

# C&N Holdings Limited 春能控股有限公司\*

Incorporated in the Cayman Islands with limited liability

Stock Code: 8430

2021 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\$7,092,000 for the three months ended 31 March 2021, representing an increase of approximately S\$671,000 or 10.5% as compared to the three months ended 31 March 2020.
- The loss attributable to the owners of the Company was approximately S\$446,000 for the three months ended 31 March 2021. The improvement of approximately S\$182,000 is mainly attributable to an increase in sales volume and hence gross profit with the improvement in the global economy as global markets are more poised to handle the COVID-19 impact on economies.
- The Board does not recommend the payment of any dividend for the three months ended 31 March 2021.

# 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 2021, together with the unaudited comparative figures for the corresponding period in 2020, as follows:

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

For the three months ended 31 March 2021

		<b>Three months ended 31 March</b>	
		<b>2021</b>	2020
<i>Notes</i>		<b>S\$ (Unaudited)</b>	S\$ (Unaudited)
		<b>7,092,396</b>	6,421,115
		<b>(6,605,254)</b>	(6,112,748)
Revenue	3		
Cost of sales			
		<b>487,142</b>	308,367
Gross profit			
		<b>348,790</b>	275,252
Other income	4		
Administrative expenses		<b>(1,244,794)</b>	(1,197,399)
Finance costs	5	<b>(37,186)</b>	(14,113)
		<b>(446,048)</b>	(627,893)
Loss before tax	6		
Income tax expense	7	<b>—</b>	—
		<b>(446,048)</b>	(627,893)
Loss for the period and total comprehensive loss for the period			
		<b>(0.0007)</b>	(0.0010)
Basic and diluted earnings per share	8		

# Unaudited Condensed Consolidated Statement of Changes in Equity

For the three months ended 31 March 2021

	Share capital S\$	Share premium S\$	Retained earnings S\$	Total equity S\$
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
At 1 January 2021 (audited)	1,106,317	19,773,348	(1,052,617)	19,827,048
Loss for the period and total comprehensive loss for the period	—	—	(446,048)	(446,048)
At 31 March 2021 (unaudited)	1,106,317	19,773,348	(1,498,665)	19,381,000

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

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

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 14 May 2021.

## 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 2020, 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 2021.

# 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</b>	
	<b>31 March</b>	
	<b>2021</b>	2020
	<b>S\$</b>	S\$
	<b>(Unaudited)</b>	(Unaudited)
Revenue from contracts with customers	<b>7,092,396</b>	6,421,115



# Notes to the Condensed Consolidated Financial Statements

## Revenue from contracts with customers

### (i) *Disaggregated revenue information*

	Three months ended	
	31 March	
	2021	2020
	S\$	S\$
	(Unaudited)	(Unaudited)
<b>Type of goods or services</b>		
Trucking services	5,782,270	5,149,880
Hubbing services	1,310,126	1,271,235
	<b>7,092,396</b>	<b>6,421,115</b>
<b>Timing of revenue recognition</b>		
Services transferred at a point in time	5,782,270	5,149,880
Services transferred over time	1,310,126	1,271,235
	<b>7,092,396</b>	<b>6,421,115</b>

#### *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 amounts 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 31 March	
	2021	2020
	S\$	S\$
	(Unaudited)	(Unaudited)
Exchange gain — net	38,814	215,070
Government grants	309,976	60,182
	<b>348,790</b>	<b>275,252</b>

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

## 5. FINANCE COSTS

	Three months ended 31 March	
	2021	2020
	S\$	S\$
	(Unaudited)	(Unaudited)
Interest on lease liabilities	3,799	11,150
Interest on bank borrowings	33,387	2,963
	<b>37,186</b>	<b>14,113</b>

# Notes to the Condensed Consolidated Financial Statements

## 6. LOSS BEFORE TAX

	Three months ended 31 March	
	2021	2020
	S\$	S\$
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	538,403	561,431
Depreciation of right-of-use assets	78,750	78,750
Amortisation of intangible assets	19,922	19,922
Employee benefits (excluding directors' remuneration)		
— Salaries and wages	2,386,839	2,030,495
— CPF contribution	197,450	172,908
	<b>2,584,289</b>	<b>2,203,403</b>
Lease payments not included in the measurement of lease liabilities	219,800	262,463
Exchange gain — net	(38,814)	(215,070)

## 7. INCOME TAX EXPENSE

	Three months ended 31 March	
	2021	2020
	S\$	S\$
	(Unaudited)	(Unaudited)
Current tax		
— Singapore Corporate Income Tax ("CIT")	—	—

# 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 2021 and 2020.

The Singapore statutory income tax rate has been provided at the rate of 17% (2020: 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 2021 and 2020 are:

	<b>Three months ended 31 March</b>	
	<b>2021</b>	2020
	<b>S\$</b>	S\$
	<b>(Unaudited)</b>	(Unaudited)
Loss before tax	<b>(446,048)</b>	(627,893)
Tax at Singapore CIT of 17%	<b>(75,828)</b>	(106,742)
Tax losses not recognised	<b>75,828</b>	106,742
Income tax expense for the period	<b>—</b>	—

# Notes to the Condensed Consolidated Financial Statements

## 8. LOSS PER SHARE

	Three months ended 31 March	
	2021	2020
	S\$	S\$
	(Unaudited)	(Unaudited)
Loss attributable to the owners of the Company	<b>(446,048)</b>	(627,893)
Number of ordinary shares in issue	<b>640,000,000</b>	640,000,000
Basic and diluted earnings per share	<b>(0.0007)</b>	(0.0010)

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 640,000,000 (2020: 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 2021 (three months ended 31 March 2020: nil).

## 10. RELATED PARTY DISCLOSURES

### Compensation of key management personnel

	Three months ended 31 March	
	2021	2020
	S\$	S\$
	(Unaudited)	(Unaudited)
Remuneration paid to key management personnel (including directors' remuneration)	<b>318,826</b>	276,243

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.

With the gradual opening up and recovery of the global markets towards the end of 2020, the Group saw an improvement in business volume. This improvement is in line with Singapore's economy growing 0.2% in the first quarter of 2021, marking the first expansion since COVID-19 outbreak. Notably, this is a turnaround after three quarters of contraction, as Singapore continued its recovery from the COVID-19 pandemic. 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

## 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 2021, the revenue of the Group increased by approximately S\$671,000 or approximately 10.5% to approximately S\$7,092,000 compared to the three months ended 31 March 2020. The increase was mainly attributable to the recovery of the global trade economy, increasing trading volume. The following table sets forth the revenue of our Group by revenue type for the periods indicated:

	<b>3 months ended 31 March 2021</b>		3 months ended 31 March 2020	
	<b>S\$'000</b>	<b>%</b>	<i>S\$'000</i>	<i>%</i>
Trucking services	<b>5,782</b>	<b>81.5</b>	5,150	80.2
Hubbing services	<b>1,310</b>	<b>18.5</b>	1,271	19.8
	<b>7,092</b>	<b>100.0</b>	6,421	100.0

### Revenue from trucking services

Revenue from trucking services increased by approximately S\$632,000 to S\$5,782,000 for the three months ended 31 March 2021, representing approximately 12.3% increase. The increase was mainly due to the general increase in volume from our customers with the recovery of the global economy and opening of ports.

### Revenue from hubbing services

Revenue from hubbing services increased by 3.1% or approximately S\$39,000 with the increase in business volume. 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.

## Gross profit

The overall gross profit increased from approximately S\$308,000 for the three months ended 31 March 2020 to approximately S\$487,000 for the three months ended 31 March 2021, mainly due to an increase in revenue. The overall gross profit margin increased from approximately 4.8% for the three months ended 31 March 2020 to approximately 6.9% for the three months ended 31 March 2021. 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 2021</b>		3 months ended 31 March 2020	
	<b>Gross profit margin</b>		Gross profit margin	
	<i>S\$'000</i>	<i>%</i>	<i>S\$'000</i>	<i>%</i>
Trucking services	<b>88</b>	<b>1.5</b>	(32)	(0.6)
Hubbing services	<b>399</b>	<b>30.4</b>	340	26.8
	<b>487</b>	<b>6.9</b>	308	4.8

## Gross profit from trucking services

The gross profit margin for trucking services increased from approximately -0.6% for the three months ended 31 March 2020 to approximately 1.5% for the three months ended 31 March 2021 mainly due to the increase in trade volume. As more than 35% of the costs for trucking services pertained to fixed costs like wages and depreciation, the increase in revenue this quarter helped to cover these fixed costs, resulting in positive margin.



# Management Discussion and Analysis

## **Gross profit from hubbing services**

The gross profit margin for hubbing services increased from 26.8% for the three months ended 31 March 2020 to approximately 30.4% for the three months ended 31 March 2021 mainly due to an increase in volume.

## **Other income**

Other income increased by approximately S\$74,000 from approximately S\$275,000 for the three months ended 31 March 2020 to approximately S\$349,000 for the three months ended 31 March 2021. The increase was mainly attributed to the receipt of government grants mainly from the Jobs Support Scheme to help Singapore business during the COVID-19 period.

## **Administrative expenses**

Administrative expenses remained relatively constant at approximately S\$1,245,000 for the three months ended 31 March 2021, as compared to approximately S\$1,197,000 for the three months ended 31 March 2020.

## **Income tax expense**

The Group's income tax expense was nil as 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\$446,000 for the three months ended 31 March 2021, representing an improvement of approximately S\$182,000 as compared to the loss of approximately S\$628,000 for the three months ended 31 March 2020.

## **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 2021.

# Management Discussion and Analysis

## Capital commitments

As at 31 March 2021, the Group has an option to purchase a property for a cash consideration of \$280,000.

## 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 2021, the Group saw an improvement in its business volume and the Singapore economy in general. In addition, estimates of Singapore's gross domestic product continues to remain at 4% to 6%, barring a setback to the global economy.

We have already witnessed the impact of COVID-19 on trade activities, and we believe that the economy and our Group are better prepared for any potential disruptions resulting. The year promises to continue to be a challenging and volatile year for the Group. Management is constantly monitoring the global trade economy and in constant discussion with our customers to understand the situation and their needs.

## Employee information

As at 31 March 2021, the Group had an aggregate of 157 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\$2,826,000 for the three months ended 31 March 2021 (three months ended 31 March 2020: approximately S\$2,528,000).

### **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 2021, 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 2021, 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 2021, 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 2021, 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

### SHARE OPTION SCHEME

On 25 September 2017, the then sole shareholder of the Company approved and conditionally adopted a 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 Group's properties with an aggregate carrying amount of approximately S\$888,000 were mortgaged to secure the Group's bank loans as at 31 March 2021.

### 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 2021.

### **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 2021, 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.

### **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 2021.

## 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. 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 three months ended 31 March 2021 and is of the opinion that such results complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures had been made.

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

Singapore, 14 May 2021

*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.*