

C&N Holdings Limited 春能控股有限公司*

Incorporated in the Cayman Islands with limited liability

Stock Code: 8430

Interim Report 2022

* 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 Main Board. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

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

This report, for which the directors (the “Directors”) of C&N Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief (1) the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and (2) there are no other matters the omission of which would make any statement herein or this report misleading.

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

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- The Group's overall revenue amounted to approximately S\$13,440,000 for the six months ended 30 June 2022, representing an increase of approximately S\$112,000 or 0.8% as compared to the six months ended 30 June 2021.
- The loss attributable to the owners of the Company was approximately S\$3,367,000 for the six months ended 30 June 2022 as compared to a loss of approximately S\$2,536,000 for the six months ended 30 June 2021.
- The Board does not recommend the payment of any dividend for the six months ended 30 June 2022.

Unaudited Interim Results

The board of Directors (the “Board”) of the Company is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2022, together with the unaudited comparative figures for the corresponding period in 2021, as follows:

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

For the six months ended 30 June 2022

	Notes	Three months ended		Six months ended	
		30 June	2021	30 June	2021
		2022	2021	2022	2021
		S\$	S\$	S\$	S\$
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	3	6,771,664	6,235,780	13,439,564	13,328,175
Cost of sales		(6,560,843)	(5,959,054)	(13,114,450)	(12,564,307)
Gross profit		210,821	276,726	325,114	763,868
Other income	4	32,230	185,701	201,691	534,491
Administrative expenses		(1,909,627)	(2,536,928)	(3,874,377)	(3,772,052)
Finance costs	5	(9,103)	(25,616)	(19,597)	(62,802)
Loss before tax	6	(1,675,680)	(2,100,117)	(3,367,169)	(2,536,495)
Income tax expense	7	–	–	–	–
Loss for the period and total comprehensive income for the period		(1,675,680)	(2,100,117)	(3,367,169)	(2,536,495)
Basic and diluted loss per share	8	(0.0020)	(0.0032)	(0.0041)	(0.0039)

Unaudited Consolidated Statement of Financial Position

As at 30 June 2022

	Notes	30 June 2022 S\$ (Unaudited)	31 December 2021 S\$ (Audited)
Non-current assets			
Property, plant and equipment	10	7,522,626	9,388,975
Right-of-use assets		1,697,054	700,197
Intangible assets		161,431	212,510
Deferred tax assets		–	297,584
Deposits		–	52,500
Total non-current assets		9,381,111	10,651,766
Current assets			
Trade receivables	11	4,241,185	3,843,489
Deposits and other receivables		2,024,412	693,365
Contract assets		–	1,323
Pledged deposits		–	503,642
Cash and bank balances		7,869,446	10,065,121
Total current assets		14,135,043	15,106,940
Current liabilities			
Trade payables	12	1,773,450	1,032,651
Other payables and accruals		823,029	1,068,118
Loans and borrowings	13	1,819,325	1,476,449
Total current liabilities		4,415,804	3,577,218

Unaudited Consolidated Statement of Financial Position

As at 30 June 2022

	Notes	30 June 2022 S\$ (Unaudited)	31 December 2021 S\$ (Audited)
NET CURRENT ASSETS		9,719,239	11,529,722
TOTAL ASSETS LESS CURRENT LIABILITIES		19,100,350	22,181,488
Non-current liabilities			
Loans and borrowings	13	–	920,657
Deferred tax liabilities		54,217	351,868
Total non-current liabilities		54,217	1,272,525
NET ASSETS		19,046,133	20,908,963
EQUITY			
Share capital	14	1,419,386	1,350,206
Reserves		17,626,747	19,558,757
TOTAL EQUITY		19,046,133	20,908,963

Unaudited Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2022

	Share capital	Share premium	Share option reserves	Retained earnings	Total equity
	S\$	S\$	S\$	S\$	S\$
As at 1 January 2021 (audited)	1,106,317	19,773,348	–	(1,052,617)	19,827,048
Total comprehensive profit/ (loss) for the period	–	–	–	(2,536,495)	(2,536,495)
Placement of 128,000,000 shares net of issuance costs	221,658	2,310,905	–	–	2,532,563
Share option issued	–	–	1,520,706	–	1,520,706
As at 30 June 2021 (unaudited)	1,327,975	22,084,253	1,520,706	(3,589,112)	21,343,822
As at 1 January 2022 (audited)	1,350,206	23,041,857	1,174,452	(4,657,552)	20,908,963
Total comprehensive loss for the period	–	–	–	(3,367,169)	(3,367,169)
Issue of shares upon exercise of share options	69,180	1,236,573	(412,643)	–	893,110
Share option issued	–	–	611,229	–	611,229
As at 30 June 2022 (unaudited)	1,419,386	24,278,430	1,373,038	(8,024,721)	19,046,133

Unaudited Consolidated Statement of Cash Flows

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022 S\$ (Unaudited)	2021 S\$ (Unaudited)
Net cash used in operating activities	(2,951,296)	(233,138)
Net cash used in investing activities	(137,500)	(310,471)
Net cash generated from financing activities	893,121	1,388,946
Net (decrease)/increase in cash and cash equivalents	(2,195,675)	845,337
Cash and cash equivalents at beginning of period	10,065,121	11,643,529
Cash and cash equivalents at end of period	7,869,446	12,488,866

Notes to the Condensed Consolidated Financial Statements

1. GENERAL INFORMATION AND GROUP REORGANISATION

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

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

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

These interim unaudited condensed financial statements were approved by the Board of Directors of the Company on 12 August 2022.

Notes to the Condensed Consolidated Financial Statements

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

The unaudited condensed consolidated financial statements for the six months ended 30 June 2022 have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” issued by the International Accounting Standards Board and the applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange.

The unaudited condensed consolidated financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2021, which have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) which include International Accounting Standards (“IASs”) and Interpretations promulgated by the International Accounting Standards Board and the disclosure requirements of the Hong Kong Companies Ordinance. The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Company’s annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of the new and revised IFRSs effective as of 1 January 2022.

Notes to the Condensed Consolidated Financial Statements

3. REVENUE AND SEGMENT INFORMATION

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

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

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

An analysis of revenue is as follows:

	Three months ended		Six months ended	
	30 June		30 June	
	2022	2021	2022	2021
	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue from contracts with customers	6,771,664	6,235,780	13,439,564	13,328,175

Notes to the Condensed Consolidated Financial Statements

Revenue from contracts with customers

(i) Disaggregated revenue information

	Three months ended		Six months ended	
	30 June		30 June	
	2022	2021	2022	2021
	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Type of goods or services				
Trucking services	5,708,078	5,139,098	11,260,942	10,921,367
Hubbing services	1,063,586	1,096,682	2,178,622	2,406,808
	6,771,664	6,235,780	13,439,564	13,328,175
Timing of revenue recognition				
Services transferred at a point in time	5,708,078	5,139,098	11,260,942	10,921,367
Services transferred over time	1,063,586	1,096,682	2,178,622	2,406,808
	6,771,664	6,235,780	13,439,564	13,328,175

Geographical markets

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

Notes to the Condensed Consolidated Financial Statements

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

	Three months ended		Six months ended	
	30 June		30 June	
	2022	2021	2022	2021
	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:				
Trucking services	–	40,347	–	188,691

(ii) Performance obligations

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

Trucking income

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

Hubbing income

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

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

Notes to the Condensed Consolidated Financial Statements

4. OTHER INCOME

	Three months ended		Six months ended	
	30 June		30 June	
	2022	2021	2022	2021
	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Exchange gain — net	32,230	3,383	52,781	42,197
Gain on disposal of items of property, plant and equipment	–	14,057	11,364	14,057
Government grants	–	168,261	–	478,237
Sundry income	–	–	137,546	–
	32,230	185,701	201,691	534,491

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

5. FINANCE COSTS

	Three months ended		Six months ended	
	30 June		30 June	
	2022	2021	2022	2021
	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Interest on bank borrowings	7,721	22,837	16,546	56,224
Interest on lease liabilities	1,382	2,779	3,051	6,578
	9,103	25,616	19,597	62,802

Notes to the Condensed Consolidated Financial Statements

6. LOSS BEFORE TAX

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

	Three months ended		Six months ended	
	30 June	2021	30 June	2021
	2022	2021	2022	2021
	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	359,407	405,371	876,435	943,774
Depreciation of right-of-use assets	134,348	51,973	169,913	130,723
Amortisation of intangible assets	18,627	19,923	25,160	39,845
Employee benefits (excluding directors' remuneration)				
— Salaries and wages	2,170,819	1,954,842	4,134,500	4,341,681
— CPF contribution	159,501	161,148	433,146	358,598
	2,330,320	2,115,990	4,567,646	4,700,279
Share option expense	81,666	1,520,706	611,229	1,520,706
Lease payments not included in the measurement of lease liabilities	416,290	373,500	795,040	593,300
Exchange gain — net	(32,230)	(3,383)	(52,781)	(42,197)

Notes to the Condensed Consolidated Financial Statements

7. INCOME TAX EXPENSE

	Three months ended 30 June		Six months ended 30 June	
	2022 S\$ (Unaudited)	2021 S\$ (Unaudited)	2022 S\$ (Unaudited)	2021 S\$ (Unaudited)
Current tax representing income tax expense for the period	-	-	-	-

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

No Hong Kong profits tax has been provided since no assessable profit arose in Hong Kong during the period (six months ended 30 June 2021: nil).

Singapore corporate income tax has been provided at the rate of 17% (six months ended 30 June 2021: 17%) on the chargeable income arising in Singapore during the period. Income tax expense of the Group relates wholly to the profits of its two operating subsidiaries.

Notes to the Condensed Consolidated Financial Statements

8. LOSS PER SHARE

	Three months ended 30 June		Six months ended 30 June	
	2022 S\$ (Unaudited)	2021 S\$ (Unaudited)	2022 S\$ (Unaudited)	2021 S\$ (Unaudited)
Loss attributable to the owners of the Company	(1,675,680)	(2,100,117)	(3,367,169)	(2,536,495)
Weighted average number of ordinary shares in issue	827,804,444	652,800,000	814,626,133	646,400,000
Basic and diluted loss per share	(0.0020)	(0.0032)	(0.0041)	(0.0039)

The calculation of the basic loss per share is based on the loss for the period attributable to owners of the Company and the weighted average number of ordinary shares of 814,626,133 (2021: 646,400,000) in issue during the period.

As the Company's outstanding share options where applicable had an anti-dilutive effect to the basic loss per share computation for both periods, the exercise of the above potential dilutive shares is not assumed in the computation of diluted loss per share for both periods.

9. DIVIDEND

The Board does not recommend the payment of dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: nil).

Notes to the Condensed Consolidated Financial Statements

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2022, the Group did not acquire any assets (six months ended 30 June 2021: S\$340,000). The asset is reclassified as right-of-use assets in line with IFRS 16. Items of plant and equipment with a net book value of S\$1,134 were disposed of during the six months ended 30 June 2022 (six months ended 30 June 2021: S\$15,472), resulting in a gain on disposal of S\$11,364 (six months ended 30 June 2021: S\$14,057).

11. TRADE RECEIVABLES

	As at 30 June 2022 S\$ (Unaudited)	As at 31 December 2021 S\$ (Audited)
External parties	4,241,185	3,843,489

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

Notes to the Condensed Consolidated Financial Statements

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

	As at 30 June 2022 S\$ (Unaudited)	As at 31 December 2021 S\$ (Audited)
Less than 30 days	2,584,597	2,552,312
31 to 60 days	1,431,402	1,140,755
61 to 90 days	169,675	137,946
More than 90 days	55,511	12,476
Total	4,241,185	3,843,489

12. TRADE PAYABLES

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

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

	As at 30 June 2022 S\$ (Unaudited)	As at 31 December 2021 S\$ (Audited)
Less than 30 days	1,303,076	761,484
31 to 60 days	364,399	270,223
61 to 90 days	66,015	944
More than 90 days	39,960	–
Total	1,773,450	1,032,651

Notes to the Condensed Consolidated Financial Statements

13. LOANS AND BORROWINGS

	As at 30 June 2022 S\$ (Unaudited)	As at 31 December 2021 S\$ (Audited)
Current:		
Lease liabilities	457,714	452,804
Bank loans — secured	1,361,611	1,023,645
	1,819,325	1,476,449
Non-current:		
Lease liabilities	—	73,403
Bank loans — secured	—	847,254
	—	920,657
Total	—	2,397,106

Notes to the Condensed Consolidated Financial Statements

14. SHARE CAPITAL

	Number of ordinary shares (unaudited)	Nominal value of ordinary shares HK\$ (unaudited)	Share capital (equivalent to S\$) (unaudited)
Ordinary share of HK\$0.01 each			
Authorised			
At 1 January 2021, 31 December 2021 and 30 June 2022	5,000,000,000	50,000,000	
Issued and fully paid			
At 1 January 2021 and 31 December 2021	780,800,000	7,808,000	1,350,206
Issuance of 53,376,000 ordinary shares of HK\$0.01 upon exercise of share option	53,376,000	533,760	69,180
At 30 June 2022	834,176,000	8,341,760	1,419,386

Notes to the Condensed Consolidated Financial Statements

15. SHARE-BASED PAYMENT

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

On 20 January 2022 and 12 April 2022, 62,464,000 and 14,336,000 share options of the Company were granted to eight and two employees respectively. The exercise price of the granted options is equal to the closing price of the shares immediately before date of the grant. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

Movements in the number of share options outstanding for the period ended 30 June 2022 and their related weighted average exercise prices are as follows:

	Average exercise price in HK\$ per share	Options (thousands)
At 1 January 2022	0.285	51,200
Granted	0.098	76,800
Exercised	0.094	(53,376)
<hr/>		
At 30 June 2022	0.229	74,624

Notes to the Condensed Consolidated Financial Statements

Out of the 74,624,000 outstanding options, (i) 51,200,000 options were exercisable as at 30 June 2022 and expire on 20 May 2024; and (ii) 23,424,000 options were exercisable as at 30 June 2022 and expire on 19 January 2025.

The closing price of the Company's shares immediately before the date of grant of share options on 20 January 2022 and 12 April 2022 were HK\$0.102 and HK\$0.064 respectively.

16. RELATED PARTY DISCLOSURES

Compensation of key management personnel

	Three months ended		Six months ended	
	30 June		30 June	
	2022	2021	2022	2021
	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Remuneration paid to key management personnel (including directors' remuneration)	189,383	209,853	427,838	523,679

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

Management Discussion and Analysis

BUSINESS REVIEW

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

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

Singapore's economy grew 4.8% year-on-year in the second quarter of 2022. Economists expect it to get back on track quickly as global growth picks up and vaccination rates rise. With the government rolling back containment measures and working on increasing vaccination rates, the recovery should regain momentum over the coming months.

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

Management Discussion and Analysis

Revenue

The Group's revenue comprised of revenue from provision of transport and hubbing services to the logistics industry in Singapore. For the six months ended 30 June 2022, the revenue of the Group increased by approximately S\$112,000 or approximately 0.8% to approximately S\$13,440,000 compared to the six months ended 30 June 2021. The increase was mainly attributable to the recovery and opening up of the global trade economy in the half quarter of 2022. The following table sets forth the revenue of the Group by revenue type for the periods indicated:

	Six months ended 30 June 2022		Six months ended 30 June 2021	
	S\$'000	%	S\$'000	%
Trucking services	11,261	83.8	10,921	81.9
Hubbing services	2,179	16.2	2,407	18.1
	13,440	100.0	13,328	100.0

Revenue from trucking services

Revenue from trucking services increased by approximately S\$340,000 to S\$11,261,000 for the six months ended 30 June 2022, representing approximately 3.1% increase. The increase was mainly due to the general increase in diesel price due to the Russo-Ukrainian War.

Revenue from hubbing services

Revenue from hubbing services decreased S\$228,000 to S\$2,179,000 for the six months ended 30 June 2022. It is common for customers to request for us to truck the containers, and also provide storage space for these containers while waiting for vessels to arrive at port before we can truck the containers for export. Customers that require hubbing services are generally those whom have large volume in the import and export of goods, who are mainly freight forwarders and global logistics companies.

Management Discussion and Analysis

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

Gross profit

The overall gross profit decreased from approximately S\$764,000 for the six months ended 30 June 2021 to approximately S\$325,000 for the six months ended 30 June 2022. The overall gross profit margin decreased from approximately 5.7% for the six months ended 30 June 2021 to approximately 2.4% for the six months ended 30 June 2022. The decrease in gross profit margin is mainly due to the increase in cost of diesel since February 2022.

Other income

Other income decreased by approximately S\$332,000 from approximately S\$534,000 for the six months ended 30 June 2021 to approximately S\$202,000 for the six months ended 30 June 2022. The decrease was mainly due to a decrease in government grants that the Government introduced in 2021 to help Singapore businesses during the Covid-19 period.

Administrative expenses

Administrative expenses increased by approximately S\$102,000 or 2.7% from approximately S\$3,874,000 for the six months ended 30 June 2021 to approximately S\$5,414,000 for the six months ended 30 June 2022. The increase is mainly due to increase in office maintenance expense and professional fee during the six months ended 30 June 2022.

Income tax expense

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

Management Discussion and Analysis

Loss for the period

Due to the combined effect of the aforesaid factors, we recorded a loss of approximately S\$3,367,000 for the six months ended 30 June 2022, representing an increase in losses of approximately S\$831,000 as compared to the loss of approximately S\$2,536,000 for the six months ended 30 June 2021.

Dividend

The Board takes into account the Group's overall results of operation, financial position and capital requirements, among other factors, in considering the declaration of dividends. The Board does not recommend the payment of dividend for the six months ended 30 June 2022.

Liquidity and Financial Resources

As at 30 June 2022, the Group had total assets of approximately S\$23,516,000 (31 December 2021: S\$25,759,000), which was financed by total liabilities and shareholders' equity (comprising share capital, share premium and reserves) of approximately S\$4,470,000 (31 December 2021: S\$4,850,000) and approximately S\$19,046,000 (31 December 2021: S\$20,909,000) respectively. The current ratio as at 30 June 2022 of the Group was approximately 3.2 times (31 December 2021: approximately 4.2 times).

As at 30 June 2022, the Group had cash and cash equivalents of approximately S\$7,869,000 (31 December 2021: S\$10,569,000) which were placed with major banks in Singapore and Hong Kong.

The loans and borrowings of the Group as at 30 June 2022 was approximately S\$1,819,000 (31 December 2021: S\$2,397,000). The gearing ratio (calculated based on loans and borrowings divided by total equity) of the Group as of 30 June 2022 was 9.6% (31 December 2021: 11.5%).

Management Discussion and Analysis

Capital structure

As at 30 June 2022, the Company's issued share capital amounted to HK\$8,341,760 divided by 834,176,000 Shares of HK\$0.01 each.

Foreign Exchange Exposure

The Group transacts mainly in Singapore dollars, which is the functional currency of all the Group's operating subsidiaries. However, the Group retains a large part of its proceeds from the Share Offer and Share Placement in Hong Kong dollars which contributed to an unrealised foreign exchange gain of approximately S\$90,000 as at 30 June 2022 as Hong Kong dollars appreciated against Singapore dollars.

Future Plans for Material Investments and Capital Assets

Save as disclosed in the prospectus of the Company dated 6 October 2017 (the "Prospectus") in relation to, among other matters, the listing of its shares on GEM on 18 October 2017 (the "Listing") and in this report, the Group did not have other plans for material investments or capital assets as of 30 June 2022.

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

During the six months ended 30 June 2022, the Group did not have any material acquisitions or disposals of subsidiaries, associates or joint ventures.

Significant Investments Held

The Group did not hold any significant investments during the six months ended 30 June 2022.

Management Discussion and Analysis

Contingent liabilities

Performance guarantees were given by financial institutions and insurance companies on behalf of the Group to certain suppliers. The Group in turn, provides a counter indemnity to the financial institutions and insurance companies. The aggregate amount of the performance guarantees given by the financial institutions and insurance companies was S\$695,000 as at 30 June 2022 (31 December 2021: S\$695,000).

Capital commitments

As at 30 June 2022, the Group has no capital commitments.

Employee Information and Remuneration Policies

As at 30 June 2022, the Group had an aggregate of 164 employees (31 December 2021: 170).

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

Total staff costs, including Directors' emoluments, amounted to approximately S\$5,607,000 for the six months ended 30 June 2022 (six months ended 30 June 2021: approximately S\$6,745,000).

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.

Management Discussion and Analysis

Comparison of business objectives with actual business progress

Business strategies up to 30 June 2019 as stated in the Prospectus	Implementation plan	Actual business progress up to 30 June 2022
Purchase new vehicles to expand our current transportation fleet capabilities	<ul style="list-style-type: none"> — Purchase of 30 units of Euro VI compliant prime movers and 40 units of trailers 	The Group has purchased 10 units of Euro VI and 15 units of trailers. ¹
Purchase a new office to incorporate an increase in our workforce	<ul style="list-style-type: none"> — Purchase an industrial unit with area of around 1,000 square feet located at Pioneer Junction as additional office space — Renovation of the new office 	The Group has acquired an office unit and completed renovation. ²
Strengthen our information technology system	<ul style="list-style-type: none"> — Obtain quotation, finish installation and implementation test of tailor-made container tracing system 	The Group has finished installation of the system.
	<ul style="list-style-type: none"> — Obtain quotation, finish installation and implementation test of tailor-made enterprise resources planning system 	The Group has finished installation of the system.
	<ul style="list-style-type: none"> — Obtain quotation, purchase and finish installation and set-up of computer work stations, servers and ancillary equipment 	The Group has purchased and finished installation and set-up of computer work stations, servers and ancillary equipment.

Management Discussion and Analysis

Business strategies up to 30 June 2019 as stated in the Prospectus

Implementation plan

Actual business progress up to 30 June 2022

Expand our workforce to support our business expansion	<ul style="list-style-type: none"> — Hire one financial controller and two finance executives in finance department, and three operation staffs in operation departments — Hire additional 27 experienced truck drivers, with recruitment cost for the new workforce 	<p>The Group has hired a financial controller, finance executives and three operation staffs.</p> <p>The Group has hired 27 drivers, not factoring those drivers with a short turnover.</p>
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¹ As at 30 June 2020, approximately HK\$26,062,000 was allocated for the enhancement of capacity for transport and storage services through acquisition of new vehicles. As stated in the Prospectus, the Group intended to use the net proceeds to acquire Euro VI compliant prime movers that are more environmentally friendly. Based on our initial understanding, Euro VI compliant prime movers was set to come into force in Singapore from 1 January 2018. However, Euro VI was only available in the market in the fourth quarter of 2018.

In addition, being in the transportation business, the Group is dependent on the global trade movement. A number of the Group's customers had either put their expansion plans on hold or reduced the sales volume to the Group. Seeing the uncertainty of business volume from our customers and current fleet utilisation rate, management decided to monitor market conditions and wait for better visibility on our customers' growth. As such, acquisition of 10 units of Euro VI was made in 2019, after its introduction in the market in the last quarter of 2018. The Group has also purchased 10 units of trailers. During the year ended 31 December 2021, the Group has also purchased 1 Unit of Euro VI and 5 units of trailers. The Group will continue to monitor the market to time the acquisition of the remaining vehicles with the expected completion date in end of 2022.

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

Management Discussion and Analysis

Use of Proceeds from the Share Offer

	Planned use of proceeds as shown in								
	the Prospectus (adjusted on a pro rata basis based on the actual net proceeds)	Amount of the net proceeds utilised up to 31 December 2017	Amount of the net proceeds utilised up to 31 December 2018	Amount of the net proceeds utilised up to 31 December 2019	Amount of the net proceeds utilised up to 31 December 2020	Amount of the net proceeds utilised up to 31 December 2021	Amount of the net proceeds utilised up to 30 June 2022	Amount of the net proceeds utilised to the date of this report	Unutilised amount as at the date of this report ¹
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Enhancement of capacity for transport and storage services	26,062	–	–	8,823	8,823	10,053	10,053	19,753	6,309
Expansion and enhancement of workforce to support increased business activities	7,923	336	4,544	7,923	7,923	7,923	7,923	7,923	–
Information technology enhancement to support business activities	4,147	–	–	4,147	4,147	4,147	4,147	4,147	–
Purchase of office to incorporate an increase in workforce	2,619	–	–	–	–	1,840	1,840	2,619	–
Working capital and other general	2,365	2,365	2,365	2,365	2,365	2,365	2,365	2,365	–
	43,116	2,701	6,909	23,258	23,258	26,328	26,378	36,807	6,309

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

Management Discussion and Analysis

Prospects

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

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

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

Other Information

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

As at 30 June 2022, the interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) held by the Directors and chief executive of the Company (the "Chief Executive") which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register maintained by the Company pursuant to section 352 of the SFO, or which were notified to the Company and the Stock Exchange pursuant to rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

Long position in ordinary shares of the Company:

Name of director	Note	Number of underlying shares held, capacity and nature of interest			Approximate percentage of the issued share capital
		Directly beneficially owner	Through controlled corporation	Total	
Mr. Chua Kang Lim	(1)	6,400,000	58,205,000	64,605,000	7.74%
Ms. Chua Sui Feng		6,400,000	–	6,400,000	0.77%

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.

Other Information

Long position in shares and underlying shares of associated corporations:

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

Save as disclosed above, as at 30 June 2022, none of the Directors and Chief Executive had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

EQUITY-SETTLED SHARE OPTION SCHEME

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

Other Information

Movement in the share options granted under the Share Option Scheme during the six months ended 30 June 2022 is set out below:

									Approximate percentage of the underlying shares for the options in the issued shares of the Company
	Date of grant	Exercisable period	Exercise price HK\$	Closing price per share immediately before the date of grant HK\$	No. of options outstanding as at 1 January 2022 HK\$	No. of options granted during the six months ended 30 June 2022	No. of options exercised during the six months ended 30 June 2022	No. of options outstanding as at 30 June 2022	
Employees	21-May-21	21 May 2021 to 20 May 2024	0.285	0.285	51,200,000	-	-	51,200,000	6.14%
	20-January-22	20 January 2022 to 19 January 2025	0.1056	0.102	-	62,464,000	(39,040,000)	23,424,000	2.81%
	12-April-22	12 April 2022 to 11 April 2025	0.064	0.064	-	14,336,000	(14,336,000)	-	-
Total					51,200,000	76,800,000	(53,376,000)	74,624,000	8.95%

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

So far as the Directors and the Chief Executive are aware, as at 30 June 2022, other than the directors and chief executive, the following person had or were deemed or taken to have an interest and/or short position in the shares or the underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be recorded in the register of the Company required to be kept under section 336 of the SFO, or which would be, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other members of the Group:

Shareholder	Number of shares	Approximate percentage of shareholding	Capacity
Ventris Global Limited	58,205,000	6.98%	Beneficial owner
Dai Wangfei	79,000,000	9.47%	Beneficial owner
Wang Hufei	209,435,000	25.11%	Beneficial owner

Save as disclosed above, as at 30 June 2022, the Directors and the Chief Executive of the Company are not aware of any other person who had an interest or short position in the shares or underlying shares which would require to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of the Company.

Other Information

DIRECTORS' INTEREST IN COMPETING BUSINESS

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

PLEDGE OF ASSET

The Group's buildings with an aggregate carrying amount of the Group's properties and bank deposits of approximately S\$700,000 and S\$Nil (31 December 2021: approximately S\$854,000 and S\$504,000) were mortgaged to secure the Group's bank loans as at 30 June 2022.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2022.

COMPLIANCE OF CODE OF CONDUCT FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard of dealings and the code of conduct regarding securities transactions by directors adopted by the Company during the six months ended 30 June 2022.

COMPLIANCE WITH THE CORPORATE GOVERNANCE

The Company has adopted the principles and the code provisions set out in the Corporate Governance Code (the “CG Code”) contained in Appendix 15 to the GEM Listing Rules. During the six months ended 30 June 2022, the Company had complied with all the code provisions set out in the CG Code with the exception of the following deviation:

Code Provision A.2.1

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

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

Other Information

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with the Rules 5.28 and 5.29 of the GEM Listing Rules and Code Provision C.3.3 of the CG Code. The primary duties of our audit committee are, among other things, to review and supervise the financial reporting process and internal control systems of the Group. The audit committee consists of three independent non-executive Directors, namely Mr. Cheung Wai Kin, who has the appropriate auditing and financial related management expertise and serves as the chairman of the audit committee, Ms. Lo Suet Lai and Ms. Wong Shuk Yee Camilla. The audit committee has reviewed the accounting principles and policies adopted by the Group and the consolidated financial statements of the Group for the six months ended 30 June 2022 and is of the opinion that such results complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures had been made.

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

Singapore, 12 August 2022

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

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