages concentration of credit risk by monitoring the individual profile of its trade receivables on an ongoing basis.

As at 31 December 2018, approximately 70% (2017: 72%) of the Group's trade receivables were due from the top three customers.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired relate to creditworthy debtors with good payment record with the Group. Cash and cash equivalents are placed with or entered into with reputable financial institutions or companies with no history of default.

Financial assets that are past due but not impaired

Information regarding financial assets that are past due but not impaired is disclosed in note 17 to these financial statements.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to a shortage of funds.

The Group's exposure to liquidity risk arises in the general funding of the Group's operating activities. The Group's cash and bank balances and operating cash flows are actively managed to ensure adequate working capital requirements and that repayment and funding needs are met.

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

The table below summarises the maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted repayment obligations.

	31 December 2018				31 December 2017			
	1 year or less	1 to 5 years	Over 5 years	Total	1 year or less	1 to 5 years	Over 5 years	Total
	$	$	$	$	$	$	$	$
Trade and other payables	2,339,641	–	–	2,339,641	2,722,132	–	–	2,722,132
Finance lease payables	2,427,730	1,644,301	–	4,072,031	2,150,977	1,948,250	–	4,099,227
Bank loans, bank overdraft and other loans	142,971	411,527	117,340	671,838	208,802	712,940	244,443	1,166,185
	4,910,342	2,055,828	117,340	7,083,510	5,081,911	2,661,190	244,443	7,987,544

Capital management

The primary objective of the Group's capital management is to safeguard its ability to continue as a going concern in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2018 and 31 December 2017.

The gearing ratios which are total loans and borrowings divided by the total equity as at the end of the reporting period were as follows:

	2018	2017
	$	$
Total loans and borrowings	4,579,011	5,038,536
Total equity	21,618,613	21,151,458
Gearing ratio	21.2%	23.8%

28. CONTINGENT LIABILITIES

Performance guarantees were given by the 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 $660,000 as at 31 December 2018 (2017: $640,000).

29. COMMITMENTS

(a) Operating lease commitments

The Group leases its logistics yard under operating lease arrangements.

Leases for the logistics yard are negotiated for terms ranging from one to three years.

The Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2018 $	2017 $
Within one year	1,415,000	759,000
In the second to fifth years, inclusive	315,000	—
	1,730,000	759,000

(b) Capital commitments

	2018 $	2017 $
Contracted, but not provided for:		
Capital expenditure in respect of implementation and set-up of the container tracking system	37,000	—

30. FINANCE LEASE PAYABLES

The Group leases some of its motor vehicles under finance lease arrangements. These leases have remaining lease terms ranging from one to five years.

As at the end of the reporting period, the total future minimum lease payments under finance leases and their present values were as follows:

	2018		2017	
	Minimum lease payments	**Present value of minimum lease payments**	Minimum lease payments	Present value of minimum lease payments
	$	***$***	*$*	*$*
Not later than one year	**2,427,730**	**2,352,671**	2,150,977	2,070,944
In the second year	**1,435,033**	**1,411,141**	1,403,015	1,371,246
In the third to fifth years, inclusive	**209,268**	**207,949**	545,235	539,230
Total minimum finance lease payments	**4,072,031**	**3,971,761**	4,099,227	3,981,420
Less: Amounts representing future finance charges	**(100,270)**	**—**	(117,807)	—
Total net finance lease payables	**3,971,761**	**3,971,761**	3,981,420	3,981,420
Portion classified as current liabilities	**(2,352,671)**		(2,070,944)	
Non-current portion	**1,619,090**		1,910,476	

31. NOTES TO THE STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group entered into finance lease arrangements in respect of motor vehicles with a total capital value at the inception of the leases of $2,403,686 (2017: $4,680,881).

(b) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities arising from financing activities during the year are as follows:

	At 1 January 2018 $	Changes from financing cash flows $	Non-cash changes: Acquisition of property, plant and equipment $	Non-cash changes: Other changes $	At 31 December 2018 $
Pledged deposits	**(806,710)**	**305,210**	**—**	**—**	**(501,500)**
Loans and borrowings	**5,038,536**	**(2,863,211)**	**2,403,686**	**—**	**4,579,011**
Interest payable	**—**	**(155,814)**	**—**	**155,814**	**—**
	4,231,826	**(2,713,815)**	**2,403,686**	**155,814**	**4,077,511**

	At 1 January 2017 $	Changes from financing cash flows $	Non-cash changes: Acquisition of property, plant and equipment $	Non-cash changes: Other changes $	At 31 December 2017 $
Pledged deposits	(304,575)	(502,135)	—	—	(806,710)
Loans and borrowings	4,564,215	(4,206,560)	4,680,881	—	5,038,536
Advance to a director included in deposits and other receivables	(100,000)	100,000	—	—	—
Interest payable	—	(175,464)	—	175,464	—
	4,159,640	(4,784,159)	4,680,881	175,464	4,231,826

32. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company as at the end of the reporting period is as follows:

	2018
	$
Non-current assets	
Investment in subsidiary	10,283,630
Total non-current assets	10,283,630
Current assets	
Deposits and other receivables	245,678
Prepayments	43,684
Cash and bank balances	6,323,520
Total current assets	6,612,882
Current liabilities	
Other payables and accruals	228,789
Net current assets	6,384,093
Net assets	16,667,723
Equity	
Share capital	1,106,317
Reserves	15,561,406
Total equity	16,667,723

32. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note: A summary of the Company's reserves is as follows:

Company	Share premium	Accumulated losses	Total
	$	*$*	*$*
At date of incorporation	—	—	—
Loss for the year and total comprehensive loss for the year	—	(3,742,635)	(3,742,635)
Issue of 999,999 ordinary shares pursuant to the Reorganisation *(notes 2.1 and 22)*	10,281,904	—	10,281,904
Issue of 479,000,000 ordinary shares under the Capitalisation Issue *(note 22)*	(826,717)	—	(826,717)
Issue of 160,000,000 shares under the IPO *(note 22)*	11,948,593	—	11,948,593
Share issue expenses	(1,630,432)	—	(1,630,432)
At 31 December 2017	19,773,348	(3,742,635)	16,030,713
Loss for the year and total comprehensive loss for the year	—	(469,307)	(469,307)
At 31 December 2018	19,773,348	(4,211,942)	15,561,406

33. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved and authorised for issue by the board of directors on 25 March 2019.

Four Year Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last four financial years, as extracted from the published audited financial statements, is set out below:

	Year ended 31 December			
	2015	2016	2017	**2018**
	S$	*S$*	*S$*	***S$***
RESULTS				
Revenue	27,684,381	27,008,662	30,822,059	**29,400,494**
Cost of sales	(22,059,670)	(20,763,078)	(23,986,785)	**(24,860,871)**
Gross profit	5,624,711	6,245,584	6,835,274	**4,539,623**
Other income	428,741	392,968	284,072	**410,551**
Administrative expenses	(2,302,888)	(2,474,257)	(6,753,245)	**(4,153,745)**
Finance costs	(159,897)	(119,347)	(175,464)	**(155,814)**
Profit before tax	3,590,667	4,044,948	190,637	**640,615**
Income tax expense	(545,663)	(699,297)	(597,023)	**(173,460)**
Profit/(loss) for the year	3,045,004	3,345,651	(406,386)	**467,155**
Other comprehensive income:				
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Available-for-sale investment:				
Changes in fair value	(13,800)	(4,650)	—	**—**
Reclassification adjustments for losses included in profit or loss				
— Impairment losses	17,053	4,650	—	**—**
Other comprehensive income for the year	3,253	—	—	**—**
Total comprehensive income/(loss) for the year	3,048,257	3,345,651	(406,386)	**467,155**

	31 December 2015	31 December 2016	31 December 2017	**31 December 2018**
	S$	*S$*	*S$*	***S$***
ASSETS AND LIABILITIES				
TOTAL ASSETS	17,350,183	17,673,620	30,355,225	**29,628,282**
TOTAL LIABILITIES	(9,734,025)	(6,711,811)	(9,203,767)	**(8,009,669)**
	7,616,158	10,961,809	21,151,458	**21,618,613**