

C&N Holdings Limited 春能控股有限公司*

Incorporated in the Cayman Islands with limited liability

Stock Code: 8430



INTERIM REPORT 2023

* For identification purpose only

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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

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

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

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

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- The Group's overall revenue amounted to approximately S\$10,130,000 for the six months ended 30 June 2023, representing a decrease of approximately S\$3,310,000 or 24.6% as compared to the six months ended 30 June 2022.
- The loss attributable to the owners of the Company was approximately S\$2,140,000 for the six months ended 30 June 2023 as compared to a loss of approximately S\$3,367,000 for the six months ended 30 June 2022.
- The Board does not recommend the payment of any dividend for the six months ended 30 June 2023.

Unaudited Interim Results

The board of Directors (the “Board”) of the Company is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2023, together with the unaudited comparative figures for the corresponding period in 2022, as follows:

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

For the six months ended 30 June 2023

	Notes	Three months ended 30 June		Six months ended 30 June	
		2023 S\$ (Unaudited)	2022 S\$ (Unaudited)	2023 S\$ (Unaudited)	2022 S\$ (Unaudited)
Revenue	3	5,109,051	6,771,664	10,130,158	13,439,564
Cost of sales		(4,543,981)	(6,560,843)	(10,004,066)	(13,114,450)
Gross profit		565,070	210,821	126,092	325,114
Other income, gains and losses	4	4,789	32,230	61,711	201,691
Administrative expenses		(963,379)	(1,909,627)	(2,280,114)	(3,874,377)
Finance costs	5	(13,105)	(9,103)	(28,279)	(19,597)
Loss before tax	6	(406,625)	(1,675,680)	(2,120,590)	(3,367,169)
Income tax expense	7	–	–	–	–
Loss for the period		(406,625)	(1,675,680)	(2,120,590)	(3,367,169)
Other comprehensive income/(expense)					
Item that may be subsequently reclassified to profit or loss:					
Exchange differences arising from translation		(19,653)	–	(19,653)	–
Other comprehensive expense for the period		(19,653)	–	(19,653)	–
Total comprehensive expenses attributable to owners of the Company		(426,278)	(1,657,680)	(2,140,243)	(3,367,169)
Basic and diluted loss per share	8	(0.0024)	(0.04) (restated)	(0.016)	(0.082) (restated)

Unaudited Consolidated Statement of Financial Position

As at 30 June 2023

	Notes	30 June 2023 S\$ (Unaudited)	31 December 2022 S\$ (Audited)
Non-current assets			
Property, plant and equipment	10	10,130,056	7,959,852
Right-of-use assets		–	348,584
Intangible assets		86,925	124,177
Deferred tax assets		8,650	8,649
Deposits		–	1,855,546
Total non-current assets		10,225,631	10,296,808
Current assets			
Trade receivables	11	3,409,177	3,981,833
Deposits and other receivables		1,756,277	1,045,006
Contract assets		–	41,616
Prepayments		604,337	147,149
Pledged deposits		518,052	511,859
Cash and bank balances		3,836,683	2,252,650
Total current assets		10,124,526	7,980,113
Current liabilities			
Trade payables	12	951,531	1,251,148
Other payables and accruals		907,685	984,977
Bank borrowings	13	327,707	847,288
Lease liabilities		572,371	636,588
Total current liabilities		2,759,294	3,720,001

Unaudited Consolidated Statement of Financial Position

As at 30 June 2023

	Notes	30 June 2023 S\$ (Unaudited)	31 December 2022 S\$ (Audited)
Net current assets		7,365,232	4,260,112
Total assets less current liabilities		17,590,863	14,556,920
Non-current liabilities			
Lease liabilities		541,193	829,694
Total non-current liabilities		541,193	829,694
Net assets		17,049,670	13,727,226
Equity			
Share capital	14	5,725,993	1,442,676
Reserves		11,323,677	12,284,550
Total equity		17,049,670	13,727,226

Unaudited Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2023

	Share capital	Share premium	Share option reserves	Exchange reserve	Retained earnings	Total equity
	S\$	S\$	S\$	S\$	S\$	S\$
As at 1 January 2022 (audited)	1,350,206	23,041,857	1,174,452	-	(4,657,552)	20,908,963
Total comprehensive loss for the period	-	-	-	-	(3,367,169)	(3,367,169)
Issue of shares upon exercise of share options	69,180	1,236,573	(412,643)	-	-	893,110
Share option issued	-	-	611,229	-	-	611,229
As at 30 June 2022 (unaudited)	1,419,386	24,278,430	1,373,038	-	(8,024,721)	19,046,133
As at 1 January 2023 (audited)	1,442,676	24,233,418	1,373,145	-	(13,322,013)	13,727,226
Total comprehensive loss for the period	-	-	-	(19,653)	(2,120,590)	(2,140,243)
Rights issue and placing of new shares	4,283,317	1,179,370	-	-	-	5,462,687
As at 30 June 2023 (unaudited)	5,725,993	25,412,788	1,373,145	(19,653)	(15,442,603)	17,049,670

Unaudited Consolidated Statement of Cash Flows

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023	2022
	S\$	S\$
	(Unaudited)	(Unaudited)
Net cash used in operating activities	(21,632)	(2,951,296)
Net cash used in investing activities	(2,950,251)	(137,500)
Net cash generated from financing activities	4,555,916	893,121
Net (decrease)/increase in cash and cash equivalents	1,584,033	(2,195,675)
Cash and cash equivalents at beginning of period	2,252,650	10,065,121
Cash and cash equivalents at end of period	3,836,683	7,869,446

Notes to the Condensed Consolidated Financial Statements

1. GENERAL INFORMATION AND GROUP REORGANISATION

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

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

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

These interim unaudited condensed financial statements were approved by the Board of Directors of the Company on 14 August 2023.

Notes to the Condensed Consolidated Financial Statements

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

The unaudited condensed consolidated financial statements for the six months ended 30 June 2023 have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” issued by the International Accounting Standards Board and the applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange.

The unaudited condensed consolidated financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2022, which have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) which include International Accounting Standards (“IASs”) and Interpretations promulgated by the International Accounting Standards Board and the disclosure requirements of the Hong Kong Companies Ordinance. The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Company’s annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of the new and revised IFRSs effective as of 1 January 2023.

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

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

An analysis of revenue is as follows:

	Three months ended		Six months ended	
	30 June		30 June	
	2023	2022	2023	2022
	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue from contracts with customers	5,109,051	6,771,664	10,130,158	13,439,564

Notes to the Condensed Consolidated Financial Statements

Revenue from contracts with customers

(i) Disaggregated revenue information

	Three months ended		Six months ended	
	30 June		30 June	
	2023	2022	2023	2022
	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Type of goods or services				
Trucking services	4,425,282	5,708,078	8,758,250	11,260,942
Hubbing services	683,769	1,063,586	1,371,908	2,178,622
	5,109,051	6,771,664	10,130,158	13,439,564
Timing of revenue recognition				
Services transferred at a point in time	4,425,282	5,708,078	8,758,250	11,260,942
Services transferred over time	683,769	1,063,586	1,371,908	2,178,622
	5,109,051	6,771,664	10,130,158	13,439,564

Notes to the Condensed Consolidated Financial Statements

(ii) Performance obligations

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

Trucking income

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

Hubbing income

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

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

Notes to the Condensed Consolidated Financial Statements

4. OTHER INCOME, GAINS AND LOSSES

	Three months ended		Six months ended	
	30 June		30 June	
	2023	2022	2023	2022
	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Exchange gain/(loss) — net	(32,327)	32,230	(32,327)	52,781
Gain on disposal of items of property, plant and equipment	30,923	—	58,041	11,364
Sundry income	6,193	—	35,997	137,546
	4,789	32,230	61,711	201,691

5. FINANCE COSTS

	Three months ended		Six months ended	
	30 June		30 June	
	2023	2022	2023	2022
	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Interest on bank borrowings	3,157	7,721	6,924	16,546
Interest on lease liabilities	9,948	1,382	21,355	3,051
	13,105	9,103	28,279	19,597

Notes to the Condensed Consolidated Financial Statements

6. LOSS BEFORE TAX

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

	Three months ended		Six months ended	
	30 June	2022	30 June	2022
	2023	2022	2023	2022
	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	657,085	359,407	1,200,424	876,435
Depreciation of right-of-use assets	11,750	134,348	23,500	169,913
Amortisation of intangible assets	–	18,627	–	25,160
Employee benefits (excluding directors' remuneration)				
— Salaries and wages	1,335,362	2,170,819	2,692,491	4,134,500
— CPF contribution	164,920	159,501	354,445	433,146
	1,500,282	2,330,320	3,046,936	4,567,646
Share option expense	–	81,666	–	611,229
Lease payments not included in the measurement of lease liabilities	88,379	416,290	290,373	795,040
Exchange (gain)/loss — net	32,327	(32,230)	32,327	(52,781)

Notes to the Condensed Consolidated Financial Statements

7. INCOME TAX EXPENSE

	Three months ended 30 June		Six months ended 30 June	
	2023 S\$ (Unaudited)	2022 S\$ (Unaudited)	2023 S\$ (Unaudited)	2022 S\$ (Unaudited)
Current tax representing income tax expense for the period	-	-	-	-

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

No Hong Kong profits tax has been provided since no assessable profit arose in Hong Kong during the period (six months ended 30 June 2022: nil).

Singapore corporate income tax has been provided at the rate of 17% (six months ended 30 June 2022: 17%) on the chargeable income arising in Singapore during the period. Income tax expense of the Group relates wholly to the profits of its two operating subsidiaries.

Notes to the Condensed Consolidated Financial Statements

8. LOSS PER SHARE

	Three months ended 30 June		Six months ended 30 June	
	2023 S\$ (Unaudited)	2022 S\$ (Unaudited)	2023 S\$ (Unaudited)	2022 S\$ (Unaudited)
Loss attributable to the owners of the Company	(406,625)	(1,675,680)	(2,120,590)	(3,367,169)
Weighted average number of ordinary shares in issue	166,835,200	827,804,444	130,035,438	814,626,133
Basic and diluted loss per share	(0.0024)	(0.04) (restated)	(0.016)	(0.082) (restated)

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 130,035,438 (2022: 814,626,133) in issue during the period.

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

9. DIVIDEND

The Board does not recommend the payment of dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: nil).

Notes to the Condensed Consolidated Financial Statements

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2023, the Group acquired assets with aggregate cost of approximately S\$2,845,000 (six months ended 30 June 2022: nil). Items of plant and equipment with a net book value of S\$39,459 were disposed of during the six months ended 30 June 2023 (six months ended 30 June 2022: S\$1,134), resulting in a gain on disposal of S\$58,041 (six months ended 30 June 2022: S\$11,364).

11. TRADE RECEIVABLES

	As at 30 June 2023 S\$ (Unaudited)	As at 31 December 2022 S\$ (Audited)
External parties	3,456,950	4,029,426
Less: impairment losses	(47,773)	(47,593)
	3,409,177	3,981,833

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

Notes to the Condensed Consolidated Financial Statements

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

	As at 30 June 2023 S\$ (Unaudited)	As at 31 December 2022 S\$ (Audited)
Less than 30 days	2,046,573	2,301,292
31 to 60 days	1,239,463	1,449,611
61 to 90 days	123,141	197,500
More than 90 days	–	33,430
Total	3,409,177	3,981,833

12. TRADE PAYABLES

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

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

	As at 30 June 2023 S\$ (Unaudited)	As at 31 December 2022 S\$ (Audited)
Less than 30 days	699,204	1,012,553
31 to 60 days	197,644	235,216
61 to 90 days	54,683	3,379
Total	951,531	1,251,148

Notes to the Condensed Consolidated Financial Statements

13. LOANS AND BORROWINGS

	As at 30 June 2023 S\$ (Unaudited)	As at 31 December 2022 S\$ (Audited)
Current:		
Lease liabilities	572,371	636,588
Bank loans — secured	327,707	847,288
	900,078	1,483,876
Non-current:		
Lease liabilities	541,193	829,694
	541,193	829,694
Total	1,441,271	2,313,570

Notes to the Condensed Consolidated Financial Statements

14. SHARE CAPITAL

	Number of ordinary shares		Nominal value of ordinary shares	Share capital
	At HK\$0.01 per share (unaudited)	At HK\$0.2 per share (unaudited)	HK\$ (unaudited)	(equivalent to S\$) (unaudited)
Ordinary share of HK\$0.01 each				
Authorised				
At 1 January 2022,				
31 December 2022	5,000,000,000	–	50,000,000	
Share consolidation (note b)	(5,000,000,000)	250,000,000	–	
At 30 June 2023	–	250,000,000	50,000,000	
Issued and fully paid				
At 1 January 2022	780,800,000	–	7,808,000	1,350,206
Issuance of 53,376,000 ordinary shares of HK\$0.01 upon exercise of share option	53,376,000	–	533,760	92,470
At 31 December 2022	834,176,000	–	8,341,760	1,442,676
Share consolidation (note b)	(834,176,000)	41,708,800	–	–
Rights Issue and placing of new shares (note a)	–	125,126,400	25,025,280	4,283,317
At 30 June 2023	–	166,835,200	33,367,040	5,725,993

Notes to the Condensed Consolidated Financial Statements

Note:

- (a) On 23 February 2023, the Company allotted and issued 55,193,873 new shares on the basis of three rights share for every one share held by qualifying shareholders at the subscription price of HK\$0.26 per rights share ("Rights Issue"). The Company also allotted and issued 69,932,527 new shares for the unsubscribed rights shares at the placing price of HK\$0.26 per placing share. The gross proceeds from the Rights Issue was approximately HK\$32.5 million.

For details, please refer to the prospectus of the Company dated 17 January 2023, the circular of the Company dated 9 December 2022, the announcements of the Company dated 21 October 2022, 1 December 2022 and 13 February 2023.

- (b) On 30 December 2022, an ordinary resolution was passed at the extraordinary general meeting of the Company that every twenty issued and unissued existing shares of a par value of HK\$0.01 each in the share capital of the Company be consolidated into one consolidated share of a par value of HK\$0.2 each in the share capital of the Company (the "Share Consolidation"). The Share Consolidation became effective on 4 January 2023.

For details, please refer to the circular of the Company dated 9 December 2022, the announcements of the Company dated 21 October 2022 and 1 December 2022.

15. SHARE-BASED PAYMENT

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

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

No option has been granted, exercised, cancelled or lapsed under the Share Option Scheme for the six months ended 30 June 2023.

Notes to the Condensed Consolidated Financial Statements

Movements in the share options granted under the Share Option Scheme during the six months ended 30 June 2023 is set out below:

	Date of grant	Exercisable period	Exercise price HK\$	Closing price per share immediately before the date of grant HK\$	No. of options outstanding as at 1 January 2023	No. of options granted during the period ended 30 June 2023	No. of options exercised during the period ended 30 June 2023	No. of options outstanding as at 30 June 2023	Approximate percentage of the underlying shares for the options in the issued shares of the Company as at 30 June 2023
Employees	21 May 2021	21 May 2021 to 20 May 2024	5.467	0.285	2,669,194	-	-	2,669,194 (Note 1)	1.60%
	20 January 2022	20 January 2022 to 19 January 2025	2.026	0.102	1,221,156	-	-	1,221,156 (Note 2)	0.73%
					3,890,350	-	-	3,890,350	2.33%

Notes:

- Options have been granted to 8 employees. Each of them have 333,649 Options.
- Options have been granted to 3 employees. Each of them have 407,052 Options.

The Share Option Scheme will expire on 17 October 2027.

Out of the 3,890,350 outstanding options, (i) 2,669,194 options were exercisable as at 30 June 2023 and expire on 20 May 2024; and (ii) 1,221,156 options were exercisable as at 30 June 2022 and expire on 19 January 2025.

The closing price of the Company's shares immediately before the date of grant of share options on 20 January 2022 and 12 April 2022 were HK\$0.285 and HK\$0.102 respectively.

Notes to the Condensed Consolidated Financial Statements

16. RELATED PARTY DISCLOSURES

Compensation of key management personnel

	Three months ended		Six months ended	
	30 June		30 June	
	2023	2022	2023	2022
	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Remuneration paid to key management personnel (including directors' remuneration)	195,401	189,383	412,258	427,838

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 and Hong Kong, 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.

The ongoing COVID-19 pandemic and the mutation of the COVID-19 virus continues to be a challenge for the supply chain. As our customers are mainly logistics service providers along the supply chain in Singapore, the cargoes that we transport for our customers include various types of plastic resin, scrap steel, waste paper products and others. These cargoes are mainly raw materials used in factory production, hence the resumption of activities in ports and factories will directly have a positive impact on our customers, and hence the Group.

Management Discussion and Analysis

Revenue

The Group's revenue comprised of revenue from provision of transport and hubbing services to the logistics industry in Singapore. For the six months ended 30 June 2023, the revenue of the Group decreased by approximately S\$3,309,000 or approximately 24.6% to approximately S\$10,130,000 compared to the six months ended 30 June 2022. The decrease was mainly attributable to the decrease in trading volume. The following table sets forth the revenue of the Group by revenue type for the periods indicated:

	Six months ended 30 June 2023		Six months ended 30 June 2022	
	S\$'000	%	S\$'000	%
Trucking services	8,758	86.5	11,261	83.8
Hubbing services	1,372	13.5	2,179	16.2
	10,130	100.0	13,440	100.0

Revenue from trucking services

Revenue from trucking services decreased by approximately S\$2,503,000 to S\$8,758,000 for the six months ended 30 June 2023, representing approximately 22.2% decrease. The decrease was mainly due to the general decrease in trading volume from our customers.

Revenue from hubbing services

Revenue from hubbing services decreased S\$807,000 to S\$1,372,000 for the six months ended 30 June 2023 with the decrease 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 decrease in revenue from hubbing services will not be proportionate to the trend in revenue from trucking services due to the following reasons: (i) different customers and different job orders may have different service requirements, such as different sizes of containers and number of storage days, hence revenue earned will differ; and (ii) not all our customers require hubbing services.

Gross profit

The overall gross profit decreased from approximately S\$325,000 for the six months ended 30 June 2022 to approximately S\$126,000 for the six months ended 30 June 2023. The overall gross profit margin decreased from approximately 2.4% for the six months ended 30 June 2022 to approximately 1.2% for the six months ended 30 June 2023. The decrease in gross profit margin is mainly due to the competitive environment.

Other income

Other income decreased by approximately S\$140,000 from approximately S\$202,000 for the six months ended 30 June 2022 to approximately S\$62,000 for the six months ended 30 June 2023. The decrease was mainly due to the decrease in sundry income.

Administrative expenses

Administrative expenses decreased by approximately S\$1,594,000 or 41.1% from approximately S\$3,874,000 for the six months ended 30 June 2022 to approximately S\$2,280,000 for the six months ended 30 June 2023. The decrease was mainly due to the recognition of share-based payment during the six months ended 30 June 2022.

Income tax expense

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

Management Discussion and Analysis

Loss for the period

Due to the combined effect of the aforesaid factors, we recorded a loss of approximately S\$2,121,000 for the six months ended 30 June 2023, representing a decrease in losses of approximately S\$1,246,000 as compared to the loss of approximately S\$3,367,000 for the six months ended 30 June 2022.

Dividend

The Board takes into account the Group's overall results of operation, financial position and capital requirements, among other factors, in considering the declaration of dividends. The Board does not recommend the payment of dividend for the six months ended 30 June 2023.

Liquidity and Financial Resources

As at 30 June 2023, the Group had total assets of approximately S\$20,350,000 (31 December 2022: S\$18,277,000), which was financed by total liabilities and shareholders' equity (comprising share capital, share premium and reserves) of approximately S\$3,300,000 (31 December 2022: S\$4,550,000) and approximately S\$17,050,000 (31 December 2022: S\$13,727,000) respectively. The current ratio as at 30 June 2023 of the Group was approximately 3.7 times (31 December 2022: approximately 2.1 times).

As at 30 June 2023, the Group had cash and cash equivalents of approximately S\$3,837,000 (31 December 2022: S\$2,253,000) which were placed with major banks in Singapore and Hong Kong.

The loans and borrowings of the Group as at 30 June 2023 was approximately S\$328,000 (31 December 2022: S\$847,000). The gearing ratio (calculated based on loans and borrowings divided by total equity) of the Group as of 30 June 2023 was 1.9% (31 December 2022: 6.2%).

Management Discussion and Analysis

Capital structure

As at 30 June 2023, the Company's issued share capital amounted to HK\$33,367,040 divided by 166,835,200 Shares of HK\$0.2 each.

Foreign Exchange Exposure

The Group transacts mainly in Singapore dollars, which is the functional currency of all the Group's operating subsidiaries. However, the Group retains a large part of its proceeds from the Share Offer and Share Placement in Hong Kong dollars which contributed to an unrealised foreign exchange loss of approximately S\$32,000 as at 30 June 2023 as Hong Kong dollars appreciated against Singapore dollars.

Future Plans for Material Investments and Capital Assets

Save as disclosed in the prospectus of the Company dated 6 October 2017 (the "Prospectus") in relation to, among other matters, the listing of its shares on GEM on 18 October 2017 (the "Listing") and in this report, the Group did not have other plans for material investments or capital assets as of 30 June 2023.

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

During the six months ended 30 June 2023, the Group did not have any material acquisitions or disposals of subsidiaries, associates or joint ventures.

Significant Investments Held

The Group did not hold any significant investments during the six months ended 30 June 2023.

Management Discussion and Analysis

Contingent liabilities

Performance guarantees were given by financial institutions and insurance companies on behalf of the Group to certain suppliers. The Group in turn, provides a counter indemnity to the financial institutions and insurance companies. The aggregate amount of the performance guarantees given by the financial institutions and insurance companies was S\$670,000 as at 30 June 2023 (31 December 2022: S\$670,000).

Capital commitments

As at 30 June 2023, the Group has no capital commitments.

Employee Information and Remuneration Policies

As at 30 June 2023, the Group had an aggregate of 140 employees (31 December 2022: 140).

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\$3,459,000 for the six months ended 30 June 2023 (six months ended 30 June 2022: approximately S\$5,607,000).

The Group did not experience any significant problem with our employees or disruptions to our operations due to labour disputes, nor did the Group experience any difficulty in the recruitment and retention of experienced employees. The Group continues to maintain a good relationship with our employees.

Management Discussion and Analysis

Comparison of business objectives with actual business progress

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

Implementation plan

Actual business progress up to 31 December 2022

Purchase new vehicles to expand our current transportation fleet capabilities	<ul style="list-style-type: none"> — Purchase of 30 units of Euro VI compliant prime movers and 40 units of trailers 	The Group has purchased 11 units of Euro VI and 15 units of trailers. ¹
Purchase a new office to incorporate an increase in our workforce	<ul style="list-style-type: none"> — Purchase an industrial unit with area of around 1,000 square feet located at Pioneer Junction as additional office space — Renovation of the new office 	The Group has purchased an office unit at Pioneer Junction. ²
Strengthen our information technology system	<ul style="list-style-type: none"> — Obtain quotation, finish installation and implementation test of tailor-made container tracing system 	The Group has finished installation of the system.
	<ul style="list-style-type: none"> — Obtain quotation, finish installation and implementation test of tailor-made enterprise resources planning system 	The Group has finished installation of the system.
	<ul style="list-style-type: none"> — Obtain quotation, purchase and finish installation and set-up of computer work stations, servers and ancillary equipment 	The Group has purchased and finished installation and set-up of computer work stations, servers and ancillary equipment.

Management Discussion and Analysis

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

Implementation plan

Actual business progress up to 31 December 2022

Expand our workforce to support our business expansion	<ul style="list-style-type: none"> — Hire one financial controller and two finance executives in finance department, and three operation staffs in operation departments — Hire additional 27 experienced truck drivers, with recruitment cost for the new workforce 	<p>The Group has hired a financial controller, finance executives and three operation staffs.</p> <p>The Group has hired 27 drivers, not factoring those drivers with a short turnover.</p>
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¹ As at 30 June 2019, approximately HK\$26,062,000 was allocated for the enhancement of capacity for transport and storage services through acquisition of new vehicles. As stated in the Prospectus, the Group intended to use the net proceeds to acquire Euro VI compliant prime movers that are more environmentally friendly. Based on our initial understanding, Euro VI compliant prime movers was set to come into force in Singapore from 1 January 2018. However, Euro VI was only available in the market in the fourth quarter of 2018.

In addition, being in the transportation business, the Group is dependent on the global trade movement. A number of the Group's customers had either put their expansion plans on hold or reduced the sales volume to the Group. Seeing the uncertainty of business volume from our customers and current fleet utilisation rate, management decided to monitor market conditions and wait for better visibility on our customers' growth. As such, acquisition of 10 units of Euro VI was made in 2019, after its introduction in the market in the last quarter of 2018. The Group has also purchased 10 units of trailers. During the year ended 31 December 2021, the Group has also purchased 1 Unit of Euro VI and 5 units of trailers. During the year ended 31 December 2022, the Group has acquired 4 heavy goods vehicles and made deposit to order 4 more vehicles.

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

Management Discussion and Analysis

Use of Proceeds from the Share Offer

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

FUND RAISING ACTIVITIES

Rights Issue

On 21 October 2022, the Board proposed to raise gross proceeds of approximately HK\$32.5 million on the basis of three (3) rights shares for every one (1) existing Share held on the record date by issuing 125,126,400 rights shares at the subscription price of HK\$0.26 per rights share (assuming no further issue of new Share(s) and no repurchase of Share(s) by the Company on or before the record date as announced by the Company from time to time subject to the approval of the Stock Exchange (the "Record Date")). The rights issue (the "Rights Issue") is only available to the qualifying Shareholders and will not be extended to the excluded Shareholders. The estimated net proceeds (after the deduction of the costs

Management Discussion and Analysis

and expenses which the Company will incur in the Rights Issue) will be approximately HK\$31.4 million (assuming no further issue of new Share(s) and no repurchase of Share(s) by the Company on or before the Record Date). The Company intends to apply the net proceeds from the Rights Issue for (i) approximately HK\$6.2 million for the payment of rental expenses and management fee for the next 12 months; (ii) approximately HK\$20.0 million for the payment of salaries of the Group's employees for the next 12 months; and (iii) approximately HK\$5.2 million for the working capital for the existing business. The Rights Issue were approved by the Shareholders at the EGM held on 30 December 2022. The Rights Issue was completed in 23 February 2023. For the further details of the Rights Issue, please refer to the prospectus of the Company dated 17 January 2023, the circular of the Company dated 9 December 2022, the announcements of the Company dated 21 October 2022, 1 December 2022 and 13 February 2023.

USE OF PROCEEDS FROM THE RIGHTS ISSUE

As disclosed in the prospectus, the net proceeds (after deducting the placing commission and other related expenses and professional fees) from the Rights Issue were approximately HK\$31.4 million. As at 30 June 2023, the Group had utilised approximately HK\$15.6 million of the net proceeds as follows:

Implementation Plan	Planned use of proceeds as shown in the prospectus HK\$ million	Actually utilised amount up to 30 June 2023 HK\$ million
Payment of rental expenses and management fee	6.2	1.8
Payment of salaries of the Group's employees	20.0	10.8
Working capital for the existing business	5.2	3.0
	31.4	15.6

Management Discussion and Analysis

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. The Singapore economy has decelerated considerably since the end of last year. Growth, on a year-on-year basis, slowed to 2.1 per cent in the fourth quarter of last year before decreasing further to 0.1 per cent in the first three months of 2023. The slowdown is largely due to contractions in the trade-related sectors amid the ongoing global manufacturing and trade downturn, especially in electronics.

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.

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

Other Information

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

As at 30 June 2023, the interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) held by the Directors and chief executive of the Company (the "Chief Executive") which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register maintained by the Company pursuant to section 352 of the SFO, or which were notified to the Company and the Stock Exchange pursuant to rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

Long position in ordinary shares of the Company:

Name of director	Note	Number of underlying shares held, capacity and nature of interest			Approximate percentage of the issued share capital
		Directly beneficially owner	Through controlled corporation	Total	
Mr. Chua Kang Lim	(1)	320,000	2,910,250	3,230,250	1.94%

Note:

- (1) These shares are held by Ventris Global Limited ("Ventris"). The entire issued share capital of Ventris is legally and beneficially owned by Mr. Chua. Mr. Chua is deemed to be interested in the shares of the Company in which Ventris is interested under Part XV of the SFO.

Other Information

Long position in shares and underlying shares of associated corporations:

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

Save as disclosed above, as at 30 June 2023, none of the Directors and Chief Executive had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

EQUITY-SETTLED SHARE OPTION SCHEME

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

Other Information

Movements in the share options granted under the Share Option Scheme during the three months ended 30 June 2023 is set out below:

	Date of grant	Exercisable period	Exercise price HK\$	Closing price per share immediately before the date of grant HK\$	No. of options outstanding as at 1 January 2023	No. of options granted during the period ended 30 June 2023	No. of options exercised during the period ended 30 June 2023	No. of options outstanding as at 30 June 2023	Approximate percentage of the underlying shares for the options in the issued shares of the Company as at 30 June 2023
Employees	21 May 2021	21 May 2021 to 20 May 2024	5.467	0.285	2,669,194	-	-	2,669,194 (Note 1)	1.60%
	20 January 2022	20 January 2022 to 19 January 2025	2.026	0.102	1,221,156	-	-	1,221,156 (Note 2)	0.73%
					3,890,350	-	-	3,890,350	2.33%

Notes:

- Options have been granted to 8 employees. Each of them have 333,649 Options.
- Options have been granted to 3 employees. Each of them have 407,052 Options.

The Share Option Scheme will expire on 17 October 2027.

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

So far as the Directors and the Chief Executive are aware, as at 30 June 2023, other than the directors and chief executive, the following person had or were deemed or taken to have an interest and/or short position in the shares or the underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be recorded in the register of the Company required to be kept under section 336 of the SFO, or which would be, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other members of the Group:

Shareholder	Number of shares	Approximate percentage of shareholding	Capacity
Ventris Global Limited	2,910,250	1.74%	Beneficial owner
Wang Hufei	10,471,750	6.28%	Beneficial owner

Save as disclosed above, as at 30 June 2023, the Directors and the Chief Executive of the Company are not aware of any other person who had an interest or short position in the shares or underlying shares which would require to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of the Company.

Other Information

DIRECTORS' INTEREST IN COMPETING BUSINESS

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

PLEDGE OF ASSET

The Group's buildings with an aggregate carrying amount of the Group's properties and bank deposits of approximately S\$520,000 and S\$518,052 (31 December 2022: approximately S\$533,555 and S\$511,859) were mortgaged to secure the Group's bank loans as at 30 June 2023.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2023.

COMPLIANCE OF CODE OF CONDUCT FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard of dealings and the code of conduct regarding securities transactions by directors adopted by the Company during the six months ended 30 June 2023.

COMPLIANCE WITH THE CORPORATE GOVERNANCE

The Company has adopted the principles and the code provisions set out in the Corporate Governance Code (the “CG Code”) contained in Appendix 15 to the GEM Listing Rules. During the six months ended 30 June 2023, the Company had complied with all the code provisions set out in the CG Code with the exception of the following deviation:

Code Provision A.2.1

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

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

Other Information

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with the Rules 5.28 and 5.29 of the GEM Listing Rules and Code Provision C.3.3 of the CG Code. The primary duties of our audit committee are, among other things, to review and supervise the financial reporting process and internal control systems of the Group. The audit committee consists of three independent non-executive Directors, namely Mr. Cheung Wai Kin, who has the appropriate auditing and financial related management expertise and serves as the chairman of the audit committee, Ms. Wong Ching Wan and Ms. Wong Shuk Yee Camilla. The audit committee has reviewed the accounting principles and policies adopted by the Group and the consolidated financial statements of the Group for the six months ended 30 June 2023 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 August 2023

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

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