C&N Holdings Limited
春能控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8430)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

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

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

This announcement, for which the directors (the "Directors") of C&N Holdings Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief (1) the information contained in this announcement is accurate and complete in all material respects and not misleading and deceptive; (2) there are no other matters the omission of which would make any statement herein or this announcement misleading; (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

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

* *For identification purposes only*

HIGHLIGHTS

- The Group's revenue amounted to approximately S$30,822,000 for the year ended 31 December 2017, representing an increase of approximately S$3,813,000 or 14.1% as compared to the year ended 31 December 2016.

- The loss attributable to the owners of the Company was approximately S$406,000 for the year ended 31 December 2017, representing a decrease of approximately S$3,752,000 as compared to the year ended 31 December 2016. The decrease was mainly due to the recognition of the listing expenses of approximately S$3,108,000 in connection with the Listing. Excluding the one-off listing expenses, the profit attributable to the owners of the Company for the year ended 31 December 2017 would have been S$2,702,000, representing a decrease of approximately 19.2% as compared to the corresponding year. The lower profit is mainly attributable to higher administrative expenses, in particular staff costs and compliance expenses incurred after the Listing.

- The Board does not recommend the payment of any dividend for the year ended 31 December 2017.

ANNUAL RESULTS

The board of Directors (the "Board") of the Company is pleased to present the consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2017, together with the comparative figures for the corresponding year, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2017

	Notes	**2017** *S$*	2016 *S$*
Revenue	4	**30,822,059**	27,008,662
Cost of sales		**(23,986,785)**	(20,763,078)
Gross profit		**6,835,274**	6,245,584
Other income		**284,072**	392,968
Administrative expenses		**(6,753,245)**	(2,474,257)
Finance costs	5	**(175,464)**	(119,347)
Profit before tax	6	**190,637**	4,044,948
Income tax expense	7	**(597,023)**	(699,297)
(Loss)/profit for the year		**(406,386)**	3,345,651
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Available-for-sale investment:			
— changes in fair value		**—**	(4,650)
Reclassification adjustment for loss included in profit or loss			
— impairment loss		**—**	4,650
Other comprehensive income for the year		**—**	—
Total comprehensive (loss)/income for the year		**(406,386)**	3,345,651
Basic and diluted (loss)/earnings per share	8	**(0.0008)**	0.0070

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	Notes	**2017**	2016
		S$	*S$*
Non-current assets			
Property, plant and equipment		**14,379,084**	10,860,456
Deferred tax assets		**78,360**	—
Available-for-sale investment		**6,750**	6,750
Deposits		**66,500**	87,948
Total non-current assets		**14,530,694**	10,955,154
Current assets			
Trade receivables	9	**5,781,140**	4,639,182
Deposits and other receivables		**33,490**	286,622
Prepayments		**109,844**	—
Pledged deposits		**806,710**	304,575
Cash and bank balances		**9,093,347**	1,488,087
Total current assets		**15,824,531**	6,718,466
Current liabilities			
Trade payables	10	**1,900,091**	686,027
Other payables and accruals	11	**1,162,053**	696,498
Loans and borrowings	12	**2,247,813**	2,793,844
Tax payable		**448,454**	298,915
Total current liabilities		**5,758,411**	4,475,284
NET CURRENT ASSETS		**10,066,120**	2,243,182
TOTAL ASSETS LESS CURRENT LIABILITIES		**24,596,814**	13,198,336
Non-current liabilities			
Loans and borrowings	12	**2,790,723**	1,815,402
Deferred tax liabilities		**654,633**	421,125
Total non-current liabilities		**3,445,356**	2,236,527
NET ASSETS		**21,151,458**	10,961,809
EQUITY			
Share capital	13	**1,106,317**	—
Reserves		**20,045,141**	10,961,809
TOTAL EQUITY		**21,151,458**	10,961,809

NOTES TO THE 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 19th Floor, Prosperity Tower, 39 Queen's Road Central, Central, Hong Kong. The head office and principal place of business of the Group is 3 Soon Lee Street, #06-03, Pioneer Junction, Singapore 627606.

The Company was incorporated on 10 February 2017 and was incorporated for the purpose of acquiring the subsidiaries of the Group pursuant to the reorganisation (the "Reorganisation"), details of which have been set out in the section headed "History, Reorganisation and Corporate structure — Reorganisation" in the prospectus of the Company dated 6 October 2017 (the "Prospectus").

Apart from the Reorganisation, the Company has not commenced any business or operation since its incorporation. The Group is principally engaged in offering various transport and storage services to the logistics industry in Singapore, primarily trucking and hubbing services.

The Company became the holding company of the companies now comprising the Group on 25 September 2017 and the shares of the Company were listed on GEM on 18 October 2017 (the "Listing"). The companies now comprising the Group were under the common control of Mr. Chua Kang Lim (the "Controlling Shareholder") before and after the Reorganisation. Accordingly, the consolidated financial statements for the year ended 31 December 2016 have been prepared on a combined basis by applying the principles of merger accounting as if the Reorganisation had been completed at the beginning of that year.

The 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.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

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 accounting policies adopted are consistent with those used in the preparation of the Group's historical financial information (the "Historical Financial Information") for the two years ended 31 December 2015 and 2016 and for the five months ended 31 May 2017 included in the accountants' report set out in Appendix I to the Prospectus. All the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2017, together with the relevant transitional provisions, have been adopted by the Group in the preparation of the Historical Financial Information.

3. SEGMENT INFORMATION

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

(a) the trucking segment refers to the provision of cargo transportation and other related services. The Group offers cargo transportation services, primarily of containers, from the customers designated pick up points to their designated delivery points within Singapore.

(b) the hubbing segment refers to the offering of the Group's container storage facility at its logistics yard to its customers.

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

Segment assets exclude deferred tax assets, 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.

Year ended 31 December 2017	Trucking *S$*	Hubbing *S$*	Total *S$*
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			
Other income			**284,072**
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

Year ended 31 December 2016	Trucking *S$*	Hubbing *S$*	Total *S$*
Segment revenue			
Sales to external customers	22,054,945	4,953,717	27,008,662
Segment results	3,147,662	3,097,922	6,245,584
Reconciliation			
Other income			392,968
Finance costs			(119,347)
Administrative expenses			(2,474,257)
Profit before tax			4,044,948
Segment assets	12,411,077	2,330,202	14,741,279
Reconciliation			
Available-for-sale investment			6,750
Pledged deposits			304,575
Cash and bank balances			1,488,087
Corporate and other unallocated assets			1,132,929
Total assets			17,673,620
Segment liabilities	1,112,898	21,844	1,134,742
Tax payable			298,915
Loans and borrowings			4,609,246
Deferred tax liabilities			421,125
Corporate and other unallocated liabilities			247,783
Total liabilities			6,711,811
Other segment information			
Depreciation	1,426,194	239,683	1,665,877
Unallocated amounts			36,309
			1,702,186
Capital expenditure*	1,737,472	1,000,000	2,737,472

* Represented additions to property, plant and equipment

Information about major customers

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

	2017	2016
	S$	*S$*
Customer A	**11,588,551**	11,044,344
Customer B	**3,265,167**	5,304,305
Customer C	**4,524,775**	3,010,965

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 2017 and 2016, no geographical segment information in accordance with IFRS 8 Operating Segments is provided.

4. REVENUE AND OTHER INCOME

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

An analysis of revenue and other income is as follows:

	2017	2016
	S$	*S$*
Revenue		
Trucking services	**25,619,718**	22,054,945
Hubbing services	**5,202,341**	4,953,717
	30,822,059	27,008,662
Other income		
Gain on disposal of items of property, plant and equipment	**68,507**	17,283
Interest income	**36,963**	—
One-off incentive for wage subsidies	**178,602**	375,685
	284,072	392,968

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

5. FINANCE COSTS

	2017	2016
	S$	*S$*
Interest on bank and other loans*	**89,399**	54,843
Interest on finance leases	**86,065**	64,504
	175,464	119,347

** including bank overdrafts*

6. PROFIT BEFORE TAX

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

	2017	2016
	S$	*S$*
Depreciation	**2,076,999**	1,702,186
Employee benefits (excluding directors' remuneration)		
— Salaries and wages	**7,860,117**	7,430,943
— CPF contributions	**687,761**	733,373
	8,547,878	8,164,316
Impairment loss on available-for-sale investment	**—**	4,650
Exchange loss	**88,187**	—
Initial Public Offering related expenses	**3,108,059**	—
Rental expenses	**1,524,564**	1,267,564

7. INCOME TAX EXPENSE

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 profit 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 (2016: Nil).

The Singapore statutory income tax rate has been provided at the rate of 17% (2016: 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 2017 and 2016 are:

	2017	2016
	S$	*S$*
Current tax		
— Singapore Corporate Income Tax (“CIT”)	**468,572**	319,920
Overprovision in prior year	**(26,697)**	(8,866)
Deferred tax	**155,148**	388,243
Total tax charge for the year	**597,023**	699,297

8. (LOSS)/EARNINGS PER SHARE

	2017	2016
	S$	*S$*
(Loss)/profit attributable to the ordinary equity holders of the Company	**(406,386)**	3,345,651
Weighted average number of ordinary shares in issue	**512,876,712**	480,000,000
Basic and diluted (loss)/earnings per share	**(0.0008)**	0.0070

The calculation of the basic (loss)/earnings per share is based on the (loss)/profit for the year attributable to the 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 (loss)/earnings per share for the years ended 31 December 2017 and 2016 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 September 2017, respectively and 479,000,000 ordinary shares issued upon capitalisation of share premium, 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 2017 and 2016.

9. TRADE RECEIVABLES

	2017	2016
	S$	*S$*
External parties	**5,781,140**	4,639,182

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:

	2017	2016
	S$	*S$*
Less than 30 days	**2,980,180**	2,555,729
31 to 60 days	**1,837,638**	1,564,159
61 to 90 days	**493,692**	285,914
More than 90 days	**469,630**	233,380
Total	**5,781,140**	4,639,182

10. 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:

	2017	2016
	S$	*S$*
Less than 30 days	**1,688,762**	664,226
31 to 60 days	**171,113**	18,496
61 to 90 days	**13,483**	3,144
More than 90 days	**26,733**	161
Total	**1,900,091**	686,027

11. OTHER PAYABLES AND ACCRUALS

	2017	2016
	S$	*S$*
Accrued liabilities	**905,492**	656,607
GST payable	**—**	39,891
Other payables	**256,561**	—
Total	**1,162,053**	696,498

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

12. LOANS AND BORROWINGS

	2017	2016
	S$	*S$*
Current:		
Finance lease payables	**2,070,944**	1,875,328
Bank overdraft – secured	**—**	45,031
Bank loans – secured	**102,414**	45,162
Bank loans – unsecured	**74,455**	127,184
Other loans – unsecured	**—**	701,139
	2,247,813	2,793,844
Non-current:		
Finance lease payables	**1,910,476**	930,321
Bank loans – secured	**624,325**	481,932
Bank loans – unsecured	**255,922**	403,149
	2,790,723	1,815,402
Total	**5,038,536**	4,609,246
Analysed into:		
Bank loans and overdraft:		
Within one year or on demand	**176,869**	217,377
In the second year	**181,817**	186,294
In the third to fifth years, inclusive	**465,184**	442,866
Beyond five years	**233,246**	255,921
	1,057,116	1,102,458
Other borrowings:		
Within one year or on demand	**2,070,944**	2,576,467
In the second year	**1,371,246**	624,865
In the third to fifth years, inclusive	**539,230**	305,456
	3,981,420	3,506,788
Total	**5,038,536**	4,609,246

Notes:

(a) Finance leases

The finance leases obligations are secured by charges over the leased assets. For the year ended 31 December 2017, the average effective interest rate of the leases is 2.71% (2016: 2.49%) per annum.

(b) Bank loans, bank overdraft and other loans

For the year ended 31 December 2017, the effective interest rates of the Group's bank loans, bank overdraft and other loans range from 1.7% to 6.75% (2016: 1.7% to 10.88%) per annum.

The Group's secured bank loans and overdraft are secured by:

(i) mortgages over the Group's buildings situated in Singapore, which had an aggregate carrying amount of S$1,034,726 (2016: S$712,404) as at 31 December 2017;

(ii) time deposits with carrying amounts of S$806,710 (2016: S$304,575) as at 31 December 2017; and

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

13. SHARE CAPITAL

The movements in the Company's authorised and issued share capital during the period from 10 February 2017 (date of incorporation) to 31 December 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 2017		5,000,000,000	50,000,000
Issued and fully paid:			
Issue of 1 ordinary share of HK$0.01 each 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	9,999.99
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 Initial Public Offering	(d)	160,000,000	1,600,000
At 31 December 2017		640,000,000	6,400,000

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 holders 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 the Capitalisation Issue were conditional on the share premium account being credited as a result of the placing of new shares in connection with the Company's initial public offering as detailed in note (d) below.

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

14. DIVIDEND

The directors do not recommend the payment of any dividend for the year ended 31 December 2017 (2016: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the financial period till date, 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 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.

The shares of the Company were successfully listed on GEM on 18 October 2017 (the "Listing").

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 2017, the revenue of the Group increased by approximately S$3,813,000 or approximately 14.1% to approximately S$30,822,000 compared to the year ended 31 December 2016. The growth was mainly attributable to the Group securing new customers in 2017, and also obtaining new projects from existing customers. The following table sets forth the revenue of our Group by revenue type for the periods indicated:

	2017		2016	
	S$'000	*%*	*S$'000*	*%*
Trucking services	**25,620**	**83.1**	22,055	81.7
Hubbing services	**5,202**	**16.9**	4,954	18.3
	30,822	**100.0**	27,009	100.0

Revenue from trucking services

Revenue from trucking services increased by approximately S$3,565,000 to S$25,620,000 for the year ended 31 December 2017, representing a 16.2% increase. The increase is mainly due to the Group securing new customers in the first half of 2017, and also obtaining new projects from existing customers. The Group had a strong Q2 and Q3 in 2017, before seeing a slowdown in business in Q4 with the global oil production cut, resulting in lesser production of refinery by-products resin. As a few of the Group's major customers are in the resin business, our business volume was in-turn affected.

Revenue from hubbing services

Revenue from hubbing services increased by 5.0% or approximately S$248,000. 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. Hence if there is an increase in our provision of trucking services, provision of hubbing services will increase accordingly.

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

Gross Profit

The overall gross profit increased from approximately S$6,246,000 for the year ended 31 December 2016 to approximately S$6,835,000 for the year ended 31 December 2017, mainly due to increase in revenue from trucking services. The overall gross profit margin decreased slightly from 23.1% for the year ended 31 December 2016 to 22.2% for the year ended 31 December 2017. The table below sets forth a breakdown of gross profit and gross profit margin by revenue type for the periods indicated:

	2017		2016	
	S$'000	***Gross profit margin %***	*S$'000*	*Gross profit margin %*
Trucking services	**4,255**	**16.6%**	3,148	14.3%
Hubbing services	**2,580**	**49.6%**	3,098	62.5%
	6,835	**22.2%**	6,246	23.1%

Gross profit from trucking services

The gross profit margin from trucking services increased from 14.3% for the year ended 31 December 2016 to 16.6% for the year ended 31 December 2017 mainly due to a change in revenue mix amongst the trucking services provided for the year.

Gross profit from hubbing services

The gross profit margin from hubbing services decreased from 62.5% for the year ended 31 December 2016 to 49.6% for the year ended 31 December 2017 with the signing of an additional new service agreement to provide additional storage capacity in the beginning of 2017. The Group now has two logistics yards in operation for the year ended 31 December 2017. In addition, the Group acquired two reachstackers in December 2016, resulting in higher depreciation expenses for the year ended 31 December 2017.

Other Income

Other income decreased by approximately S$109,000 from approximately S$393,000 for the year ended 31 December 2016 to approximately S$284,000 for the year ended 31 December 2017. The decrease was mainly attributed to a decrease in one-off incentive for wage subsidies declared by the Singapore Government.

Administrative Expenses

Administrative expenses comprised mainly of depreciation of property, plant and equipment, staff costs, auditor's remuneration, listing expenses and post-listing compliance costs. Total administrative expenses increased from approximately S$2,474,000 in the year ended 31 December 2016 to approximately S$6,753,000 in the year ended 31 December 2017.

Depreciation of property, plant and equipment increased by approximately S$116,000 due to increase in acquisition of computers and equipment, purchase of a new office unit and associated renovation.

Staff costs comprised of directors' remuneration and remuneration of support staff from the accounts and finance, operations, customer service and sales and marketing departments. Staff costs increased by approximately S$227,000 due to salary increment and increase in number of staff.

Auditor's remuneration increased by approximately S$134,000 after the Group's reorganisation for the Listing.

Listing expenses incurred in preparation for the listing of the shares of the Company and expensed to profit or loss amounted to approximately S$3,108,000.

In addition, additional compliance costs and professional fees of approximately S$392,000 were incurred post-listing.

Income Tax

The Group's income tax expense decreased by approximately S$102,000 from approximately S$699,000 to approximately S$597,000 for the year ended 31 December 2017. The decrease in tax expense is partially due to a decrease in profit before tax of approximately S$3,854,000 due to the aforesaid factors, offset by listing expenses incurred in 2017, which were non-deductible for tax purposes.

(Loss)/Profit for the Year

Due to the combined effect of the aforesaid factors, we recorded a loss of approximately S$406,000 for the year ended 31 December 2017, representing a decrease of approximately S$3,752,000 as compared to the profit for the year ended 31 December 2016.

Excluding the listing expenses incurred of approximately S$3,108,000, the Group would have recorded a profit of approximately S$2,702,000 for the year ended 31 December 2017, which is lower than the profit for the year ended 31 December 2016 of approximately S$3,346,000 as a result of higher administrative expenses as mentioned above.

Liquidity and Financial Resources

As at 31 December 2017, the Group had total assets of approximately S$30,355,000 (2016: S$17,674,000), which is financed by total liabilities and shareholders' equity (comprising share capital, share premium and retained earnings) of approximately S$9,204,000 (2016: S$6,712,000) and approximately S$21,151,000 (2016: S$10,962,000) respectively. The current ratio as at 31 December 2017 of the Group was approximately 2.7 times (2016: approximately 1.5 times).

During the year ended 31 December 2107, the Group raised net proceeds from issuance of its share capital of approximately S$7,488,000. The net cash generated from operating activities of approximately S$2,685,000 included listing expenses paid of approximately S$3,108,000.

As at 31 December 2017, the Group had cash and cash equivalents of approximately S$9,093,000 (2016: S$1,488,000) which were placed with major banks in Singapore and Hong Kong.

The total interest-bearing finance leases, bank and other borrowings of the Group as at 31 December 2017 was approximately S$5,039,000 (2016: S$4,609,000). The gearing ratio (calculated based on interest-bearing liabilities divided by total equity) of the Group as of 31 December 2017 was 23.8% (2016: 42.0%).

Foreign Exchange Exposure

The Group transacts mainly in Singapore dollars, which is the functional currency of all the Group's operating subsidiaries. However, the Group retains a large part of its proceeds from the Share Offer in Hong Kong dollars which contributed to an unrealised foreign exchange loss of approximately S$104,000 as Hong Kong dollars depreciated against Singapore dollars.

Future Plans for Material Investments and Capital Assets

Save as disclosed in the Prospectus and in this Announcement, the Group did not have other plans for material investments or capital assets as of 31 December 2017.

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

During the financial year ended 31 December 2017, the Group did not have any material acquisitions or disposals of subsidiaries, associates or joint ventures save for those related to the reorganisation (details disclosed under Note 2.1 to the financial statements).

Significant Investments Held

The Group did not hold any significant investments during the year ended 31 December 2017.

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$640,000 as at 31 December 2017 (2016: S$610,000).

Capital commitments

As at 31 December 2017, the Group has no commitment for the purchase of equipment (2016: S$1,320,000).

Employee Information

As at 31 December 2017, the Group had an aggregate of 175 employees.

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

Total staff costs, including Directors' emoluments, amounted to approximately S$9,254,000 for the year ended 31 December 2017 (2016: approximately S$8,765,000).

Use of Proceeds

The net proceeds from the Share Offer were approximately HK$43,116,000, which was based on the Share Offer price of HK$0.44 per share and the actual expenses related to the Listing. After the Listing, these proceeds were and will be used for the purposes in accordance with the future plans as set out in the prospectus of the Company dated 6 October 2017.

	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 2017 (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 2017	Unutilised amount as at 31 December 2017[(1)]
		HK$'000	*HK$'000*	*HK$'000*
Enhancement of capacity for transport and storage services through acquisition of new vehicles	26,062	2,052	—	2,052[(2)]
Expansion and enhancement of workforce to support increased business activities	7,923	886	336	550[(3)]
Information technology enhancement to support business activities	4,147	238	—	238[(4)]
Purchase of office to incorporate an increase in workforce	2,619	2,619	—	2,619[(5)]
Working capital and other general	2,365	2,365	2,365	—
	43,116	8,160	2,701	5,459

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

(2) Due to a delay in the availability of Euro VI compliant diesel prime movers in Singapore, the acquisition plan for more environmentally-friendly vehicles was delayed.

(3) With the delay in acquisition of vehicles, recruitment efforts were consequently delayed.

(4) The Group is in the process of studying the compatibility of the new system with the Group's existing technological infrastructure.

(5) We are currently still in discussion with the owner to buy over an office unit in the same office building as our subsidiaries' offices.

Prospects

The Group continues to strive to provide customers with timely delivery and storage of their containers, maintain growth in the industry and enhance overall competitiveness and market share in Singapore. In 2017, there was no material adverse change in the general economic and market conditions in Singapore or the industry in which it operates that had affected or would affect the business operations or financial condition materially and adversely.

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.

Pledge of Assets

The carrying amount of motor vehicles held under finance leases was approximately S$12,282,000 as at 31 December 2017. 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$1,035,000 were mortgaged to secure the Group's bank loans as at 31 December 2017.

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 2017.

COMPETING BUSINESS

For the year ended 31 December 2017, none of the Directors, controlling shareholder or their respective close associates (as defined in the GEM Listing Rules) has any interests in a business that competes or is likely to compete either directly or indirectly with the business of the Group.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2017.

COMPLIANCE WITH THE CORPORATE GOVERNANCE

The code provisions of the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules (the "CG Code") are applicable to the Company commencing from 18 October 2017, the date of Listing. The Company has adopted and complied with the code provisions, where applicable, upon Listing.

For the period from 18 October 2017 to 31 December 2017, the Company had complied with all the code provisions set out in the CG Code with the exception of the following deviation:

Code Provision A.2.1

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

Mr. K L Chua is acting as the chairman and the chief executive officer. In view of Mr. K L 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. 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 the CG Code to be appropriate in such circumstance. The Board will continue to review the effectiveness of the corporate governance structure of the Group in order to assess whether separation of the roles of the chairman and chief executive officer is necessary.

SUFFICIENCY OF PUBLIC FLOAT

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

DIVIDEND

The Board takes into account the Group's overall results of operation, financial position and capital requirements, among other factors, in considering the declaration of dividends. The Board does not recommend the payment of dividend for the year ended 31 December 2017.

CLOSURE OF REGISTER OF MEMBERS

In order to determine the entitlements of the Shareholders to attend and vote at the forthcoming annual general meeting, the register of members of the Company will be closed from 4 May 2018 to 9 May 2018, 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 3 May 2018.

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 2017.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with the rules 5.28 and 5.29 of the GEM Listing Rules and code provision C.3.3 of the CG Code. The primary duties of our audit committee are, among other things, to review and supervise the financial reporting process and internal control systems of the Group. The audit committee consists of three independent non-executive Directors, namely Mr. Kwong Choong Kuen, who has the appropriate auditing and financial related management expertise and serves as the chairman of the audit committee, Mr. Dax Teo Tak Sin and Ms. Grace Choong Mai Foong. The audit committee has reviewed the accounting principles and policies adopted by the Group and the consolidated financial statements of the Group for the year ended 31 December 2017 and is of the opinion that such results complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures had been made.

REVIEW OF PRELIMINARY ANNOUNCEMENT OF RESULTS BY THE INDEPENDENT AUDITORS

The figures in respect of the Group's consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 December 2017 as set out in this preliminary announcement have been agreed by the Group's auditors, Ernst & Young, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on this preliminary announcement.

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

Hong Kong, 21 March 2018

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

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