



2018 Third Quarterly Report

C&N Holdings Limited
春能控股有限公司*

Incorporated in the Cayman Islands with limited liability

Stock Code: 8430

* For identification purpose only

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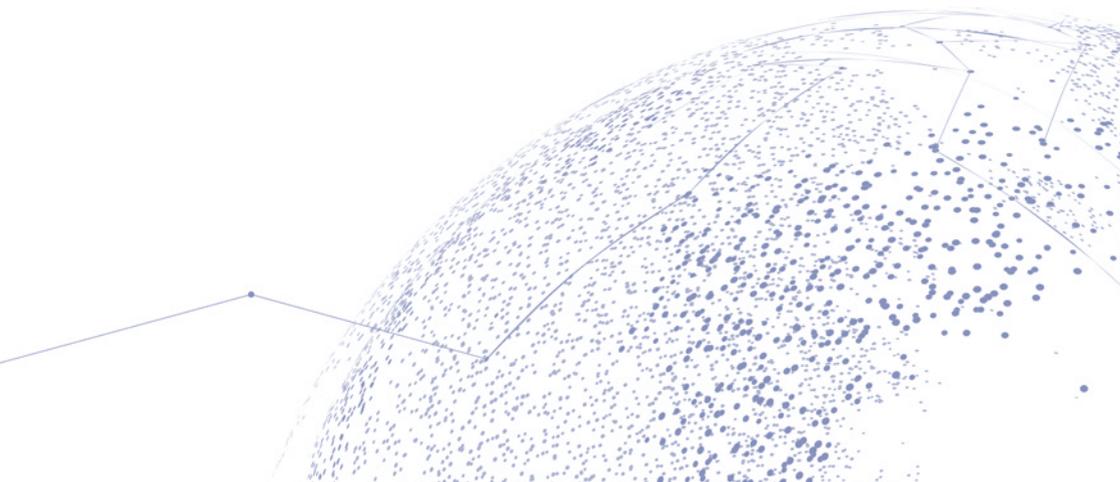
This report, for which the directors (the “Directors”) of C&N Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “GEM Listing Rules”) 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\$21,627,000 for the nine months ended 30 September 2018, representing a decrease of approximately S\$1,733,000 or 7.4% as compared to the nine months ended 30 September 2017.
- The profit attributable to the owners of the Company was approximately S\$389,000 for the nine months ended 30 September 2018. For the nine months ended 30 September 2017, excluding the non-recurring listing expenses of approximately S\$1,764,000 in connection with the listing, the profit attributable to the Company would have been approximately S\$3,325,000.
- The decrease in profit of approximately S\$2,936,000 (without considering the non-recurring listing expenses of approximately S\$1,764,000 in connection with the listing) is mainly attributable to a) decrease in gross profit of approximately S\$2,640,000, b) increase in staff costs with increase in headcount, salary and declaration of bonus, and offset by c) decrease in tax expense due to lower taxable income.
- The Board does not recommend the payment of any dividend for the nine months ended 30 September 2018.

Unaudited Third 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 and nine months ended 30 September 2018, together with the unaudited comparative figures for the corresponding period in 2017, as follows:

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

For the three months and nine months ended 30 September 2018

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2018 S\$ (Unaudited)	2017 S\$ (Unaudited)	2018 S\$ (Unaudited)	2017 S\$ (Unaudited)
Revenue	3	7,243,612	8,771,892	21,626,830	23,360,395
Cost of sales		(6,025,961)	(6,102,358)	(18,284,867)	(17,378,680)
Gross profit		1,217,651	2,669,534	3,341,963	5,981,715
Other income	4	99,182	81,782	394,268	223,892
Administrative expenses		(1,006,749)	(875,069)	(3,109,571)	(3,893,655)
Finance costs	5	(38,913)	(68,536)	(122,307)	(140,597)
Profit before tax	6	271,171	1,807,711	504,353	2,171,355
Income tax expense	7	(64,000)	(331,293)	(115,600)	(610,606)
Profit for the period and total comprehensive income for the period		207,171	1,476,418	388,753	1,560,749
Basic and diluted earnings per share	8	0.0003	0.0031	0.0006	0.0033

Unaudited Condensed Consolidated Statement of Changes in Equity

For the nine months ended 30 September 2018

	Share capital S\$	Share premium S\$	Retained earnings S\$	Other reserve S\$	Total equity S\$
At 1 January 2017 (audited)	—	—	7,761,809	3,200,000*	10,961,809
Profit for the period and total comprehensive income for the period	—	—	1,560,749	—	1,560,749
Issue of shares	1,730	—	—	—	1,730
At 30 September 2017 (unaudited)	1,730	—	9,322,558	3,200,000	12,524,288
At 1 January 2018 (audited)	1,106,317	19,773,348	271,793	—	21,151,458
Profit for the period and total comprehensive income for the period	—	—	388,753	—	388,753
At 30 September 2018 (unaudited)	1,106,317	19,773,348	660,546	—	21,540,211

* Other reserve represents the aggregate issued paid-up capital of the subsidiaries comprising the Group.

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 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 financial information for the nine months ended 30 September 2017 has been prepared on a combined basis by applying the principles of merger accounting as if the Reorganisation had been completed at the beginning of the financial period.

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 9 November 2018.

Notes to the Condensed Consolidated Financial Statements

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 2017, 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.

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.

The Group's revenue is recognised at a point in time. An analysis of the Group's revenue for the three months and nine months ended 30 September 2018 and 2017 is as follows:

	Three months ended 30 September		Nine months ended 30 September	
	2018 S\$ (Unaudited)	2017 S\$ (Unaudited)	2018 S\$ (Unaudited)	2017 S\$ (Unaudited)
Trucking	6,033,900	7,183,160	17,930,547	19,722,412
Hubbing	1,209,712	1,588,732	3,696,283	3,637,983
	7,243,612	8,771,892	21,626,830	23,360,395

Notes to the Condensed Consolidated Financial Statements

Geographical information

The Group principally operates in Singapore, also the place of domicile. All revenue and non-current assets of the Group are generated from external customers and located in Singapore by location of customers and non-current assets, respectively.

4. OTHER INCOME

	Three months ended 30 September		Nine months ended 30 September	
	2018 S\$ (Unaudited)	2017 S\$ (Unaudited)	2018 S\$ (Unaudited)	2017 S\$ (Unaudited)
Gain on disposal of items of property, plant and equipment	50,400	29,500	161,569	68,507
Foreign exchange gain	31,881	—	129,366	—
One-off incentive for wage subsidies	16,901	52,282	103,333	155,385
	99,182	81,782	394,268	223,892

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

5. FINANCE COSTS

	Three months ended 30 September		Nine months ended 30 September	
	2018 S\$ (Unaudited)	2017 S\$ (Unaudited)	2018 S\$ (Unaudited)	2017 S\$ (Unaudited)
Interest on bank and other loans	4,751	35,774	21,440	77,939
Interest on finance leases	34,162	32,762	100,867	62,658
	38,913	68,536	122,307	140,597

Notes to the Condensed Consolidated Financial Statements

6. PROFIT BEFORE TAX

	Three months ended 30 September		Nine months ended 30 September	
	2018 S\$ (Unaudited)	2017 S\$ (Unaudited)	2018 S\$ (Unaudited)	2017 S\$ (Unaudited)
Depreciation	564,174	524,616	1,672,576	1,523,343
Employee benefits (excluding directors' remuneration)				
— Salaries and wages	2,046,886	2,049,274	6,254,222	5,852,045
— CPF contribution	277,597	280,744	842,881	802,273
	2,324,483	2,330,018	7,097,103	6,654,318
Rental expenses	380,190	381,381	1,142,082	1,143,565
Listing expenses	—	142,481	—	1,764,097

7. INCOME TAX EXPENSE

	Three months ended 30 September		Nine months ended 30 September	
	2018 S\$ (Unaudited)	2017 S\$ (Unaudited)	2018 S\$ (Unaudited)	2017 S\$ (Unaudited)
Current tax				
— Singapore Corporate Income Tax ("CIT")	64,000	331,293	105,600	589,804
Overprovision in prior periods	—	—	—	(1,038)
Deferred tax	—	—	10,000	21,840
	64,000	331,293	115,600	610,606

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.

No Hong Kong profits tax has been provided since no assessable profit arose in Hong Kong during the financial periods.

Singapore corporate income tax has been provided at the rate of 17% (2017: 17%) on the chargeable income arising in Singapore during the period. Income tax expense of the Group relates wholly to the profits of its two operating subsidiaries.

The income tax expense for the reporting period can be reconciled to the profit before tax per the statement of profit or loss and other comprehensive income as follows:

	Three months ended 30 September		Nine months ended 30 September	
	2018 S\$ (Unaudited)	2017 S\$ (Unaudited)	2018 S\$ (Unaudited)	2017 S\$ (Unaudited)
Profit before tax	271,171	1,807,711	504,353	2,171,355
Tax at Singapore CIT of 17%	46,099	307,311	85,740	369,130
Tax effect of expenses not deductible for tax purpose	24,008	37,339	40,454	282,276
Tax effect of income under tax exemption and rebate	(6,107)	(13,357)	(10,594)	(40,071)
Overprovision in prior periods	—	—	—	(1,038)
Others	—	—	—	309
Income tax expense for the period	64,000	331,293	115,600	610,606

Notes to the Condensed Consolidated Financial Statements

8. EARNINGS PER SHARE

	Three months ended 30 September		Nine months ended 30 September	
	2018 S\$ (Unaudited)	2017 S\$ (Unaudited)	2018 S\$ (Unaudited)	2017 S\$ (Unaudited)
Profit attributable to the owners of the Company	207,171	1,476,418	388,753	1,560,749
Number of ordinary shares in issue	640,000,000	480,000,000	640,000,000	480,000,000
Basic and diluted earnings per share	0.0003	0.0031	0.0006	0.0033

The calculation of the basic earnings per share is based on the profit for the period attributable to owners of the Company and the weighted average number of ordinary shares of 640,000,000 issued during the period. The number of shares for the purpose of calculating the basic earnings per share for the nine months ended 30 September 2018 is based on the assumption that 480,000,000 ordinary shares of the Company are in issue and issuable, comprising 1,000,000 shares issued at date of incorporation and capitalisation issue of 479,000,000 ordinary shares as further detailed in note 9, as if the respective ordinary shares were outstanding throughout the periods.

No adjustment has been made to the basic earnings per share presented as the Group had no potentially dilutive ordinary shares in issue during those periods.

Notes to the Condensed Consolidated Financial Statements

9. ISSUED CAPITAL

The movements in the Company's authorised and issued share capital during the period from 10 February 2017 (date of incorporation) to 30 September 2018 are as follows:

<i>Notes</i>	Number of ordinary shares (Unaudited)	Nominal value of ordinary shares <i>HK\$</i> (Unaudited)
Authorised:		
38,000,000 ordinary shares of HK\$0.01 each on 10 February 2017 (date of incorporation)	38,000,000	380,000.00
Increase of 4,962,000,000 ordinary shares of HK\$0.01 each on 25 September 2017	(b) 4,962,000,000	49,620,000.00
At 30 September 2018	<u>5,000,000,000</u>	<u>50,000,000.00</u>
Issued and fully paid:		
Issuance of 1 ordinary share of HK\$0.01 each on the date of incorporation of the Company	(a) 1	0.01
Issuance 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	4,790,000.00
Issuance of 160,000,000 ordinary shares of HK\$0.01 each under the Initial Public Offering	(d) 160,000,000	1,600,000.00
At 30 September 2018	<u>640,000,000</u>	<u>6,400,000.00</u>

Notes to the Condensed Consolidated Financial Statements

Notes:

- (a) 1 ordinary share and 999,999 ordinary shares of HK\$0.01 each was issued and allotted to Ventris Global Limited on 10 February 2017 and 25 September 2018 respectively.
- (b) Pursuant to an ordinary resolution passed on 25 September 2017, the authorised share capital of the Company was increased from HK\$380,000 to HK\$50,000,000 by the creation of 4,962,000,000 additional ordinary shares of HK\$0.01 each.
- (c) Pursuant to an ordinary resolution passed on 25 September 2017, 479,000,000 ordinary shares of HK\$0.01 each were issued, allotted and credited as fully paid at par by way of capitalisation from the share premium account to the holder of shares whose name appeared on the register of members of the Company at the close of business on 25 September 2017 in proportion to their respective shareholdings (the "Capitalisation Issue"). This allotment and 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 expense, of approximately HK\$70,400,000. Dealing in the Shares on GEM of the Stock Exchange commenced on 18 October 2017.

10. DIVIDEND

The Directors do not recommend the payment of dividend for the nine months ended 30 September 2018 (nine months ended 30 September 2017: nil).

Notes to the Condensed Consolidated Financial Statements

11. RELATED PARTY DISCLOSURES

Compensation of key management personnel

	Three months ended 30 September		Nine months ended 30 September	
	2018 S\$ (Unaudited)	2017 S\$ (Unaudited)	2018 S\$ (Unaudited)	2017 S\$ (Unaudited)
Remuneration paid to key management personnel (including directors' remuneration)	260,621	201,729	839,152	651,819

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

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 the Group's logistics yard or other locations designated by the customers.

FINANCIAL REVIEW

Revenue

The Group's overall unaudited revenue amounted to approximately S\$21,627,000 for the nine months ended 30 September 2018, representing a decrease of approximately S\$1,733,000 or 7.4% as compared to the nine months ended 30 September 2017. The decrease in revenue was mainly due to the uncertainty in the global trade economy. Our customers are mainly logistics service providers along the supply chain in Singapore. The cargo that we transport for our customers include various types of plastic resin, scrap steel, paper products and others. These cargoes are mainly for import/export business, hence any uncertainty in the global trade economy will directly impact our customers, and hence the Group.

Gross Profit

The Group's gross profit decreased by approximately S\$2,640,000 or 44.1% from approximately S\$5,982,000 for the nine months ended 30 September 2017 to approximately S\$3,342,000 for the nine months ended 30 September 2018.

The overall gross profit margin decreased from 25.6% for the nine months ended 30 September 2017 to 15.5% for the nine months ended 30 September 2018. The decrease in gross profit margin is attributable to: a) increase in fuel costs with an increase in diesel prices; and b) decrease in revenue as mentioned above. As more than a third of the Group's cost of sales are made up of fixed costs including depreciation, wages and rental expense, a decrease in revenue will decrease gross profit margin as the fixed costs remain relatively similar.

Other income

Other income increased by approximately S\$170,000 from approximately S\$224,000 for the nine months ended 30 September 2017 to approximately S\$394,000 for the nine months ended 30 September 2018. The increase was mainly attributed to foreign exchange gain with the depreciation of Singapore dollar against Hong Kong dollar.

Management Discussion and Analysis

Administrative expenses

Administrative expenses decreased by approximately S\$784,000 or 20.1% from approximately S\$3,894,000 for the nine months ended 30 September 2017 to approximately S\$3,110,000 for the nine months ended 30 September 2018. The decrease was mainly attributed to non-recurring listing expenses of approximately S\$1,764,000 incurred in 2017, offset by increase in total employee benefits (including directors' remuneration) of approximately S\$630,000 due to annual salary increment and bonus payout.

Income tax expense

The Group's income tax expense decreased by approximately S\$495,000 from approximately S\$611,000 for the nine months ended 30 September 2017 to approximately S\$116,000 for the nine months ended 30 September 2018. The decrease in tax expense was due to lower taxable income. The higher tax expense for nine months ended 30 September 2017 was mainly due to the listing expenses incurred in 2017, which was non-deductible for tax purposes.

Profit for the Period

Due to the combined effect of the aforesaid factors, we recorded an unaudited profit of approximately S\$389,000 for the nine months ended 30 September 2018, representing a lower profit of approximately S\$1,172,000 as compared to the unaudited profit for the nine months ended 30 September 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 30 September 2018.

Capital commitments

As at 30 September 2018, the Group has commitment of approximately S\$37,000 for the implementation and set-up of the container tracking system.

Management Discussion and Analysis

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 the first nine months of 2018, the Group saw increasing challenge with the uncertainty in the global trade economy that has impacted the general economic and market conditions in Singapore and the industry in which we operate, which has affected the business operations to a certain extent. Management is monitoring the situation and in constant discussion with our customers to understand the situation and their needs, and also looking to increase customers that do local deliveries to ensure another source of revenue.

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

Employee Information

As at 30 September 2018, the Group had an aggregate of 171 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\$7,936,000 for the nine months ended 30 September 2018 (nine months ended 30 September 2017: approximately S\$7,306,000).

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

As at 30 September 2018, the interests and short positions of Directors in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) held by the Directors and chief executives of the Company (the "Chief Executives") which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register maintained by the Company pursuant to section 352 of the SFO, or which were notified to the Company and the Stock Exchange pursuant to rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

DIRECTORS' INTEREST IN THE SHARES OF THE COMPANY

Name of Director	Number of shares/Position	Percentage of shareholding	Capacity
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 30 September 2018, 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 30 September 2018, other than the Directors and Chief Executive, the following person had or were deemed or taken to have an interest and/or short position in the shares or the underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be recorded in the register of the Company required to be kept under section 336 of the SFO, or which would be, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other members of the Group:

Shareholder	Number of shares/Position	Percentage of shareholding	Capacity
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 30 September 2018, 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.

DIRECTORS' INTEREST IN COMPETING BUSINESS

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

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 30 September 2018.

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 since its effective date and up to the date of this report.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Save as disclosed in the Prospectus, the Group had no material acquisitions or disposals of subsidiaries, associates and joint ventures during the Period.

Other Information

PLEDGE OF ASSET

The carrying amount of motor vehicles held under finance leases was approximately S\$11,860,000 as at 30 September 2018. Leased assets are pledged as securities for the related finance lease liabilities.

In addition to the assets held under finance leases, the Group's buildings with an aggregate carrying amount of approximately S\$1,001,000 were mortgaged to secure the Group's bank loans as at 30 September 2018.

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 as the shares of the Company were not yet listed on GEM as at 30 September 2018.

EVENTS AFTER THE REPORTING DATE

There is no significant event subsequent to 30 September 2018 which would materially affect the Group's operating and financial performance.

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 nine months ended 30 September 2018.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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 the code provisions, where applicable, upon Listing. For the period under review, 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 nine months ended 30 September 2018.

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 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 unaudited condensed consolidated financial statements of the Group for the nine months ended 30 September 2018 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, 9 November 2018

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 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.