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## **INFINITY LOGISTICS AND TRANSPORT VENTURES LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1442)**

### **FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020**

The Board of Directors (the “**Board**”) of Infinity Logistics and Transport Ventures Limited (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2020 as follows:

#### **CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*For the year ended 31 December 2020*

	<i>Notes</i>	<b>2020</b> <b>RM’000</b>	2019 <i>RM’000</i>
<b>Revenue</b>	5	<b>223,669</b>	209,432
Cost of services and goods sold		<u>(170,656)</u>	<u>(155,525)</u>
<b>Gross profit</b>		<b>53,013</b>	53,907
Other income	6	<b>903</b>	2,258
Administrative and other operating expenses		<b>(18,559)</b>	(19,766)
Reversal of loss allowance of trade receivables		<b>187</b>	1,447
Finance costs	7	<b>(4,132)</b>	(4,418)
Share of results of associates		<b>100</b>	(32)
Listing expenses		<u>(544)</u>	<u>(8,338)</u>
<b>Profit before tax</b>	7	<b>30,968</b>	25,058
Income tax expenses	8	<u>(5,859)</u>	<u>(5,578)</u>
<b>Profit for the year</b>		<u><b>25,109</b></u>	<u>19,480</u>

	<i>Notes</i>	<b>2020</b> <b><i>RM'000</i></b>	2019 <i>RM'000</i>
<b>Other comprehensive loss</b>			
<i>Items that will not be reclassified to profit or loss:</i>			
Exchange differences on translation of the Company's financial statements to presentation currency		<b>(661)</b>	—
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on combination/consolidation		<u>(454)</u>	<u>(390)</u>
<b>Other comprehensive loss for the year</b>		<u><b>(1,115)</b></u>	<u>(390)</u>
<b>Total comprehensive income for the year</b>		<u><b>23,994</b></u>	<u>19,090</u>
<b>Earnings per share attributable to equity holders of the Company</b>			
Basic and diluted	9	<u><b>1.27 RM sen</b></u>	<u>1.30 RM sen</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION***At 31 December 2020*

	<i>Notes</i>	<b>2020</b> <b>RM'000</b>	2019 <i>RM'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>157,801</b>	144,570
Club membership		<b>90</b>	123
Goodwill		<b>—</b>	—
Interest in associates		<b>501</b>	1
		<b>158,392</b>	144,694
<b>Current assets</b>			
Inventories		<b>13,048</b>	8,376
Trade and other receivables	<i>11</i>	<b>53,323</b>	47,823
Restricted bank balances		<b>35</b>	35
Bank balances and cash		<b>72,065</b>	17,180
		<b>138,471</b>	73,414
<b>Current liabilities</b>			
Trade and other payables	<i>12</i>	<b>32,681</b>	33,006
Bank overdrafts		<b>8,455</b>	9,358
Interest-bearing borrowings		<b>5,005</b>	9,193
Lease liabilities		<b>6,157</b>	7,471
Income tax payables		<b>292</b>	5,152
		<b>52,590</b>	64,180
<b>Net current assets</b>		<b>85,881</b>	9,234
<b>Total assets less current liabilities</b>		<b>244,273</b>	153,928
<b>Non-current liabilities</b>			
Interest-bearing borrowings		<b>45,730</b>	50,778
Lease liabilities		<b>22,944</b>	19,754
Deferred tax liabilities		<b>1,715</b>	99
		<b>70,389</b>	70,631
<b>NET ASSETS</b>		<b>173,884</b>	83,297
<b>Capital and reserves</b>			
Share capital	<i>13</i>	<b>10,518</b>	—*
Reserves		<b>163,366</b>	83,297
<b>TOTAL EQUITY</b>		<b>173,884</b>	83,297

\* Represents amount less than RM1,000.

## 1. CORPORATE INFORMATION AND BASIS OF PREPARATION

Infinity Logistics and Transport Ventures Limited (the “**Company**”, together with its subsidiaries are collectively referred to as the “**Group**”) was incorporated as an exempted company with limited liability in the Cayman Islands on 7 March 2019. The Company’s shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 21 January 2020 (the “**Listing**”). In the opinion of the directors of the Company, the immediate and ultimate holding company is 2926 Holdings Limited (“**2926 Holdings**”), which is incorporated in the British Virgin Islands (the “**BVI**”). The ultimate controlling parties of the Group are Dato’ Chan Kong Yew and Dato’ Kwan Siew Deeg (collectively referred to as the “**Ultimate Controlling Parties**”). The registered office of the Company is situated at P.O. Box 1350, Clifton House, 75 Fort Street, Grand Cayman, KY1-1108, Cayman Islands. The Company’s principal place of business is situated at Unit B, 13th Floor, Winsan Tower, 98 Thomson Road, Wan Chai, Hong Kong and the Group’s headquarter is situated at No. 2, Jalan Kasuarina 8, Bandar Botanic, 41200 Klang, Selangor Darul Ehsan, Malaysia.

The principal activity of the Company is investment holding. The Group is principally engaged in the provision of integrated freight forwarding services, logistics centre and related services and railroad transportation services as an integrated logistics services provider and provision of flexitank solution and related services.

### Completion of reorganisation

Pursuant to a group reorganisation (the “**Reorganisation**”) carried out by the Group in preparation for the Listing, the Company became the holding company of the subsidiaries now comprising the Group on 13 December 2019. Details of the Reorganisation are as set out in the paragraph headed “Reorganisation” of the section headed “History, Development and Reorganisation” to the prospectus issued by the Company dated 30 December 2019 (the “**Prospectus**”).

Immediately prior to and after the Reorganisation, the Company and its subsidiaries now comprising the Group are ultimately controlled by the Ultimate Controlling Parties (individually and/or jointly).

The Group’s business is mainly conducted through Infinity Logistics & Transport Sdn. Bhd., Infinity Lines Sdn. Bhd., Supply Stream Management Sdn. Bhd., Infinity Logistics & Transport (S) Pte. Ltd., KNS Infinity Sdn. Bhd., Infinity Logistics & Transport Ltd., Infinity Bulk Logistics Sdn. Bhd. (“**Infinity Bulk Logistics (MY)**”), Infinity Bulk Logistics Ltd. and Optimus Flexitank Solutions Sdn. Bhd.. The Company, ILNT 2926 Ventures Limited (“**ILNT 2926**”), IBL 2926 Ventures Limited (“**IBL 2926**”), Infinity Logistics & Transport Holding Sdn. Bhd. and Infinity Flexitank Holding Sdn. Bhd. are investment holding companies and have not been involved in any other significant activities prior to the Reorganisation except for the Reorganisation. Because the Reorganisation did not result in any change in the management, the ultimate control and the resources employed of the Group’s business the Group is regarded as a continuity entity and therefore, the Reorganisation is considered as a business combination under common control.

Accordingly, for the purpose of this report, the consolidated financial statements have been prepared on a combined basis under merger accounting principles, as further explained in the paragraph headed “Merger accounting for business combination involving entities under common control” in Note 2 to the consolidated financial statements, which presents the consolidated financial position, consolidated financial performance, consolidated changes in equity and consolidated cash flows of the entities now comprising the Group as if the combination had occurred from the date when the combining entities or business first came under control of the Ultimate Controlling Parties.

## 2. STATEMENT OF COMPLIANCE

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

The consolidated financial statements are presented in Malaysian Ringgit (“RM”) and all amounts have been rounded to the nearest thousand (“RM’000”), unless otherwise indicated.

The consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2019 consolidated financial statements except for the adoption of the following new/revised IFRSs.

### Adoption of new/revised IFRSs

The Group has applied, for the first time, the following new/revised IFRSs that are relevant to the Group:

Amendments to IASs 1 and 8	Definition of Material
Amendments to IAS 39, HKFRSs 7 and 9	Interest Rate Benchmark Reform – Phase 1
Amendments to IFRS 3	Definition of a Business
Amendments to IFRS 16	COVID-19-Related Rent Concessions

Except for the early adoption of Amendments to IFRS 16 as set out below, the adoption of the new/revised IFRSs that are relevant to the Group and effective from the current year had no significant effects on the results and financial position of the Group for the current and prior years.

## Amendments to HKFRS 16: COVID-19-Related Rent Concessions

In accordance with the transition provisions therein, the amendments have been applied retrospectively by the Group recognising the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) and therefore the comparative information has not been restated.

Details of the accounting policy adopted in respect of COVID-19 related rent concessions are set out in Note 2 to the consolidated financial statements.

### 3. FUTURE CHANGES IN IFRSs

At the date of approving the consolidated financial statements, the IASB has issued the following new/revised IFRSs that are not yet effective for the current financial year, which the Group has not early adopted:

Amendments to IAS 39, IFRSs 4, 7, 9 and 16	Interest Rate Benchmark Reform – Phase 2 <sup>[1]</sup>
Amendments to IAS 16	Proceeds before Intended Use <sup>[2]</sup>
Amendments to IAS 37	Cost of Fulfilling a Contract <sup>[2]</sup>
Amendments to IFRS 3	Reference to the Conceptual Framework <sup>[2]</sup>
Annual Improvements to IFRSs	2018–2020 Cycle <sup>[2]</sup>
Amendments to IAS 1	Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies <sup>[3]</sup>
Amendments to IAS 8	Definition of Accounting Estimates <sup>[3]</sup>
IFRS 17	Insurance Contracts <sup>[3]</sup>
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>[4]</sup>

<sup>[1]</sup> Effective for annual periods beginning on or after 1 January 2021

<sup>[2]</sup> Effective for annual periods beginning on or after 1 January 2022

<sup>[3]</sup> Effective for annual periods beginning on or after 1 January 2023

<sup>[4]</sup> The effective date to be determined

The management of the Group does not anticipate that the adoption of the new/revised IFRSs in future periods will have any material impact on the Group's consolidated financial statements.

#### 4. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being identified as the chief operating decision makers (“CODM”), for the purposes of resource allocation and assessment of segment performance focuses on types of goods delivered or services rendered. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group’s reportable and operating segments are as follows:

- 1) Integrated freight forwarding services segment: provision of non-vessel operating common carriers (“NVOCC”) and freight forwarding services;
- 2) Logistics centre and related services segment: provision of warehousing and container depot services;
- 3) Railroad transportation services segment: provision of railroad transportation services; and
- 4) Flexitank solution and related services segment: provision of flexitank solution and related services.

##### **Segment revenue and results**

The accounting policies of the operating segments are the same as the Group’s accounting policies described in Note 2 to the consolidated financial statements.

Segment revenue represents revenue derived from provision of (i) integrated freight forwarding services, (ii) logistics centre and related services, (iii) railroad transportation services and (iv) flexitank solution and related services.

Segment results represent the gross profit incurred by each segment without allocation of other income, administrative and other operating expenses, reversal of loss allowance of trade receivables, finance costs, share of results of associates, listing expenses and income tax expenses. This is the measure reported to the CODM of the Group for the purposes of resource allocation and performance assessment.

No analysis of the Group’s assets and liabilities by operating segments is presented as it is not regularly provided to the CODM for review.

In addition, the Group’s place of domicile is Malaysia, where the central management and control is located.

The followings are analysis of the Group's revenue and results by reportable and operating segments:

	Integrated freight forwarding services <i>RM'000</i>	Logistics centre and related services <i>RM'000</i>	Railroad transportation services <i>RM'000</i>	Flexitank solution and related services <i>RM'000</i>	Total <i>RM'000</i>
<i>Year ended 31 December 2020</i>					
Revenue from contracts with customers within IFRS 15	77,584	56,102	12,752	68,935	215,373
Revenue from other source	—	8,296	—	—	8,296
	<u>77,584</u>	<u>64,398</u>	<u>12,752</u>	<u>68,935</u>	<u>223,669</u>
Segment results	<u>15,969</u>	<u>12,283</u>	<u>3,746</u>	<u>21,015</u>	53,013
<i>Unallocated income and expenses</i>					
Other income					903
Administrative and other operating expenses					(18,559)
Reversal of loss allowance of trade receivables					187
Finance costs					(4,132)
Share of results of associates					100
Listing expenses					(544)
Profit before tax					30,968
Income tax expenses					(5,859)
Profit for the year					<u>25,109</u>
<i>Other information:</i>					
Depreciation ( <i>Note i</i> )	1,080	5,291	13	428	6,812
Provision for leakage claims	—	—	—	520	520
Additions to property, plant and equipment ( <i>Note ii</i> )	<u>2,280</u>	<u>3,867</u>	<u>1,217</u>	<u>202</u>	<u>7,566</u>

	Integrated freight forwarding services RM'000	Logistics centre and related services RM'000	Railroad transportation services RM'000	Flexitank solution and related services RM'000	Total RM'000
<u>Year ended 31 December 2019</u>					
Revenue from contracts with customers within IFRS 15	73,088	51,841	19,103	62,359	206,391
Revenue from other source	—	3,041	—	—	3,041
	<u>73,088</u>	<u>54,882</u>	<u>19,103</u>	<u>62,359</u>	<u>209,432</u>
Segment results	<u>15,329</u>	<u>10,000</u>	<u>5,990</u>	<u>22,588</u>	53,907
<i>Unallocated income and expenses</i>					
Other income					2,258
Administrative and other operating expenses					(19,766)
Reversal of loss allowance of trade receivables					1,447
Finance costs					(4,418)
Share of results of associates					(32)
Listing expenses					(8,338)
Profit before tax					25,058
Income tax expenses					(5,578)
Profit for the year					<u>19,480</u>
<i>Other information:</i>					
Depreciation (Note i)	1,450	5,872	74	461	7,857
Reversal of provision for leakage claims	—	—	—	(506)	(506)
Additions to property, plant and equipment (Note ii)	<u>500</u>	<u>14,897</u>	<u>10,669</u>	<u>324</u>	<u>26,390</u>

*Note:*

- (i) Depreciation not included in the measure of segment results during the year ended 31 December 2020 amounted to approximately RM6,139,000 (2019: RM4,362,000).
- (ii) Additions to property, plant and equipment not allocated to the segments during the year ended 31 December 2020 amounted to approximately RM20,973,000 (2019: RM29,039,000).

## Geographical information

The following table sets out information about the geographical location of the Group's revenue from external customers which are based on the location of customers.

	2020	2019
	<i>RM'000</i>	<i>RM'000</i>
<i>Revenue from external customers:</i>		
China	1,373	3,061
Indonesia	18,090	20,087
Malaysia	126,053	113,737
Netherlands	2,274	2,042
Singapore	27,067	17,557
South Korea	7,965	7,354
Thailand	17,278	22,562
Vietnam	2,898	4,906
Others	20,671	18,126
	<u>223,669</u>	<u>209,432</u>

No geographical analysis on segment assets is provided as substantially all of the Group's assets were located at Malaysia.

## Information about major customers

No external customers individually contributing 10% or more of the total revenue during the years ended 31 December 2020 and 2019.

## 5. REVENUE

	2020 <i>RM'000</i>	2019 <i>RM'000</i>
<u>Revenue from contracts with customers within IFRS 15</u>		
<b>Integrated freight forwarding services business</b>		
Air freight services income	2,291	1,253
Ocean freight services income	20,187	18,215
Forwarding services income	14,926	5,776
NVOCC services income	40,180	47,844
	<u>77,584</u>	<u>73,088</u>
<b>Logistics centre and related services business</b>		
Warehousing and container depot services income	<u>56,102</u>	<u>51,841</u>
<b>Railroad transportation services business</b>		
Landbridge transportation services income	8,841	17,658
Landfeeder transportation services income	3,911	1,445
	<u>12,752</u>	<u>19,103</u>
<b>Flexitank solution and related services business</b>		
Income from flexitank solution	<u>68,935</u>	<u>62,359</u>
	<u>215,373</u>	<u>206,391</u>
<u>Revenue from other source</u>		
<b>Logistics centre and related services business</b>		
Rental income from warehouses	<u>8,296</u>	<u>3,041</u>
	<u>223,669</u>	<u>209,432</u>

In addition to the information shown in segment disclosures, the revenue from contracts with customers within IFRS 15 is disaggregated as follows:

	<b>2020</b> <i>RM'000</i>	2019 <i>RM'000</i>
<i>Timing of revenue recognition:</i>		
<b>— at a point of time</b>		
Income from flexitank solution	<u>68,935</u>	<u>62,359</u>
<b>— over time</b>		
Air freight services income	2,291	1,253
Ocean freight services income	20,187	18,215
Forwarding services income	14,926	5,776
NVOCC services income	40,180	47,844
Warehousing and container depot services income	56,102	51,841
Landbridge transportation services income	8,841	17,658
Landfeeder transportation services income	<u>3,911</u>	<u>1,445</u>
	<u>146,438</u>	<u>144,032</u>
	<u><u>215,373</u></u>	<u><u>206,391</u></u>

## 6. OTHER INCOME

	<b>2020</b> <i>RM'000</i>	2019 <i>RM'000</i>
Bank interest income	470	7
Gain on disposal of property, plant and equipment	247	1,823
Sundry income	<u>186</u>	<u>428</u>
	<u><u>903</u></u>	<u><u>2,258</u></u>

## 7. PROFIT BEFORE TAX

This is stated after charging (crediting):

	2020 <i>RM'000</i>	2019 <i>RM'000</i>
<b>Finance costs</b>		
Interest on bank overdrafts	169	526
Interest on interest-bearing borrowings	2,252	2,320
Interest on lease liabilities	1,711	1,572
	<u>4,132</u>	<u>4,418</u>
<b>Staff costs (including directors' emoluments)</b>		
Salaries, allowances and other benefits in kinds	22,145	20,808
Contributions to defined contribution plans	2,817	2,512
	<u>24,962</u>	<u>23,320</u>
Total staff costs (charged to "cost of services and goods sold" and "administrative and other operating expenses" and included in "inventories", as appropriate)	<u>24,962</u>	<u>23,320</u>
<b>Other items</b>		
Auditors' remuneration	515	518
Cost of inventories	47,920	39,771
Depreciation (charged to "cost of services and goods sold" and "administrative and other operating expenses", as appropriate)	12,951	12,219
Exchange gain, net	(920)	(187)
Expenses recognised under short-term leases (charged to "cost of services and goods sold" and "administrative and other operating expenses", as appropriate)	1,513	1,148
Expenses recognised under leases of low-value assets (charged to "cost of services and goods sold" and "administrative and other operating expenses", as appropriate)	282	196
Gain on disposal of property, plant and equipment	(247)	(1,823)
Impairment loss on club membership	33	—
Provision (Reversal of provision) for leakage claims	520	(506)

The Group does not recognise right-of-use assets and corresponding liabilities under short term lease and lease of low-value assets.

## 8. INCOME TAX EXPENSES

	2020 <i>RM'000</i>	2019 <i>RM'000</i>
<b>Current tax</b>		
Malaysia CIT	3,930	6,003
Labuan CIT	<u>313</u>	<u>20</u>
	4,243	6,023
<b>Deferred tax</b>		
Changes in temporary differences	<u>1,616</u>	<u>(445)</u>
	<u><u>5,859</u></u>	<u><u>5,578</u></u>

The group entities established in the Cayman Islands and the BVI are exempted from corporate income tax (“CIT”) of those jurisdictions.

Hong Kong Profits Tax has not been provided as the Group incurred a loss for taxation purposes for the years ended 31 December 2020 and 2019.

Malaysia CIT is calculated at the rate of 24% (the “**standard rate**” in Malaysia) of the Group’s estimated assessable profits arising from Malaysia (except for Labuan) during the years ended 31 December 2020 and 2019.

Malaysian (except for Labuan) subsidiaries participating in a promoted activity or of producing a promoted product and intending that a factory be constructed, or where the factory is already in existence, be occupied in Malaysia for that purpose, are eligible to make application for pioneer status. Malaysian (except for Labuan) subsidiaries under pioneer status were granted tax exemption on 70% of the statutory income for 5 years. The balance 30% of the statutory income will be taxed at the standard rate as detailed above.

Infinity Bulk Logistics (MY) has obtained the pioneer status effective from 5 January 2018. A pioneer status company is eligible for exemption from Malaysia CIT on eligible activities and products for 5 years.

The group entities incorporated in Labuan of Malaysia, CIT shall be charged at the rate of 3% for a year of assessment upon the chargeable profits for the years ended 31 December 2020 and 2019.

Singapore CIT is calculated at 17% of the assessable profits with no CIT rebate for the year ended 31 December 2020 (2019: CIT rebate of 25%, capped at Singapore Dollars (“**SGD**”) 15,000). The Group’s entities incorporated in Singapore can also enjoy 75% tax exemption on the first SGD10,000 of normal chargeable income and a further 50% tax exemption on the next SGD190,000 of normal chargeable income for the years ended 31 December 2020 and 2019. Singapore CIT has not been provided as the Group had no assessable profits in Singapore for the years ended 31 December 2020 and 2019.

## Reconciliation of income tax expenses

	2020 <i>RM'000</i>	2019 <i>RM'000</i>
Profit before tax	<u>30,968</u>	<u>25,058</u>
Income tax at applicable tax rate	7,439	4,490
Non-deductible expenses	1,168	2,927
Tax exempt revenue	(482)	(437)
Tax incentive under pioneer status	<u>(2,266)</u>	<u>(1,402)</u>
Income tax expenses	<u>5,859</u>	<u>5,578</u>

## 9. EARNING PER SHARE

The calculation of basic and diluted earnings per share attributable to owners of the Company is based on the following information:

	2020 <i>RM'000</i>	2019 <i>RM'000</i>
Profit for the year attributable to the owners of the Company, used in basic and diluted earnings per share calculation	<u>25,109</u>	<u>19,480</u>
	<b>Number of shares</b>	
	2020	2019
Weighted average number of ordinary shares for basic and diluted earnings per share calculation	<u>1,972,677,596</u>	<u>1,500,000,000</u>

The calculation of the weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share has been determined based on the assumption that the issue of shares at incorporation of the Company, the Reorganisation and the Capitalisation Issue (as defined in Note 13 below) to the shareholders had occurred on 1 January 2019.

Diluted earnings per share are the same as the basic earnings per share as there are no dilutive potential ordinary shares in existence during the years ended 31 December 2020 and 2019.

## 10. DIVIDENDS

	2020 <i>RM'000</i>	2019 <i>RM'000</i>
Dividends declared to the then equity owners of the entities now comprising the Group	<u>—</u>	<u>18,544</u>
Dividends declared to the owners of the Company	<u>6,000</u>	<u>—</u>

At a meeting held on 19 August 2020, the directors of the Company resolved to declare an interim dividend of United States dollars (“US\$”) 0.0007 per ordinary share totalling approximately US\$1,400,000 (equivalent to RM6,000,000). The dividends were paid on 30 September 2020.

The directors do not recommend the payment of a final dividend.

## 11. TRADE AND OTHER RECEIVABLES

	2020 <i>RM'000</i>	2019 <i>RM'000</i>
	<i>Note</i>	
<b>Trade receivables</b>		
From third parties	47,367	43,734
From related companies	<u>51</u>	<u>22</u>
	47,418	43,756
Less: Loss allowance	<u>(1,074)</u>	<u>(1,427)</u>
	<i>11(a)</i>	
	<u>46,344</u>	<u>42,329</u>
<b>Other receivables</b>		
Deposits paid	2,509	2,099
Other receivables	895	605
Prepayments	<u>3,575</u>	<u>2,790</u>
	<u>6,979</u>	<u>5,494</u>
	<u>53,323</u>	<u>47,823</u>

All of the trade and other receivables that are classified as current assets are expected to be recovered or recognised as expense within one year.

## 11(a) Trade receivables

The trade receivables from related parties are unsecured, interest-free and with credit period ranged from 30 to 60 days.

The Group grants credit period ranged from 7 to 60 days from the date of issuance of invoices to its customers.

The ageing analysis of trade receivables based on invoice date at the end of each reporting period is as follows:

	2020 <i>RM'000</i>	2019 <i>RM'000</i>
Within 30 days	21,396	20,508
31 to 60 days	9,193	10,668
61 to 90 days	5,239	4,912
Over 90 days	11,590	7,668
	<u>47,418</u>	<u>43,756</u>
Less: Loss allowance	<u>(1,074)</u>	<u>(1,427)</u>
	<u><u>46,344</u></u>	<u><u>42,329</u></u>

## 12. TRADE AND OTHER PAYABLES

	2020 <i>RM'000</i>	2019 <i>RM'000</i>
	<i>Note</i>	
<b>Trade payables</b>		
To third parties	23,288	18,089
To related companies	193	1,081
	<u>23,481</u>	<u>19,170</u>
	<i>12(a)</i>	
<b>Other payables</b>		
Accruals and other payables ( <i>Note</i> )	4,898	7,038
Other payables for acquisition of property, plant and equipment	4,150	6,354
Provision for leakage claims	152	213
Contract liabilities	—	231
	<u>9,200</u>	<u>13,836</u>
	<u><u>32,681</u></u>	<u><u>33,006</u></u>

*Note:* The amount at 31 December 2019 included accrued initial listing expenses of approximately RM1,220,000.

## 12(a) Trade payables

The trade payables to related parties are unsecured, interest-free and with credit period of 30 days.

At the end of each reporting period, the ageing analysis of the trade payables based on invoice date is as follows:

	2020 <i>RM'000</i>	2019 <i>RM'000</i>
Within 30 days	13,870	8,180
31 to 60 days	3,650	4,816
61 to 90 days	1,171	1,046
Over 90 days	4,790	5,128
	<u>23,481</u>	<u>19,170</u>

The credit term on trade payables is up to 30 days.

## 13. SHARE CAPITAL

	<i>Notes</i>	Number of shares	<i>HK\$</i>	<i>Equivalent to RM</i>
Ordinary share of HK\$0.01 each				
Authorised:				
At 7 March 2019 (date of incorporation)		38,000,000	380,000	203,200
Increase	<i>(iii)</i>	<u>14,962,000,000</u>	<u>149,620,000</u>	<u>80,010,700</u>
<b>At 31 December 2019 and 2020</b>		<u>15,000,000,000</u>	<u>150,000,000</u>	<u>80,213,900</u>
Issued and fully paid:				
At 7 March 2019 (date of incorporation)	<i>(i)</i>	1	0.01	—*
Issuance of shares under the Reorganisation	<i>(ii)</i>	<u>1,999</u>	<u>19.99</u>	<u>11</u>
At 31 December 2019		2,000	20.00	11
Capitalisation Issue	<i>(iv)</i>	1,499,998,000	14,999,980	7,888,489
Issue of shares pursuant to the Share Offer	<i>(v)</i>	<u>500,000,000</u>	<u>5,000,000</u>	<u>2,629,500</u>
<b>At 31 December 2020</b>		<u>2,000,000,000</u>	<u>20,000,000</u>	<u>10,518,000</u>

\* Represents amount less than RM1.

*Notes:*

- (i) Upon incorporation, 1 ordinary share was allotted and issued to Dato' Chan Kong Yew at par value.
- (ii) On 13 December 2019, the Company acquired all the issued shares of ILNT 2926 and IBL 2926 from 2926 Holdings and Mr. Teo Guan Kee and in consideration thereof, the Company allotted and issued 1,889 shares credited as fully paid to 2926 Holdings and 110 shares credited as fully paid to Mr. Teo Guan Kee, respectively. Due to the fact that the issuance of shares is only a step of the Reorganisation, the shares of the Company as issued were recorded at par value.
- (iii) On 14 December 2019, the authorised share capital of the Company was increased by HK\$149,620,000 by the creation of an additional of 14,962,000,000 shares of HK\$0.01 each.
- (iv) Pursuant to the resolutions in writing of the Company's shareholders passed on 14 December 2019, subject to the share premium account of the Company being credited as a result of the issue of the Company's shares under the Listing, the directors of the Company were authorised to allot and issue a total of 1,499,998,000 shares of HK\$0.01 each to the existing shareholders, credited as fully paid at par by way of capitalisation of the sum of HK\$14,999,980 standing to be credit of the share premium account of the Company (the "**Capitalisation Issue**") and the shares to be allotted and issued pursuant to this resolution shall carry the same rights as all shares in issue (save for the rights to participate in the Capitalisation Issue). The Capitalisation Issue was fully completed on 21 January 2020.
- (v) On 21 January 2020, the shares of the Company were listed on the Main Board of the Stock Exchange and 500,000,000 shares of HK\$0.01 each were issued at HK\$0.31 per share by way of share offer (the "**Share Offer**"). The gross proceeds from the share offer amounted to HK\$155,000,000 (equivalent to approximately RM81,515,000). The expenses attributable to issue of shares pursuant to the Share Offer of approximately RM8,922,000 were recognized in the share premium account of the Company.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **FINANCIAL OVERVIEW**

The Group is pleased to report the results for the year ended 31 December 2020.

During the year ended 31 December 2020, the Group recorded a revenue of approximately RM223,669,000 (2019: approximately RM209,432,000), representing an increase of approximately 6.8% over the same period last year. The Group recorded a gross profit of approximately RM53,013,000 for the year ended 31 December 2020 (2019: approximately RM53,907,000), representing a decrease of approximately 1.7% over the same period last year. The gross profit margin of the Group decreased from approximately 25.7% for the year ended 31 December 2019 to approximately 23.7% for the year ended 31 December 2020. The Group recorded a net profit of approximately RM25,109,000 for the year ended 31 December 2020 (2019: approximately RM19,480,000).

### **BUSINESS OVERVIEW**

The Group generated revenue from the provision of (i) integrated freight forwarding services; (ii) logistics centre and related services; (iii) railroad transportation services and (iv) flexitank solution and related services. The sustained performance of the Group is attributable to strategic portfolios of integrated logistics services offered to varied mix of customers and industries across Malaysia and neighboring countries.

Revenue from integrated freight forwarding services increased by 6.2% to approximately RM77,584,000 due to improved demand on freight forwarding activities. The gross profit contribution from this segment increased by 4.2% to approximately RM15,969,000.

Revenue from logistics centre and related services increased by 17.3% to approximately RM64,398,000 primarily due to the increase in revenue from warehouse services. The gross profit contribution from this segment increased by 22.8% to approximately RM12,283,000.

Revenue from railroad transportation services decreased by 33.2% to approximately RM12,752,000 due to the decrease in revenue from landbridge transportation services. The gross profit contribution from this segment decreased by 37.5% to approximately RM3,746,000.

Revenue from flexitank solution and related services increased by 10.5% to approximately RM68,935,000. The gross profit contribution from this segment decreased by 7.0% to approximately RM21,015,000.

The Group's operational costs totalled approximately RM170,656,000, representing an increase of approximately RM15,131,000 or 9.7% as compared to the same period last year.

The Group's other income totalled approximately RM903,000, representing a decrease of approximately RM1,355,000 or 60.0% as compared to the same period last year. The reason for huge decrease is because of higher other income from gain on disposal of property, plant and equipment for the year ended 31 December 2019.

## **COMPANY PROSPECT**

Though the entire country is under Movement Control Order, most economic sectors are allowed to operate. The Group therefore don't see a huge effect on the economy this time. As a result, the overall local volume in the port has only dropped by a mere 2% in 2020. Moving forward, the Group expects the volume to be growth and the Group is preparing itself to meet the increased demand by completing the construction of two warehouses in the third quarter of this year.

Apart from that, once the situation of COVID-19 improves, the Group expects the government to roll out some infrastructure projects. As one of the Group's vertical logistics involves construction building material and steel cargo, the Directors foresee the Group to benefit from it. At the same time, the Group also anticipate consolidations where more micro and SME logistics companies will merge and this will result in fewer competition.

## **LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

The Group generally finances its operations with internally generated cash flow and banking facilities provided by its principal bankers in Malaysia. The Group held bank balances and cash of approximately RM72,065,000 at 31 December 2020 (2019: approximately RM17,180,000). The Group leases various properties, lands, containers and motor vehicles with lease liabilities of approximately RM29,101,000 (2019: approximately RM27,225,000) with rental contracts typically made for fixed periods of two to thirty years (2019: two to thirty years). The Group had interest bearing borrowings from various banks of approximately RM50,735,000 (2019: approximately RM59,971,000) which are repayable ranging from within one year to over five years (2019: within one year to over five years) since inception. Also, the Group had other bank overdrafts of approximately RM8,455,000 at 31 December 2020 (2019: approximately RM9,358,000). At 31 December 2020, the weighted average effective interest rate on interest-bearing borrowings was 4.72% (2019: 4.85%) per annum. The carrying amounts of bank borrowings were denominated in Ringgit Malaysia. The Group's gearing ratio at 31 December 2020, calculated based on the total borrowings to the equity attributable to owners of the Company, was 0.51 (2019: 1.16). The Directors believe that the Group's cash position, liquid asset value, future revenue and available banking facilities will be sufficient to fulfill the working capital requirements of the Group. There has been no material change in the capital structure of the Company during the year ended 31 December 2020. The capital of the Company comprises the shares and other reserves.

## **Treasury policies**

The Group has adopted a prudent financial and surplus funds management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the year ended 31 December 2020. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that sufficient financial resources are available to meet its funding requirements and commitment timely.

## **Hedging and exchange rate exposure**

The majority of the transactions, assets and liabilities on the Group was denominated in RM and US\$. During the year ended 31 December 2020, no financial instruments were used for hedging purposes, and the Group did not commit to any financial instruments to hedge its exposure to exchange rate risk, as the expected exchange rate risk is not significant. The Directors and senior management will continue to monitor the foreign exchange exposure and will consider applicable derivatives when necessary. The Group did not have any derivatives for hedging against the foreign exchange rate risk at 31 December 2020.

## **Capital expenditure**

During the year ended 31 December 2020, the Group's total capital expenditure amounted to approximately RM28,539,000 (2019: approximately RM55,429,000).

## **Charge on group assets**

At 31 December 2020, the Group's leasehold lands, construction in progress and buildings with a total carrying amount of approximately RM70,742,000 (2019: approximately RM72,228,000) were pledged to secure bank facilities granted to the Group.

## **Contingent liabilities**

At 31 December 2020, the Group had no contingent liabilities.

## **Material acquisitions or disposals**

The Group did not have any material acquisition or disposals of subsidiaries or associated companies for the year ended 31 December 2020.

## **Significant events after the reporting date**

There are no significant events affecting the Group which have occurred after the end of the reporting period and up to the date of this announcement.

## **Employees**

As at 31 December 2020, the Group had a total of 490 employees (2019: 480) in Malaysia. Staff costs (including directors' emoluments) for the year ended 31 December 2020 amounted to approximately RM24,962,000 (2019: approximately RM23,320,000). The Group ensures that the pay levels of its employees are competitive and according to market trends and its employees are rewarded on a performance related basis and within the general framework of the Group's salary and bonus system.

## **DIVIDEND**

During the year ended 31 December 2020, the Group declared an interim dividend of US\$0.0007 per share to the shareholders of the Company whose names appear on the register of members of the Company on 7 September 2020, amounting to approximately US\$1,400,000 (equivalent to approximately RM6,000,000) in total.

The Board does not recommend the payment of a final dividend for the year ended 31 December 2020 (2019: Nil).

## **CLOSURE OF REGISTER OF MEMBERS**

For the purposes of determining the shareholders' eligibility to attend and vote at the annual general meeting of the Company to be held on 30 June 2021 (Wednesday) (the "**2021 AGM**"), the register of members of the Company will be closed from 25 June 2021 (Friday) to 30 June 2021 (Wednesday) (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for attending the 2021 AGM, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on 24 June 2021 (Thursday).

## **USE OF PROCEEDS**

The shares of the Company were listed on the Main Board of the Stock Exchange on 21 January 2020 with net proceeds received by the Company from the share offer in the amount of approximately RM62.7 million after deducting underwriting commissions and other related expenses (the "**Net Proceeds**"). The Company has not yet fully utilised the Net proceeds as at 31 December 2020 due to factors below:

- (i) As the container price is increased, it is not worth to acquire now. The management of the Group will keep monitor and keep track on the price from time to time.
- (ii) The ERP solution is delayed due to COVID-19 lockdown of the country border and travel restriction. The Group expects to start the deployment from quarter three in 2021.

	Net Proceeds <i>RM' million</i>	Amount Utilized <i>RM' million</i>	Amount Unutilized <i>RM' million</i>	Expected timeline for utilising the unutilised Net Proceeds
Construction of warehouse in Westport Free Zone in Port Klang	46.0	1.6	44.4	Before the end of 30 September 2021
Purchase of haulage prime movers & trailers	5.0	5.0	—	Fully utilised
Replaced aged and acquire additional forklifts	3.0	3.0	—	Fully utilised
Purchase of containers for NVOCC segment	3.0	—	3.0	Before the end of 31 December 2021
Upgrade of IT System	2.0	1.0	1.0	Before the end of 31 December 2021
General working capital purpose	3.7	3.7	—	Fully utilised
	<u>62.7</u>	<u>14.3</u>	<u>48.4</u>	

The Net Proceeds of RM48.4 million are expected to be used in the period from 1 January 2021 to 31 December 2021 for the same purpose as set out in the Prospectus. It is based on the Directors' best estimate of future market conditions, but subject to adjustment.

Other than the expected timetable, the Directors are not aware of any material changes in the plans in relation to the use of Net Proceeds as set out in the section headed "Future Plans and Use of Proceeds" of the Prospectus.

Should the Directors decide to reallocate the planned use of the Net Proceeds to other business plan/or new projects of the Company to a material extent, the Company will make appropriate announcement in due course.

## COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is dedicated to maintaining and ensuring high standards of corporate governance practices and the corporate governance principles of the Company are adopted in the interest of the Company and its shareholders (the "Shareholders").

Pursuant to code provision A.1.1 of the Corporate Governance Code (the "CG Code"), the Board should meet regularly and board meeting should be held at least four times a year at approximately quarterly intervals. During the year ended 31 December 2020, only two regular board meetings were held to review and discuss various matters, including the annual results of the Company for the year ended 31 December 2019 and the interim results of the Company for the six months ended 30 June 2020. The Company does not announce its quarterly results and hence does not consider the holding of quarterly meetings as necessary.

Pursuant to code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Dato' Chan Kong Yew ("**Dato' Chan**") is the chairman of the Board and the chief executive officer of the Company. In view that Dato' Chan is the founder of the Group and has been operating and managing the Group since the establishment of the Group, the Board believes that it is in the best interest of the Group to have Dato' Chan taking up both roles for effective management and business development. Therefore, the Directors consider that the deviation from the code provision A.2.1 of the Corporate Governance Code is appropriate in such circumstance.

Pursuant to code provision A.6.7 of the CG Code, independent non-executive Directors and other non-executive Directors should attend general meetings and develop a balanced understanding of the views of Shareholders. The independent non-executive directors, Mr. Chan Leng Wai (who resigned on 7 August 2020) and Mr. Tan Poay Teik were unable to attend the annual general meeting of the Company held on 29 May 2020 due to other commitments.

Pursuant to code provision F.1.1 of the CG Code, the Company can engage an external service provider as its company secretary, provided that the Company should disclose the identity of a person with sufficient seniority at the Company whom the external provider can contact. Mr. Lau Wai Piu, Patrick ("**Mr. Lau**") does not act as an individual employee of the Company, but as an external service provider in respect of the appointment of Mr. Lau as the company secretary of the Company. In this respect, the Company has nominated Dato' Chan as its contact point for Mr. Lau.

While the Company is well aware of the importance of the company secretary in supporting the Board on governance matters, the Company, after having considered Mr. Lau's employment at Ascent Corporate Services Limited, which provides corporate advisory and company secretarial services, both the Company and Mr. Lau are of the view that there will be sufficient time, resources and supporting for fulfilment of the company secretary requirements of the Company.

In view of Mr. Lau's experience in accounting and company secretarial functions and with stock exchange rules and regulations, the Directors believe that Mr. Lau has the appropriate accounting and company secretarial expertise for the purposes of Rule 8.17 of the Listing Rules.

Except for the above, the Company has adopted the applicable code provisions as set out in the Corporate Governance Code as set out in Appendix 14 to the Listing Rules during the year ended 31 December 2020.

## **DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by the Directors of the Company. Having made specific enquiry of all Directors, each of the Directors has confirmed that he/she has complied with the Model Code during the year ended 31 December 2020.

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

During the year ended 31 December 2020 and up to the date of this announcement, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

## **REVIEW BY THE AUDIT COMMITTEE**

The audit committee of the Company has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2020.

## **SCOPE OF WORK OF THE COMPANY'S JOINT AUDITORS ON THE RESULTS ANNOUNCEMENT**

The figures in respect of the consolidated financial statements of the Group and the related notes thereto for the year ended 31 December 2020 as set out in this announcement have been agreed by the Company's joint auditors, Mazars CPA Limited, *Certified Public Accountants, Hong Kong and Mazars LLP, Public Accountants and Chartered Accountants, Singapore* to the amounts set out in the consolidated financial statements of the Group for the year ended 31 December 2020. The work performed by the Company's joint auditors in this respect did not constitute an assurance engagement performed in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Company's joint auditors on this announcement.

## **ACKNOWLEDGEMENT**

On behalf of the Board, I would like to offer my gratitude to our business partners and Shareholders for their continuous support. The management team and all staff members should also be lauded for their tireless efforts and dedication to the Group.

By Order of the Board  
**Infinity Logistics and Transport Ventures Limited**  
**Dato' Chan Kong Yew**  
*Chairman and Executive Director*

Hong Kong, 19 March 2021

*As at the date of this announcement, the Company has five Executive Directors, namely Dato' Chan Kong Yew (Chairman), Dato' Kwan Siew Deeg, Datin Lo Shing Ping, Datuk Tan Jyh Yaong and Mr. Yap Sheng Feng and three Independent Non-Executive Directors, namely Mr. Li Chi Keung, Mr. Tan Poay Teik and Ms. Yeung Hoi Yan Monica.*