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C&N Holdings Limited
春能控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8430)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2023

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

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

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

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

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

* For identification purposes only

HIGHLIGHTS

- The Group's revenue amounted to approximately S\$23,463,000 for the year ended 31 December 2023, representing a decrease of approximately S\$2,781,000 or 10.6% as compared to the year ended 31 December 2022.
- Total comprehensive loss for the year attributable to the owners of the Company was approximately S\$5,067,000 for the year ended 31 December 2023 as compared to a loss of approximately S\$8,664,000 for the year ended 31 December 2022. The difference is mainly attributable to the increase in gross profit of approximately S\$2,842,000 as compared to the year ended 31 December 2022.
- The Board does not recommend the payment of any dividend for the years ended 31 December 2023 and 2022.

ANNUAL RESULTS

The Board of Directors (the “Board”) of the Company is pleased to present the consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2023, together with the comparative figures for the corresponding year, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2023

	<i>Notes</i>	2023	2022
		\$	\$
Revenue	5	23,463,313	26,244,251
Cost of sales		<u>(22,220,680)</u>	<u>(27,843,122)</u>
Gross profit/(loss)		1,242,633	(1,598,871)
Other income	5	175,359	234,855
Administrative expenses		(6,297,171)	(5,946,157)
Reversal/(allowance) of expected credit losses (“ECLs”)		251,130	(289,496)
Impairment of right-of-use assets		–	(1,379,986)
Impairment of property, plant and equipment		(427,798)	–
Finance costs	6	<u>(49,861)</u>	<u>(68,246)</u>
Loss before tax	7	(5,105,708)	(9,047,901)
Income tax (expense)/credit	8	<u>(8,649)</u>	<u>383,440</u>
Loss for the year		<u>(5,114,357)</u>	<u>(8,664,461)</u>
Other comprehensive income:			
Item that may be reclassified subsequent to profit or loss:			
Exchange differences on translation of foreign operation		<u>47,602</u>	<u>–</u>
Total comprehensive loss for the year attributable to owners of the Company		<u>(5,066,755)</u>	<u>(8,664,461)</u>
Loss per share			
Basic and diluted	9	<u>(0.0340)</u>	<u>(0.1979)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2023

	<i>Notes</i>	2023	2022
		\$	\$
Non-current assets			
Property, plant and equipment		7,835,653	7,959,852
Right-of-use assets		503,704	348,584
Intangible assets		49,672	124,177
Deferred tax assets		–	8,649
Deposits		–	1,855,546
		<hr/>	<hr/>
Total non-current assets		8,389,029	10,296,808
Current assets			
Trade receivables	<i>10</i>	6,221,430	3,981,833
Deposits and other receivables		533,841	1,045,006
Contract assets		–	41,616
Prepayments		254,592	147,149
Pledged deposits		524,252	511,859
Cash and bank balances		1,664,561	2,252,650
		<hr/>	<hr/>
Total current assets		9,198,676	7,980,113
Current liabilities			
Trade payables	<i>11</i>	962,236	1,251,148
Contract liabilities		77,824	–
Other payables and accruals	<i>12</i>	856,874	984,977
Bank borrowings	<i>13</i>	300,000	847,288
Lease liabilities		731,838	636,588
		<hr/>	<hr/>
Total current liabilities		2,928,772	3,720,001
Net current assets		6,269,904	4,260,112
		<hr/>	<hr/>
Total assets less current liabilities		14,658,933	14,556,920
Non-current liabilities			
Lease liabilities		535,775	829,694
		<hr/>	<hr/>
Net assets		14,123,158	13,727,226
		<hr/>	<hr/>
Equity			
Share capital	<i>14</i>	5,725,993	1,442,676
Reserves		8,397,165	12,284,550
		<hr/>	<hr/>
Total equity		14,123,158	13,727,226
		<hr/>	<hr/>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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 21st Floor, CMA Building, 64 Connaught Road 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 and Hong Kong, primarily trucking and hubbing services.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which collective term includes all applicable IFRSs, International Accounting Standards ("IASs") and Interpretations promulgated by the International Accounting Standards Board ("IASB") and the applicable disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules").

These consolidated financial statements have been prepared under the historical cost convention, except for the equity investment which has been measured at fair value. These consolidated financial statements are presented in Singapore dollars ("S\$") or ("\$"), which is also the functional currency of the Company except when otherwise indicated. These consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2022 consolidated financial statements except for the adoption of the new/revised IFRSs that are relevant to the Group and effective from the current accounting period as detailed in note 3 to the announcement.

3. ADOPTION OF NEW AND AMENDMENT INTERNATIONAL FINANCIAL REPORTING STANDARDS

Application of new and revised IFRSs

The Group has applied the following amendments to IFRSs issued by the IASB for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2023 for the preparation of the consolidated financial statements:

IFRS 17 (including the October 2020 and February 2022 Amendments to IFRS 17)	Insurance Contracts
Amendments to IAS 1 and IFRS Practice Statement 2	Presentation of Financial Statements and Making Materiality Judgement — Disclosure of Accounting Policies
Amendments to IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors — Definition of accounting estimates
Amendments to IAS 12	Income Tax — Deferred Tax related to Assets and Liabilities arising from a Single Transactions
Amendments to IAS 12	Income Tax — International Tax Reform

Except as described below, the application of the amendments to IFRSs in the current year had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to IAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 Making Materiality Judgements provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has disclosed the material accounting policy information in note 2.3 to the financial statements. The application of the amendment has had no material impact on the Group's financial positions and performance but has affected the disclosure of the Group's accounting policies set out in note 2.3 to the consolidated financial statements.

New and amendments to IFRSs issued but not yet effective

The Group has not applied any new and revised IFRSs that have been issued but are not yet effective for the financial year beginning 1 January 2023. These new and revised IFRSs include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to IAS 1 — Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to IAS 1 — Non-current Liabilities with Covenants	1 January 2024
Amendments to IAS 7 and IFRS 7 — Supplier Finance Arrangements	1 January 2024
Amendments to IAS 21 — Lack of Exchangeability	1 January 2025
Amendments to IFRS 16 — Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to IFRS 10 & IAS 28 — Sale or Contribution of Assets between an Investor and its Associate or Join Venture	To be determined

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

4. SEGMENT INFORMATION

The chief operating decision maker has been identified as the directors of the Company. The directors review the Group's internal reporting for the purposes of resource allocation and assessment of segment performance which focused on the category of services. The Group has identified two reportable segments as follows:

The trucking segment — the provision of cargo transportation and other related services. The Group offers cargo transportation services, primarily of containers, from customers' designated pick up points to their designated delivery points within Singapore and Hong Kong.

The hubbing segment — the offering of the Group's container storage facility at its logistics yard to its customers.

Segment assets exclude deferred tax assets, pledged deposits, cash and bank balances and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude bank borrowings and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Year ended 31 December 2023	Trucking \$	Hubbing \$	Total \$
Segment revenue <i>(note 5)</i>			
Sales to external customers	21,336,737	2,126,576	<u>23,463,313</u>
Segment results	(53,654)	(1,816,433)	(1,870,087)
<i>Reconciliation</i>			
Other income			175,359
Reversal of allowance for ECL			259,412
Unallocated finance costs			(7,612)
Corporate and other unallocated expenses			<u>(3,662,780)</u>
Loss before tax			<u>(5,105,708)</u>
Segment assets	13,553,522	1,007,264	14,560,786
<i>Reconciliation</i>			
Pledged deposits			524,252
Cash and bank balances			1,664,561
Corporate and other unallocated assets			<u>838,106</u>
Total assets			<u>17,587,705</u>
Segment liabilities	1,573,119	828,096	2,401,215
<i>Reconciliation</i>			
Bank borrowings			300,000
Corporate and other unallocated liabilities			<u>763,332</u>
Total liabilities			<u>3,464,547</u>
Other segment information			
Depreciation and amortisation	1,487,379	233,667	1,721,046
Impairment of property, plant and equipment	427,798	–	427,798
Unallocated amounts			<u>568,334</u>
			<u>2,717,178</u>
Capital expenditure*	3,562,559	–	<u>3,562,559</u>

* Represents additions to property, plant and equipment and right-of-use assets

Year ended 31 December 2022	Trucking \$	Hubbing \$	Total \$
Segment revenue (note 5)			
Sales to external customers	22,181,798	4,062,453	<u>26,244,251</u>
Segment results	(2,569,803)	(3,025,777)	(5,595,580)
<i>Reconciliation</i>			
Other income			234,855
Allowance for ECL			(289,496)
Impairment of right-of-use assets			(1,379,986)
Finance costs			(28,057)
Corporate and other unallocated expenses			<u>(1,989,637)</u>
Loss before tax			<u>(9,047,901)</u>
Segment assets	11,223,793	1,066,475	12,290,268
<i>Reconciliation</i>			
Deferred tax assets			8,649
Pledged deposits			511,859
Cash and bank balances			2,252,650
Corporate and other unallocated assets			<u>3,213,495</u>
Total assets			<u>18,276,921</u>
Segment liabilities	1,549,547	1,420,640	2,970,187
<i>Reconciliation</i>			
Bank borrowings			847,288
Corporate and other unallocated liabilities			<u>732,220</u>
Total liabilities			<u>4,549,695</u>
Other segment information			
Depreciation and amortisation	1,631,871	944,713	2,576,584
Impairment of right-of-use assets	–	1,379,936	1,379,936
Written-off of intangible assets			8,643
Unallocated amounts			<u>185,926</u>
			<u>4,151,089</u>
Capital expenditure*	1,026,464	1,713,086	<u>2,739,550</u>

* Represents additions to property, plant and equipment and right-of-use assets

Revenue from major customers

Revenue from each major customer which individually contributed to 10% or more of the total revenue of the Group is set out below:

	2023	2022
	\$	\$
Customer A	10,117,334	9,818,778
Customer B	3,500,087	3,346,881
Customer C	2,998,056	3,210,169
Customer D	N/A*	2,656,004

The revenue from the above major customers was derived from both the trucking and hubbing segments.

* The corresponding customers did not contribute over 10% of the total revenue of the Group for the specific year.

Geographical information

	Revenue		Non-current assets	
	2023	2022	2023	2022
	\$	\$	\$	\$
Hong Kong	3,108,775	–	2,840,722	701,699
Singapore	20,354,538	26,244,251	5,548,307	7,730,914
Consolidated total	23,463,313	26,244,251	8,389,029	8,432,613

5. REVENUE AND OTHER INCOME

Revenue represents the value of services rendered, net of GST, during the year.

An analysis of revenue is as follows:

	2023	2022
	\$	\$
Revenue from contracts with customers within the scope of IFRS 15	23,463,313	26,244,251

(i) **Disaggregated revenue information**

Revenue from contracts with customers within the scope of IFRS 15

	2023	2022
	\$	\$
Types of goods or services		
Trucking services	21,336,737	22,181,798
Hubbing services	2,126,576	4,062,453
	<u>23,463,313</u>	<u>26,244,251</u>
Timing of revenue recognition		
Services transferred over time	<u>23,463,313</u>	<u>26,244,251</u>

(ii) **Performance obligations**

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

Trucking income

The performance obligation is satisfied over time when the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs, using output method.

Hubbing income

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

The amounts of transactions prices allocated to the performance obligations are expected to be recognised as revenue within one year.

The Group has applied the practical expedient in paragraph 121 of IFRS 15 such that the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts that had an original expected duration of one year or less.

(iii) **Other income**

An analysis of other income is as follows:

	2023	2022
	\$	\$
Interest income	12,392	8,217
Gain on disposal of property, plant and equipment	111,346	66,929
Government grants (<i>note</i>)	51,595	159,709
Sundry income	26	–
	<u>175,359</u>	<u>234,855</u>

Note:

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

6. FINANCE COSTS

	2023	2022
	\$	\$
Interest on lease liabilities	42,249	40,189
Interest on bank borrowings	7,612	28,057
	<u>49,861</u>	<u>68,246</u>

7. LOSS BEFORE TAX

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

	2023	2022
	\$	\$
Employee benefits (excluding Directors' emoluments)		
— Salaries and wages	7,827,547	7,310,672
— CPF contributions	707,339	622,823
— Share-based payments expenses	—	610,131
	<u>8,534,886</u>	<u>8,543,626</u>
Depreciation of property, plant and equipment	2,605,514	1,998,107
Amortisation of intangible assets	74,505	79,690
Depreciation of right-of-use assets	37,159	684,713
Lease payments not included in the measurement of lease liabilities	805,822	872,733
Auditor's remuneration		
— Audit service	120,069	119,674
Loss on disposal of a subsidiary	—	14,673
Written-off of intangible assets	—	8,643
Gain on disposal of property, plant and equipment	(111,346)	(66,929)
Exchange losses, net	112,344	13,551
(Reversal)/allowances of ECLs	(251,130)	289,496
Impairment of right-of-use assets	—	1,379,986
Impairment of property, plant and equipment	(427,798)	—

8. INCOME TAX EXPENSE/(CREDIT)

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 for the years ended 31 December 2023 and 2022.

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

The applicable tax rates for a qualified group company incorporated in Hong Kong is 8.25% on the first HK\$2,000,000 of assessable profit and 16.5% on the remaining. The applicable tax rate for those non-qualified group companies incorporated in Hong Kong is 16.5%.

No Hong Kong profits tax has been provided since no assessable profit arose in Hong Kong during the year (2022: Nil).

The Singapore statutory income tax rate has been provided at the rate of 17% (2022: 17%) for the year. No income tax of the Group's Singapore subsidiaries had been provided as they incurred loss for taxation purpose (2022: Nil). Major components of income tax credit for the years ended 31 December 2023 and 2022 are:

	2023	2022
	\$	\$
Deferred tax	<u>8,649</u>	<u>(383,440)</u>

9. LOSS PER SHARE

	2023	2022
	\$	\$
Loss attributable to the owners of the Company	<u>(5,066,755)</u>	<u>(8,664,461)</u>
Issued ordinary shares at the beginning of year	834,176,000	780,800,000
Effect of exercise of share options	–	43,734,970
Effect of Share Consolidation	(792,467,200)	(783,308,221)
Effect of Rights Issue	107,333,744	2,562,114
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	<u>149,042,544</u>	<u>43,788,863</u>

The calculation of the basic loss per share is based on the loss for the year attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares in issue.

For the purpose of calculation of basic and diluted loss per share for the years ended 31 December 2023 and 2022, the share consolidation being effective on 4 January 2023 was deemed to be effective throughout the period from 1 January 2022 to 31 December 2023.

The weighted average number of ordinary shares for the purpose of calculating basic loss per share the years ended 31 December 2023 and 2022 has been adjusted/restated to reflect the effect of bonus element in rights issue on 23 February 2023.

For the purpose of calculation of diluted loss per share, no adjustment has been made to the weighted average number basic loss per share as the Company's outstanding share options have no dilutive effect for the years ended 31 December 2023 and 2022.

10. TRADE RECEIVABLES

	2023	2022
	\$	\$
External parties	6,254,180	4,029,426
Less: Allowance for ECLs	(32,750)	(47,593)
	<u>6,221,430</u>	<u>3,981,833</u>

Trade receivables are all non-interest-bearing and are generally repayable on terms of 30 to 90 days (2022: 30 to 60 days).

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

	2023	2022
	\$	\$
Less than 30 days	4,584,082	2,301,292
31 to 60 days	1,285,607	1,449,611
61 to 90 days	348,715	197,500
More than 90 days	3,026	33,430
	<u>6,221,430</u>	<u>3,981,833</u>
Total	<u>6,221,430</u>	<u>3,981,833</u>

11. TRADE PAYABLES

Trade payables are non-interest-bearing and are normally settled on terms of 30 days (2022: 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:

	2023	2022
	\$	\$
Less than 30 days	739,112	1,012,553
31 to 60 days	141,808	235,216
61 to 90 days	44,995	3,379
More than 90 days	36,321	–
	<u>962,236</u>	<u>1,251,148</u>
	<u>962,236</u>	<u>1,251,148</u>

12. OTHER PAYABLES AND ACCRUALS

	2023	2022
	\$	\$
Accrued liabilities	702,546	878,963
GST payable	132,939	64,968
Other payables	21,389	41,046
	<u>856,874</u>	<u>984,977</u>

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

Other payables and accruals denominated in HK\$ amounted to \$16,945 (2022: Nil) as at 31 December 2023.

13. BANK BORROWINGS

	2023	2022
	\$	\$
Secured bank loans:		
On demand or within one year	<u>300,000</u>	<u>847,288</u>

Notes:

For the year ended 31 December 2023, the effective interest rates of the Group's bank loans at 4.38% (2022: 2%) per annum.

The Group's secured bank loans are secured by:

- (i) mortgages over the Group's properties situated in Singapore, which had an aggregate carrying amount of \$1,007,264 (2022: \$533,555) as at 31 December 2023;
- (ii) pledged time deposits with carrying amounts of \$524,252 (2022: \$511,859) as at 31 December 2023; and
- (iii) joint and several personal guarantees provided by the Directors of the Company's subsidiary.

14. SHARE CAPITAL

The movements in the Company's authorised and issued share capital during the years ended 31 December 2023 and 2022 are as follows:

	Number of ordinary shares		Nominal value	Share capital (equivalent to \$)
	At HK\$0.01 per share	At HK\$0.2 per share	of ordinary shares HK\$	
Ordinary shares				
Authorised:				
At 1 January 2022, 31 December 2022 and 1 January 2023	5,000,000,000	–	50,000,000	
Share Consolidation (<i>note iii</i>)	<u>(5,000,000,000)</u>	<u>250,000,000</u>	<u>–</u>	
At 31 December 2023	<u>–</u>	<u>250,000,000</u>	<u>50,000,000</u>	
Issued and fully paid				
At 1 January 2022	780,800,000	–	7,808,000	1,350,206
Issue of shares upon exercise of share options (<i>note (i)</i>)	39,040,000	–	390,400	67,497
Issue of shares upon exercise of share options (<i>note (ii)</i>)	<u>14,336,000</u>	<u>–</u>	<u>143,360</u>	<u>24,973</u>
At 31 December 2022 and 1 January 2023	834,176,000	–	8,341,760	1,442,676
Share Consolidation (<i>note (iii)</i>)	<u>(834,176,000)</u>	<u>41,708,800</u>	<u>–</u>	<u>–</u>
Issue of shares upon Rights Issue (<i>note (iv)</i>)	<u>–</u>	<u>125,126,400</u>	<u>25,025,280</u>	<u>4,283,317</u>
At 31 December 2023	<u>–</u>	<u>166,835,200</u>	<u>33,367,040</u>	<u>5,725,993</u>

Notes:

- (i) The subscription rights attaching to 39,040,000 share options were exercised at the exercise price of HK\$0.1056 per share, resulting in the issue of 39,040,000 shares for a total cash consideration, before expenses, of approximately HK\$4,122,624 (equivalent to \$712,763). An amount of approximately \$331,157 was transferred from the option reserve to share premium upon the exercise of the share options.
- (ii) The subscription rights attaching to 14,336,000 share options were exercised at the exercise price of HK\$0.0640 per share, resulting in the issue of 14,336,000 shares for a total cash consideration, before expenses, of approximately HK\$917,504 (equivalent to \$159,830). An amount of approximately \$80,281 was transferred from the option reserve to share premium upon the exercise of the share options.
- (iii) 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.

- (iv) 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 issue (“Rights Issue”) and 69,932,527 new shares for the unsubscribed rights shares at the right issue of HK\$0.26 per right issue. The gross proceeds from the Rights Issue was approximately HK\$32.5 million (equivalent to \$5,568,312).

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, 13 February 2023 and 22 February 2023.

15. DIVIDEND

The Directors do not recommend the payment of any dividend for the year ended 31 December 2023 (2022: Nil).

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 the customers. Trucking services refer to the delivery of cargo, primarily containers, from our 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.

Our customers are mainly logistics service providers along the supply chain in Singapore and Hong Kong, 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.

FINANCIAL REVIEW

Revenue

The Group's revenue comprised of revenue from provision of transport and hubbing services to the logistics industry in Singapore and Hong Kong. For the year ended 31 December 2023, the revenue of the Group decreased by approximately S\$2,781,000 or approximately 10.6% to approximately S\$23,463,000 compared to the year ended 31 December 2022. The decrease was mainly attributable to the decrease in revenue from trucking and hubbing services. The following table sets forth the revenue of the Group by revenue type for the periods indicated:

	2023		2022	
	S\$'000	%	S\$'000	%
Trucking services	21,336	90.9	22,182	84.5
Hubbing services	2,127	9.1	4,062	15.5
	<u>23,463</u>	<u>100.0</u>	<u>26,244</u>	<u>100.0</u>

Revenue from trucking services

Revenue from trucking services decreased by approximately S\$846,000 to approximately S\$21,336,000 for the year ended 31 December 2023, representing an 3.8% decrease. The decrease was mainly due to decrease in trading volume.

Revenue from hubbing services

Revenue from hubbing services decreased by 47.6% or approximately S\$1,935,000. It is common for customers to request for us to truck the containers, and also provide storage space for these containers while waiting for vessels to arrive at port before we can truck the containers over for loading. Customers that require hubbing services are generally those whom have large volume in the import and export of goods, who are mainly freight forwarders and global logistics companies.

However, the increase/decrease in hubbing revenue 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.

For the year ended 31 December 2023, the vessels started to arrive more timely reducing the need for extended hubbing hence the decrease in revenue from hubbing services.

Gross profit/(loss)

The overall gross result turnaround from loss of approximately S\$1,599,000 for the year ended 31 December 2022 to profit of approximately S\$1,243,000 for the year ended 31 December 2023, mainly due to the decrease in cost of diesel as compared to the year ended 31 December 2022. The overall gross profit margin turnaround from loss of 6.1% for the year ended 31 December 2022 to profit of 5.3% for the year ended 31 December 2023. The table below sets forth a breakdown of gross profit and gross profit margin by revenue type for the periods indicated:

	2023		2022	
	<i>S\$'000</i>	<i>Gross Profit/(loss) margin</i>	<i>S\$'000</i>	<i>Gross loss margin</i>
Trucking services	2,730	12.8	(933)	(4.2)
Hubbing services	(1,487)	(69.9)	(666)	(16.4)
	<u>1,243</u>	<u>5.3</u>	<u>(1,599)</u>	<u>(6.1)</u>

Gross profit/(loss) from trucking services

The gross profit margin for trucking services turnaround from loss of approximately 4.2% for the year ended 31 December 2022 to profit of approximately 12.8% for the year ended 31 December 2023 mainly due to the decrease in cost of diesel as compared to the year ended 31 December 2022. As more than a third of the costs for trucking services pertained to fixed costs like wages and depreciation, an decrease in cost of diesel will increase the gross profit margin.

Gross profit/(loss) from hubbing services

The gross profit margin for hubbing services decreased from loss of 16.4% for the year ended 31 December 2022 to loss of approximately 69.9% for the year ended 31 December 2023 mainly due to more timely arrival of vessels that resulted in the decrease in need from customers for hubbing services.

Other income

Other income decreased by approximately S\$59,000 from approximately S\$235,000 for the year ended 31 December 2022 to approximately S\$175,000 for the year ended 31 December 2023. The decrease was mainly attributed to the decrease of the receipt of government grants mainly from Singapore as compared to the year ended 31 December 2022.

Administrative expenses

Administrative expenses comprised mainly of office expenses, staff costs, auditor's remuneration and compliance costs. Total administrative expenses increased to approximately S\$6,297,000 for the year ended 31 December 2023 from approximately S\$5,946,000 for the year ended 31 December 2022.

Income tax expenses/credit

The Group's income tax credit was amounted to approximately S\$383,000 for the year ended 31 December 2022, while the Group's has approximately S\$9,000 income tax expenses for the year ended 31 December 2023.

Loss for the year

Due to the combined effect of the aforesaid factors, we recorded a loss of approximately S\$5,114,000 for the year ended 31 December 2023, representing a decrease of approximately S\$3,550,000 as compared to the loss of approximately S\$8,664,000 for the year ended 31 December 2022.

Liquidity and Financial Resources and Capital Structure

As at 31 December 2023, the Group had total assets of approximately S\$17,588,000 (2022: approximately S\$18,277,000), which is financed by total liabilities and shareholders' equity (comprising share capital, share premium and retained earnings) of approximately S\$3,465,000 (2022: approximately S\$4,550,000) and approximately S\$14,123,000 (2022: approximately S\$13,727,000) respectively. The current ratio as at 31 December 2023 of the Group was approximately 3.1 times (2022: approximately 2.1 times).

As at 31 December 2023, the Group had cash and cash equivalents of approximately S\$1,665,000 (2022: approximately S\$2,253,000) which were placed with major banks in Singapore and Hong Kong.

The bank borrowings and lease liabilities of the Group as at 31 December 2023 was approximately S\$1,568,000 (2022: approximately S\$2,314,000). The gearing ratio (calculated based on bank borrowings and lease liabilities divided by total equity) of the Group as of 31 December 2023 was 11.1% (2022: 16.9%).

Foreign Exchange Exposure

The Group transacts mainly in Singapore dollars, which is the functional currency of all the Group's operating subsidiaries. However, the Group retains a large part of its proceeds from the Share Offer in Hong Kong dollars which contributed to a foreign exchange loss of approximately S\$112,000 (2022: loss of approximately S\$14,000) as Hong Kong dollars depreciated (2022: depreciated) against Singapore dollars.

Future Plans for Material Investments and Capital Assets

Save as disclosed in the Company's prospectus dated 6 October 2017 (the "Prospectus") and in this announcement, the Group did not have other plans for material investments or capital assets as of 31 December 2023.

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

During the year ended 31 December 2023, except for disclosed elsewhere in the announcement, 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 year ended 31 December 2023.

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 31 December 2023 (2022: S\$670,000).

Capital Commitments

As at 31 December 2023, the Group had no capital commitment (2022: Nil).

Employee Information and Remuneration Policies

As at 31 December 2023, the Group had an aggregate of 130 employees (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\$9,256,000 for the year ended 31 December 2023 (2022: approximately S\$9,405,000).

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.

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	— 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	— 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 located at Pioneer Junction. ²
Strengthen our information technology system	— Obtain quotation, finish installation and implementation test of tailor- made container tracing system	The Group has finished installation of the system.
	— Obtain quotation, finish installation and implementation test of tailor-made enterprise resources planning system	The Group has finished installation of the system.
	— 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.
Expand our workforce to support our business expansion	— Hire one financial controller and two finance executives in finance department, and three operation staffs in operation departments	The Group has hired a financial controller, finance executives and three operation staffs.
	— Hire additional 27 experienced truck drivers, with recruitment cost for the new workforce	The Group has hired 27 drivers, not factoring those drivers with a short turnover.

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.

Use of Proceeds from 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						Amount of the proceed utilized during the year ended 31 December 2022	Unutilised amount as at 31 December 2022 ¹	
	utilised up to 31 December 2017	utilised up to 31 December 2018	utilised up to 31 December 2019	utilised up to 31 December 2020	utilised up to 31 December 2021	utilised up to 31 December 2022			
	HK\$'000	HK\$'000							
Enhancement of capacity for transport and storage services through acquisition of new vehicles	26,062	-	-	8,823	8,823	10,053	26,062	16,009	-
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	779	-
Working capital and other general	2,365	2,365	2,365	2,365	2,365	2,365	2,365	-	-
	<u>43,116</u>	<u>2,701</u>	<u>6,909</u>	<u>23,258</u>	<u>23,258</u>	<u>26,328</u>	<u>43,116</u>	<u>16,788</u>	<u>-</u>

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 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 31 December 2023, the Group had utilised approximately HK\$30.0 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 31 December 2023 HK\$ million
Payment of rental expenses and management fee	6.2	4.8
Payment of salaries of the Group’s employees	20.0	20.0
Working capital for the existing business	5.2	5.2
	31.4	30.0

The unutilised proceeds are deposited in a licensed bank in Hong Kong and are expected to be utilised by first half of 2024.

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 and Hong Kong. The Singapore economy has decelerated considerably since the end of last year. 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.

Pledge of Assets

As at 31 December 2023, the carrying amounts of the Group’s properties and bank deposits of S\$1,007,264 and S\$524,252 respectively were pledged for the Group’s secured bank borrowings.

Share Option Scheme

The Company has a share option scheme (the “Share Option Scheme”) which was approved and adopted by the sole shareholder of the Company by way of written resolutions passed on 25 September 2017. Details of the Share Option Scheme can be found on Appendix IV to the Prospectus.

Movements in the share options granted under the Share Option Scheme during the year ended 31 December 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	Adjustment as a result of share consolidation	Adjustment as a result of right issues	No. of options outstanding as at 31 December 2023	Approximate percentage of the underlying shares for the options in the issued shares of the Company as at 31 December 2023
Employees	21 May 2021	21 May 2021 to 20 May 2024	5.467	0.285	51,200,000	(48,640,000)	109,194	2,669,194 (Note 1)	1.60%
	20 January 2022	20 January 2022 to 19 January 2025	2.026	0.102	23,424,000	(22,252,800)	49,956	1,221,156 (Note 2)	0.73%
					<u>3,890,350</u>	<u>(70,892,800)</u>	<u>159,150</u>	<u>3,890,350</u>	<u>2.33%</u>

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

No option has been granted, exercised, cancelled or lapsed under the Share Option Scheme during the year ended 31 December 2023. The number of options available for grant under the scheme mandate of the Share Option Scheme at the beginning and the end of the financial year 2023 (the “FY2023”) were both 4,170,880 Shares. The total number of Shares available for issue under each of the Share Option Scheme (including options granted but not yet exercised and options available for issue) was 8,061,230 Shares, representing approximately 4.83% of the total number of issued Shares as at the date of the this announcement.

COMPETING BUSINESS

For the year ended 31 December 2023, none of the Directors, controlling shareholder or their respective close associates (as defined in the GEM Listing Rules) has any interests in a business that competes or is likely to compete either directly or indirectly with the business of the Group.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the year ended 31 December 2023.

COMPLIANCE WITH THE CORPORATE GOVERNANCE

The Directors recognise the importance of good corporate governance in management and internal procedures so as to achieve effective accountability. The Company’s corporate governance practices are based on the principles of good corporate governance as set out in the Corporate Governance Code in Part 2 of Appendix C1 to the GEM Listing Rules (the “CG Code”) and in relation to, among others, the Directors, chairman and chief executive officer, Board composition, the appointment, re-election and removal of Directors, their responsibilities and remuneration and communications with the Shareholders. 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 Kang Lim (“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.

SUFFICIENCY OF PUBLIC FLOAT

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

EVENTS AFTER THE REPORTING PERIOD

As at the date of this announcement, the Group had no significant events after the reporting period which need to be disclosed.

DIVIDEND

The Board takes into account the Group's overall results of operation, financial position and capital requirements, among other factors, in considering the declaration of dividends. The Board does not recommend the payment of dividend for the year ended 31 December 2023.

REQUIRED STANDARD OF DEALINGS FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealings regarding securities transactions by the Directors as set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the "Required Standard of Dealings"). The Company had made specific enquiries with all the Directors and each of them had confirmed his/her compliance with the Required Standard of Dealings during the year ended 31 December 2023.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with the GEM Listing Rules and the CG Code which is adopted on 14 October 2017 and revised on 31 December 2018. 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 year ended 31 December 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.

FINANCIAL INFORMATION

The financial information set out in this announcement does not constitute the Group's audited consolidated financial statements for the financial year, but represents an extract from those financial statements. The financial information has been reviewed by the audit committee and approved by the Board, as to the amounts set out in the Group's audited consolidated financial statements for the year.

SCOPE OF WORK OF MCMILLAN WOODS (HONG KONG) CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, and other comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in the preliminary announcement have been agreed by the Group's auditors, McMillan Woods (Hong Kong) CPA Limited, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by McMillan Woods (Hong Kong) CPA Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by McMillan Woods (Hong Kong) CPA Limited on the preliminary announcement.

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

Hong Kong, 28 March 2024

As at the date of this announcement, 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 independent non-executive Directors.

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