



# C&N Holdings Limited 春能控股有限公司\*

Incorporated in the Cayman Islands with limited liability

Stock Code: 8430

2020 First Quarterly 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 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 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 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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# Highlights

- The Group's revenue amounted to approximately S\$6,421,000 for the three months ended 31 March 2020, representing a decrease of approximately S\$1,127,000 or 14.9% as compared to the three months ended 31 March 2019.
- The loss attributable to the owners of the Company was approximately S\$628,000 for the three months ended 31 March 2020. The increase in loss of approximately S\$261,000 is mainly attributable to a decrease in sales volume and gross profit due to uncertainties in global business environment arising from US-China trade war, as well as operational disruptions due to the recent Covid-19 outbreak.
- The Board does not recommend the payment of any dividend for the three months ended 31 March 2020.

# Unaudited First Quarterly Results

The Board of Directors (the “Board”) of the Company is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “Group”) for the three months ended 31 March 2020, together with the unaudited comparative figures for the corresponding period in 2019, as follows:

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

For the three months ended 31 March 2020

		Three months ended 31 March	
	Notes	2020 S\$ (Unaudited)	2019 S\$ (Unaudited)
Revenue	3	6,421,115	7,547,970
Cost of sales		(6,112,748)	(6,657,825)
Gross profit		308,367	890,145
Other income	4	275,252	56,790
Administrative expenses		(1,197,399)	(1,278,633)
Finance costs	5	(14,113)	(30,308)
Loss before tax	6	(627,893)	(362,006)
Income tax expense	7	—	(5,199)
Loss for the period and total comprehensive loss for the period		(627,893)	(367,205)
Basic and diluted earnings per share	8	(0.0010)	(0.0006)

# Unaudited Condensed Consolidated Statement of Changes in Equity

For the three months ended 31 March 2020

	Share capital S\$	Share premium S\$	Retained earnings S\$	Total equity S\$
At 1 January 2019 (audited)	1,106,317	19,773,348	738,948	21,618,613
Loss for the period and total comprehensive loss for the period	—	—	(367,205)	(367,205)
At 31 March 2019 (unaudited)	1,106,317	19,773,348	371,743	21,251,408
At 1 January 2020 (audited)	1,106,317	19,773,348	(241,207)	20,638,458
Loss for the period and total comprehensive loss for the period	—	—	(627,893)	(627,893)
At 31 March 2020 (unaudited)	1,106,317	19,773,348	(869,100)	20,010,565

# 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 19th Floor, Prosperity Tower, 39 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 Group is principally engaged in offering various transport and storage services to the logistics industry in Singapore, primarily trucking and hubbing services.

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

These quarterly unaudited condensed financial statements were approved by the Board of Directors of the Company on 12 May 2020.

## 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

These condensed consolidated financial statements should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2019, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") and the applicable disclosure requirements of the GEM Listing Rules. The accounting policies and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the annual consolidated financial statements, except for the adoption of the new and revised accounting standards which are relevant to the Group's operations and are effective for the Group's financial year beginning on 1 January 2020.

# 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 year.

An analysis of revenue is as follows:

	<b>Three months ended 31 March</b>	
	<b>2020</b>	2019
	<b>S\$</b>	S\$
	<b>(Unaudited)</b>	(Unaudited)
Revenue from contracts with customers	<b>6,421,115</b>	7,547,970



# Notes to the Condensed Consolidated Financial Statements

## Revenue from contracts with customers

### (i) Disaggregated revenue information

	Three months ended 31 March	
	2020 S\$ (Unaudited)	2019 S\$ (Unaudited)
<b>Type of goods or services</b>		
Trucking services	5,149,880	6,490,213
Hubbing services	1,271,235	1,057,757
	<b>6,421,115</b>	7,547,970
<b>Timing of revenue recognition</b>		
Services transferred at a point in time	5,149,880	6,490,213
Services transferred over time	1,271,235	1,057,757
	<b>6,421,115</b>	7,547,970

#### *Geographical markets*

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

### (ii) Performance obligations

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

#### *Trucking income*

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

#### *Hubbing income*

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

The transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 March 2020 and 2019 are S\$194,234 and S\$299,421 respectively, which are expected to be recognised in less than one year.

# Notes to the Condensed Consolidated Financial Statements

## 4. OTHER INCOME

	Three months ended 31 March	
	2020 S\$ (Unaudited)	2019 S\$ (Unaudited)
Exchange gain — net	215,070	—
One-off incentive for wage subsidies	60,182	56,790
	<b>275,252</b>	56,790

There were no unfulfilled conditions or contingencies relating to the incentives from Singapore Government.

## 5. FINANCE COSTS

	Three months ended 31 March	
	2020 S\$ (Unaudited)	2019 S\$ (Unaudited)
Interest on lease liabilities	11,150	27,546
Interest on bank and other loans	2,963	2,762
	<b>14,113</b>	30,308

# Notes to the Condensed Consolidated Financial Statements

## 6. LOSS BEFORE TAX

	Three months ended 31 March	
	2020	2019
	S\$	S\$
	(Unaudited)	(Unaudited)
Depreciation on property, plant and equipment	561,431	553,239
Depreciation on right-of-use assets	78,750	77,229
Amortisation of intangible assets	19,922	—
Employee benefits (excluding directors' remuneration)		
— Salaries and wages	2,030,495	2,218,601
— CPF contribution	172,908	214,958
	<b>2,203,403</b>	<b>2,433,559</b>
Lease payments not included in the measurement of lease liabilities	262,463	352,119
Exchange (gain)/loss — net	(215,070)	59,980

## 7. INCOME TAX EXPENSE

	Three months ended 31 March	
	2020	2019
	S\$	S\$
	(Unaudited)	(Unaudited)
Current tax		
— Singapore Corporate Income Tax ("CIT")	—	5,199

# Notes to the Condensed Consolidated Financial Statements

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 reporting periods ended 31 March 2020 and 2019.

The Singapore statutory income tax rate has been provided at the rate of 17% (2019: 17%) for the reporting period. 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 reporting periods ended 31 March 2020 and 2019 are:

	<b>Three months ended</b>	
	<b>31 March</b>	
	<b>2020</b>	2019
	<b>S\$</b>	S\$
	<b>(Unaudited)</b>	(Unaudited)
Loss before tax	<b>(627,893)</b>	(362,006)
Tax at Singapore CIT of 17%	<b>(106,742)</b>	(61,541)
Tax effect of expenses not deductible for tax purpose	<b>106,742</b>	66,740
Income tax expense for the period	<b>—</b>	5,199

# Notes to the Condensed Consolidated Financial Statements

## 8. LOSS PER SHARE

	<b>Three months ended 31 March</b>	
	<b>2020</b>	2019
	<b>S\$</b>	S\$
	<b>(Unaudited)</b>	(Unaudited)
Loss attributable to the owners of the Company	<b>(627,893)</b>	(367,205)
Number of ordinary shares in issue	<b>640,000,000</b>	640,000,000
Basic and diluted earnings per share	<b>(0.0010)</b>	(0.0006)

The calculation of the basic earnings 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 640,000,000 (2019: 640,000,000) in issue during the period.

## 9. DIVIDEND

The Directors do not recommend the payment of dividend for the three months ended 31 March 2020 (three months ended 31 March 2019: nil).

## 10. RELATED PARTY DISCLOSURES

### Compensation of key management personnel

	<b>Three months ended 31 March</b>	
	<b>2020</b>	2019
	<b>S\$</b>	S\$
	<b>(Unaudited)</b>	(Unaudited)
Remuneration paid to key management personnel (including directors' remuneration)	<b>276,243</b>	339,957

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.

Like many other export-reliant Asian economies, Singapore continues to be hit hard by cooling global demand, and the continuously escalating US-China trade war that exists since 2019. With the closure of many countries' ports and factories to contain the outbreak due to novel coronavirus ("COVID-19") in 2020, global supply chains were further disrupted by weaker demands. 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 in key demand countries such as China, hence the closures of ports and factories will directly impact our customers, and hence the Group.

# Management Discussion and Analysis

## 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 three months ended 31 March 2020, the revenue of the Group decreased by approximately S\$1,127,000 or approximately 14.9% to approximately S\$6,421,000 compared to the three months ended 31 March 2019. The decrease was mainly attributable to the declining global trade economy with the emergence of COVID-19, which greatly decreased trading volume and closure of ports around the world. The following table sets forth the revenue of our Group by revenue type for the periods indicated:

	<b>3 months ended 31 March 2020</b>		3 months ended 31 March 2019	
	<i>S\$'000</i>	%	<i>S\$'000</i>	%
Trucking services	<b>5,150</b>	<b>80.2</b>	6,490	86.0
Hubbing services	<b>1,271</b>	<b>19.8</b>	1,058	14.0
	<b>6,421</b>	<b>100.0</b>	7,548	100.0

### Revenue from trucking services

Revenue from trucking services decreased by approximately S\$1,340,000 to S\$5,150,000 for the three months ended 31 March 2020, representing approximately 20.6% decrease. The decrease was mainly due to the general decrease in volume from our customers with the unfavourable trade economy outlook and port closures in some countries.

### Revenue from hubbing services

Revenue from hubbing services increased by 20.1% or approximately S\$213,000. It is common for customers to request for us to truck the containers, and also provide storage space for these containers while waiting for vessels to arrive at port before we can truck the containers for export. Customers that require hubbing services are generally those whom have large volume in the import and export of goods, who are mainly freight forwarders and global logistics companies.

# Management Discussion and Analysis

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

For the three months ended 31 March 2020, with the uncertainty in the global trade economy, there were numerous instances whereby our customers' vessels were delayed, or closure of destination ports that prevented timely shipping. These resulted in our customers hubbing their cargoes with us for extended periods of time, and hence the increase in hubbing revenue despite a decrease in trucking revenue.

## Gross profit

The overall gross profit decreased from approximately S\$890,000 for the three months ended 31 March 2019 to approximately S\$308,000 for the three months ended 31 March 2020, mainly due to a decrease in revenue. The overall gross profit margin decreased from approximately 11.8% for the three months ended 31 March 2019 to approximately 4.8% for the three months ended 31 March 2020. The table below sets forth a breakdown of gross profit and gross profit margin by revenue type for the periods indicated:

	<b>3 months ended 31 March 2020</b>		3 months ended 31 March 2019	
	<b>Gross profit margin</b>		Gross profit margin	
	<i>S\$'000</i>	<i>%</i>	<i>S\$'000</i>	<i>%</i>
Trucking services	<b>(32)</b>	<b>(0.6%)</b>	647	10.0%
Hubbing services	<b>340</b>	<b>26.8%</b>	243	23.0%
	<b>308</b>	<b>4.8%</b>	890	11.8%

## Gross profit from trucking services

The gross profit margin for trucking services decreased from approximately 10.0% for the three months ended 31 March 2019 to approximately -0.6% for the three months ended 31 March 2020 mainly due to the decrease in trade volume. More than 35% of the costs for trucking services pertained to fixed costs like wages and depreciation. With the approximate decrease of 20.6% in trucking revenue, revenue was insufficient to cover trucking costs, resulting in a negative gross profit margin of approximately -0.6% for the three months ended 31 March 2020.

# Management Discussion and Analysis

## Gross profit from hubbing services

The gross profit margin for hubbing services increased from 23.0% for the three months ended 31 March 2019 to approximately 26.8% for the three months ended 31 March 2020 mainly due to a) an increase in revenue, and b) incurrence of non-recurring operating costs for maintenance works performed on the yards in 2019 which were not incurred in 2020.

## Other income

Other income increased by approximately S\$218,000 from approximately S\$57,000 for the three months ended 31 March 2019 to approximately S\$275,000 for the three months ended 31 March 2020. The increase was mainly attributed to exchange gain from the strengthening of Hong Kong dollars against Singapore dollars for cash balances maintained in Hong Kong dollars.

## Administrative expenses

Administrative expenses remained relatively constant at approximately S\$1,197,000 for the three months ended 31 March 2020, as compared to approximately S\$1,279,000 for the three months ended 31 March 2019.

## Income tax expense

The Group's income tax expense decreased by approximately S\$5,000 from approximately S\$5,000 to nil for the three months ended 31 March 2020. The decrease in tax expense was a result of the Group being in a tax loss position.

## Loss for the period

Due to the combined effect of the aforesaid factors, we recorded a loss of approximately S\$628,000 for the three months ended 31 March 2020, representing an increase in loss of approximately S\$261,000 as compared to the loss of approximately S\$367,000 for the three months ended 31 March 2019.

## 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 March 2020.

# Management Discussion and Analysis

## Capital commitments

As at 31 March 2020, the Group has committed approximately S\$26,000 for the completion of the container tracking system.

## Prospects

The Group continues to strive towards providing customers with timely delivery and storage of their containers, continuing our growth strategy and enhancing overall competitiveness and market share in Singapore. In the first three months of 2020, the Group continues to see 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. This has affected the business operations to a certain extent.

With the ongoing COVID-19 outbreak, some international ports have closed, and global trade economy has continued to slow down and suffer. Singapore also implemented the Circuit Breaker from 7 April 2020, restricting movement and business domestically. Management is continuously monitoring the situation and in constant discussion with our customers to understand their changing business needs.

## Employee information

As at 31 March 2020, the Group had an aggregate of 170 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\$2,528,000 for the three months ended 31 March 2020 (three months ended 31 March 2019: approximately S\$2,774,000).



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

As at 31 March 2020, 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 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:

### **DIRECTORS' INTEREST IN THE SHARES OF THE COMPANY**

<b>Name of Director</b>	<b>Number of shares/ Position</b>	<b>Percentage of shareholding</b>	<b>Capacity</b>
Mr. Chua Kang Lim ("Mr. Chua")	325,000,000 <i>(Note)</i> Long position	50.78%	Interest of controlled company

*Note:* 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

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

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

Save as disclosed above, as at 31 March 2020, none of the Directors or the Chief Executive of the Company had any interests or short positions in the shares, debentures or underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

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

So far as the Directors and the Chief Executive are aware, as at 31 March 2020, other than the Directors and Chief Executive, the following persons 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:

<b>Shareholder</b>	<b>Number of shares/ Position</b>	<b>Percentage of shareholding</b>	<b>Capacity</b>
1. Ventris Global Limited	325,000,000	50.78%	Beneficial owner
2. Dai Wangfei	79,000,000	12.34%	Beneficial owner

Save as disclosed above, as at 31 March 2020, 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.

### **COMPETING INTEREST**

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

## Other Information

### **INTERESTS OF THE COMPLIANCE ADVISER**

As notified by Vinco Capital Limited (“Vinco Capital”), save and except as the compliance adviser agreement entered into between the Company and Vinco Capital dated 3 October 2017, neither Vinco Capital, its close associates nor any of the directors or employees of Vinco Capital who have been involved in providing advice to the Company, has or may have any interest in securities of the Company or which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules as of 31 March 2020.

### **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 since its effective date and up to the date of the report.

### **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

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

### **PLEDGE OF ASSET**

The carrying amount of motor vehicles held under finance leases was approximately S\$4,274,000 as at 31 March 2020. Leased assets are pledged as securities for the related finance lease liabilities.

In addition to the assets held under finance leases, the Group’s leasehold buildings with an aggregate carrying amount of approximately S\$933,000 were mortgaged to secure the Group’s bank loans as at 31 March 2020.

### **PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the period.

### **EVENTS AFTER THE REPORTING DATE**

The outbreak of novel coronavirus (COVID-19) continues to spread to countries across the world.

Up to the date of this report, management has not been aware of any cases of COVID-19 infection among the staff. The COVID-19 has greatly impacted on the business operations of the Group, since we are a logistics company that is largely dependent on the global trade economy. At this point in time, management cannot determine the duration of COVID-19 and therefore are not yet able to quantify the full financial impact. However, management will closely monitor the evolving COVID-19 situation and assess the ongoing development and respond accordingly.

### **COMPLIANCE OF CODE OF CONDUCT FOR DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard of dealings and the code of conduct regarding securities transactions by directors adopted by the Company during the three months ended 31 March 2020.

### **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 of the GEM Listing Rules. During the three months ended 31 March 2020, the Company had complied with all the code provisions set out in the CG Code with the exception of the following deviation:

#### **Code Provision A.2.1**

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

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



## Other Information

### 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 three months ended 31 March 2020.

### 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 March 2020 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 May 2020

*As at the date of the report, 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 report will remain on the GEM website at [www.hkgem.com](http://www.hkgem.com) on the "Latest Company Announcements" page for at least 7 days from the date of its publication and on the Company's website at [www.cnlimited.com](http://www.cnlimited.com).*