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

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

**(Stock Code: 1442)**

### **INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021 AND CHANGE IN USE OF PROCEEDS**

The board (the “**Board**”) of directors (the “**Directors**”) of Infinity Logistics and Transport Ventures Limited (the “**Company**”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2021 together with the comparative figures for the corresponding period in 2020.

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

*For the six months ended 30 June 2021*

		<b>Six months ended 30 June</b>	
		<b>2021</b>	<b>2020</b>
	<i>Notes</i>	<b>RM’000</b>	<b>RM’000</b>
		<b>(unaudited)</b>	<b>(unaudited)</b>
<b>Revenue</b>	<b>4</b>	<b>128,032</b>	103,269
Cost of services and goods sold		<u><b>(97,318)</b></u>	<u>(78,552)</u>
<b>Gross profit</b>		<b>30,714</b>	24,717
Other income		<b>1,789</b>	775
Administrative and other operating expenses		<b>(9,614)</b>	(8,084)
Provision for loss allowance of trade receivables		<b>(248)</b>	(61)
Finance costs		<b>(1,752)</b>	(2,401)
Share of results of associates		<b>(150)</b>	(26)
Listing expenses		<u><b>—</b></u>	<u>(544)</u>

		<b>Six months ended 30 June</b>	
		<b>2021</b>	<b>2020</b>
	<i>Notes</i>	<b>RM'000</b>	<b>RM'000</b>
		<b>(unaudited)</b>	<b>(unaudited)</b>
<b>Profit before tax</b>	5	<b>20,739</b>	14,376
Income tax expenses	6	<u>(3,019)</u>	<u>(1,158)</u>
<b>Profit for the period</b>		<u><b>17,720</b></u>	<u>13,218</u>
<b>Other comprehensive income</b>			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on consolidation		<b>911</b>	1,650
<i>Item that will not be reclassified to profit or loss:</i>			
Exchange differences on translation of the Company's financial statements to presentation currency		<u><b>1,383</b></u>	<u>—</u>
		<u><b>2,294</b></u>	<u>1,650</u>
<b>Total comprehensive income for the period</b>		<u><b>20,014</b></u>	<u>14,868</u>
<b>Profit for the period attributable to:</b>			
Equity holders of the Company		<u><b>17,720</b></u>	<u>13,218</u>
<b>Total comprehensive income attributable to:</b>			
Equity holders of the Company		<u><b>20,014</b></u>	<u>14,868</u>
<b>Earnings per share attributable to equity holders of the Company</b>			
Basic and diluted	8	<u><b>0.89 RM sen</b></u>	<u>0.68 RM sen</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2021

	<i>Notes</i>	At 30 June 2021 <i>RM'000</i> (unaudited)	At 31 December 2020 <i>RM'000</i> (audited)
<b>Non-current assets</b>			
Property, plant and equipment		167,632	157,801
Club membership		90	90
Goodwill		—	—
Interest in associates		351	501
		<b>168,073</b>	<b>158,392</b>
<b>Current assets</b>			
Inventories		15,363	13,048
Trade and other receivables	9	54,681	53,323
Restricted bank balances		35	35
Bank balances and cash		64,581	72,065
		<b>134,660</b>	<b>138,471</b>
<b>Current liabilities</b>			
Trade and other payables	10	27,903	32,681
Bank overdrafts		3,075	8,455
Interest-bearing borrowings		5,008	5,005
Lease liabilities		4,942	6,157
Income tax payables		292	292
		<b>41,220</b>	<b>52,590</b>
<b>Net current assets</b>		<b>93,440</b>	<b>85,881</b>
<b>Total assets less current liabilities</b>		<b>261,513</b>	<b>244,273</b>
<b>Non-current liabilities</b>			
Interest-bearing borrowings		43,248	45,730
Lease liabilities		22,652	22,944
Deferred tax liabilities		1,715	1,715
		<b>67,615</b>	<b>70,389</b>
<b>NET ASSETS</b>		<b>193,898</b>	<b>173,884</b>
<b>Capital and reserves</b>			
Share capital	11	10,518	10,518
Reserves		183,380	163,366
<b>TOTAL EQUITY</b>		<b>193,898</b>	<b>173,884</b>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 June 2021*

## 1. BASIS OF PREPARATION

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

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2021 (the “**Interim Financial Statements**”) has been prepared in accordance with International Accounting Standard (“**IAS**”) 34 “Interim Financial Reporting” issued by International Accounting Standard Board (the “**IASB**”) and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

The preparation of the Interim Financial Statements in conformity with IAS 34 requires the management of the Group to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a period to date basis. Actual results may differ from these estimates.

The Interim Financial Statements includes an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since 31 December 2020, and therefore, do not include all of the information required for full set of financial statements prepared in accordance with the International Financial Reporting Standards (“**IFRSs**”), which collective term includes all applicable individual IFRSs, IASs and Interpretations issued by the IASB. They shall be read in conjunction with the audited consolidated financial statements of the Group for the year ended 31 December 2020 (the “**2020 Financial Statements**”).

In preparing the Interim Financial Statements, significant judgements made by the management of the Group in applying the Group’s accounting policies and the key sources of estimation uncertainty are the same as those that applied in the 2020 Financial Statements.

## 2. PRINCIPAL ACCOUNTING POLICIES

The measurement basis used in the preparation of the Interim Financial Statements is historical cost.

The accounting policies and methods of computation used in the Interim Financial Statements are consistent with those followed in the preparation of the 2020 Financial Statements.

The adoption of the new/revised IFRSs which are relevant to the Group and effective for the current period does not have any significant impact on the Interim Financial Statements.

At the date of authorisation of the Interim Financial Statements, the IASB has issued a number of new/revised IFRSs that are not yet effective for the current period, which the Group has not early adopted. The directors of the Company do not anticipate that the adoption of the new/revised IFRSs in future periods will have any material impact on the results of the Group.

### 3. 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**

Segment revenue represents revenue derived 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.

Segment results represent the gross profit incurred by each segment without allocation of other income, administrative and other operating expenses, provision for 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>
<u>Six months ended 30 June 2021</u>					
<u>(unaudited)</u>					
Revenue from contracts with customers within IFRS 15	41,430	35,214	5,802	41,434	123,880
Revenue from other source	—	4,152	—	—	4,152
	<u>41,430</u>	<u>39,366</u>	<u>5,802</u>	<u>41,434</u>	<u>128,032</u>
Segment results	<u>9,305</u>	<u>7,810</u>	<u>1,794</u>	<u>11,805</u>	30,714
<i>Unallocated income and expenses</i>					
Other income					1,789
Administrative and other operating expenses					(9,614)
Provision for loss allowance of trade receivables					(248)
Finance costs					(1,752)
Share of results of associates					<u>(150)</u>
Profit before tax					20,739
Income tax expenses					<u>(3,019)</u>
Profit for the period					<u>17,720</u>
Other information:					
Depreciation ( <i>Note i</i> )	660	3,021	18	195	3,894
Provision for leakage claims	—	—	—	50	50
Additions to property, plant and equipment ( <i>Note ii</i> )	<u>—</u>	<u>4,955</u>	<u>30</u>	<u>414</u>	<u>5,399</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>Six months ended 30 June 2020</u>					
<u>(unaudited)</u>					
Revenue from contracts with customers within IFRS 15	35,875	27,311	7,521	29,453	100,160
Revenue from other source	—	3,109	—	—	3,109
	<u>35,875</u>	<u>30,420</u>	<u>7,521</u>	<u>29,453</u>	<u>103,269</u>
Segment results	<u>6,889</u>	<u>6,001</u>	<u>1,944</u>	<u>9,883</u>	24,717
<i>Unallocated income and expenses</i>					
Other income					775
Administrative and other operating expenses					(8,084)
Provision for loss allowance of trade receivables					(61)
Finance costs					(2,401)
Share of results of associates					(26)
Listing expenses					<u>(544)</u>
Profit before tax					14,376
Income tax expenses					<u>(1,158)</u>
Profit for the period					<u>13,218</u>
Other information:					
Depreciation ( <i>Note i</i> )	538	2,510	2	238	3,288
Provision for leakage claims	—	—	—	586	586
Additions to property, plant and equipment ( <i>Note ii</i> )	<u>—</u>	<u>7,811</u>	<u>1,075</u>	<u>147</u>	<u>9,033</u>

*Note:*

- (i) Depreciation not included in the measure of segment results during the six months ended 30 June 2021 amounted to approximately RM2,695,000 (*six months ended 30 June 2020: approximately RM3,064,000*).
- (ii) Additions to property, plant and equipment not allocated to the segments during the six months ended 30 June 2021 amounted to approximately RM14,427,000 (*Six months ended 30 June 2020: approximately RM17,843,000*).

## 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.

	Six months ended 30 June	
	2021	2020
	<i>RM'000</i>	<i>RM'000</i>
	(unaudited)	(unaudited)
<i>Revenue from external customers:</i>		
China	1,559	764
Indonesia	9,983	8,424
Malaysia	73,801	59,952
Netherlands	2,088	1,479
Singapore	18,688	8,462
South Korea	2,967	4,052
Thailand	9,961	10,165
Vietnam	1,228	1,014
Others	7,757	8,957
	<u>128,032</u>	<u>103,269</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 contributed 10% or more of the total revenue during the six months ended 30 June 2021 and 2020.



#### 4. REVENUE

	<b>Six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<i>RM'000</i>	<i>RM'000</i>
	<b>(unaudited)</b>	<b>(unaudited)</b>
<b><u>Revenue from contracts with customers within IFRS 15</u></b>		
<b>Integrated freight forwarding services business</b>		
Air freight services income	916	1,260
Ocean freight services income	12,563	8,544
Forwarding services income	8,129	6,896
NVOCC services income	19,822	19,175
	<u>41,430</u>	<u>35,875</u>
<b>Logistics centre and related services business</b>		
Warehousing and container depot services income	35,214	27,311
<b>Railroad transportation services business</b>		
Landbridge transportation services income	4,213	5,459
Landfeeder transportation services income	1,589	2,062
	<u>5,802</u>	<u>7,521</u>
<b>Flexitank solution and related services business</b>		
Income from flexitank solution	41,434	29,453
	<u>123,880</u>	<u>100,160</u>
<b><u>Revenue from other source</u></b>		
<b>Logistics centre and related services business</b>		
Rental income from warehouses	4,152	3,109
	<u>128,032</u>	<u>103,269</u>

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

	<b>Six months ended 30 June</b>	
	<b>2021</b>	2020
	<i>RM'000</i>	<i>RM'000</i>
	<b>(unaudited)</b>	(unaudited)
<i>Timing of revenue recognition:</i>		
<b>— at a point of time</b>		
Income from flexitank solution	<u>41,434</u>	<u>29,453</u>
<b>— over time</b>		
Air freight services income	916	1,260
Ocean freight services income	12,563	8,544
Forwarding services income	8,129	6,896
NVOCC services income	19,822	19,175
Warehousing and container depot services income	35,214	27,311
Landbridge transportation services income	4,213	5,459
Landfeeder transportation services income	<u>1,589</u>	<u>2,062</u>
	<u>82,446</u>	<u>70,707</u>
	<u><b>123,880</b></u>	<u><b>100,160</b></u>

## 5. PROFIT BEFORE TAX

This is stated after charging (crediting):

	<b>Six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
<b>Finance costs</b>		
Interest on bank overdrafts	31	140
Interest on interest-bearing borrowings	808	1,323
Interest on lease liabilities	913	938
	<u>1,752</u>	<u>2,401</u>
<b>Staff costs (including directors' emoluments)</b>		
Salaries, allowances and other benefits in kinds	12,885	11,065
Contributions to defined contribution plans	1,522	1,380
	<u>14,407</u>	<u>12,445</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>14,407</u>	<u>12,445</u>
<b>Other items</b>		
Auditors' remuneration	25	66
Cost of inventories	29,629	19,570
Depreciation (charged to "cost of services and goods sold" and "administrative and other operating expenses", as appropriate)	6,589	6,352
Exchange loss (gain), net	959	(1,941)
Expenses recognised under short-term leases (charged to "cost of services and goods sold" and "administrative and other operating expenses", as appropriate)	2,070	1,627
Expenses recognised under leases of low-value assets (charged to "cost of services and goods sold" and "administrative and other operating expenses", as appropriate)	442	107
Gain on disposal of property, plant and equipment	(1,172)	(234)
Provision for leakage claims	50	586
	<u>50</u>	<u>586</u>

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

## 6. INCOME TAX EXPENSES

	Six months ended 30 June	
	2021	2020
	<i>RM'000</i>	<i>RM'000</i>
	(unaudited)	(unaudited)
<b>Current tax</b>		
Malaysia CIT	<b><u>3,019</u></b>	<b><u>1,158</u></b>

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

Subject to tax incentive described below, Malaysia CIT is calculated at the rate of 24% (the “standard rate” in Malaysia) on the Group’s estimated assessable profits arising from Malaysia (except for Labuan) during the six months ended 30 June 2021 and 2020.

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 Sdn. Bhd. 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.

For the group entities incorporated in Labuan of Malaysia, CIT shall be charged at the rate of 17% for a year of assessment on the chargeable profits for the six months ended 30 June 2021 (Six months ended 30 June 2020: charged at 3% of chargeable profits).

## 7. DIVIDENDS

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2021 (*six months ended 30 June 2020: approximately RM6,000,000*).

## 8. EARNINGS PER SHARE

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

	<b>Six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
<i>Profit:</i>		
Profit for the period attributable to the owners of the Company, used in basic and diluted earnings per share calculation	<u><b>17,720</b></u>	<u><b>13,218</b></u>
<i>Number of shares:</i>		
Weighted average number of ordinary shares for basic and diluted earnings per share calculation	<u><b>2,000,000,000</b></u>	<u><b>1,945,054,945</b></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 11 below) to the shareholders had occurred on 1 January 2020.

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 six months ended 30 June 2021 and 2020.

## 9. TRADE AND OTHER RECEIVABLES

	At 30 June 2021 <i>Note</i> <i>RM'000</i> (unaudited)	At 31 December 2020 <i>RM'000</i> (audited)
<b>Trade receivables</b>		
From third parties	50,262	47,367
From related companies	—	51
	<u>50,262</u>	<u>47,418</u>
<i>Less: Loss allowance</i>	<u>(1,222)</u>	<u>(1,074)</u>
	<i>9(a)</i> <u>49,040</u>	<u>46,344</u>
<b>Other receivables</b>		
Deposits paid	1,987	2,509
Other receivables	144	895
Prepayments	3,510	3,575
	<u>5,641</u>	<u>6,979</u>
	<u><u>54,681</u></u>	<u><u>53,323</u></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.

## 9(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:

	<b>At 30 June 2021 RM'000 (unaudited)</b>	<b>At 31 December 2020 RM'000 (audited)</b>
Within 30 days	<b>26,151</b>	21,396
31 to 60 days	<b>7,676</b>	9,193
61 to 90 days	<b>6,784</b>	5,239
Over 90 days	<b>9,651</b>	11,590
	<b>50,262</b>	47,418
<i>Less: Loss allowance</i>	<b>(1,222)</b>	(1,074)
	<b>49,040</b>	46,344

## 10. TRADE AND OTHER PAYABLES

	At 30 June 2021 <i>RM'000</i> (unaudited)	At 31 December 2020 <i>RM'000</i> (audited)
<b>Trade payables</b>		
To third parties	22,239	23,288
To related companies	134	193
	<u>22,373</u>	<u>23,481</u>
	<i>10(a)</i>	<i>10(a)</i>
<b>Other payables</b>		
Accruals and other payables	4,899	4,898
Other payables for acquisition of property, plant and equipment	551	4,150
Provision for leakage claims	80	152
	<u>5,530</u>	<u>9,200</u>
	<u>27,903</u>	<u>32,681</u>

### 10(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:

	At 30 June 2021 <i>RM'000</i> (unaudited)	At 31 December 2020 <i>RM'000</i> (audited)
Within 30 days	15,854	13,870
31 to 60 days	2,538	3,650
61 to 90 days	1,797	1,171
Over 90 days	2,184	4,790
	<u>22,373</u>	<u>23,481</u>

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



## 11. SHARE CAPITAL

	<i>Notes</i>	<b>Number of shares</b>	<b>HK\$</b>	<b>Equivalent to RM</b>
Ordinary share of HK\$0.01 each				
Authorised:				
At 1 January 2020 (audited), 31 December 2020 (audited) and <b>30 June 2021 (unaudited)</b>		<b><u>15,000,000,000</u></b>	<b><u>150,000,000</u></b>	<b><u>80,213,900</u></b>
Issued and fully paid:				
At 1 January 2020 (audited)		2,000	20	11
Capitalisation Issue	<i>(i)</i>	1,499,998,000	14,999,980	7,888,489
Issuance of shares pursuant to the Share Offer	<i>(ii)</i>	<u>500,000,000</u>	<u>5,000,000</u>	<u>2,629,500</u>
At 31 December 2020 (audited) and <b>30 June 2021 (unaudited)</b>		<b><u>2,000,000,000</u></b>	<b><u>20,000,000</u></b>	<b><u>10,518,000</u></b>

### *Notes:*

- (i) 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.
- (ii) 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 recognised in the share premium account of the Company.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **FINANCIAL OVERVIEW**

The Group is pleased to report the results for the six months ended 30 June 2021.

During the six months ended 30 June 2021, the Group recorded a revenue of approximately RM128,032,000 (six months ended 30 June 2020: approximately RM103,269,000), representing an increase of approximately 24.0% over the same period last year. The Group recorded a gross profit of approximately RM30,714,000 for the six months ended 30 June 2021 (six months ended 30 June 2020: approximately RM24,717,000), representing an increase of approximately 24.3% over the same period last year. The gross profit margin of the Group increase marginally to approximately 24.0% for the six months ended 30 June 2021 as compared to six months ended 30 June 2020. The Group recorded a net profit for the period of approximately RM17,720,000 for the six months ended 30 June 2021 (six months ended 30 June 2020: approximately RM13,218,000).

### **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 due 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 approximately 15.5% to approximately RM41,430,000 for the six months ended 30 June 2021 due to increase in revenue from freight forwarding activities. The gross profit contribution from this segment increased by approximately 35.1% to approximately RM9,305,000 for the six months ended 30 June 2021 mainly due to higher freight rate charges to certain customer.

Revenue from logistics centre and related services increased by approximately 29.4% to approximately RM39,366,000 for the six months ended 30 June 2021 primarily due to the increase in revenue from transportation services. The gross profit contribution from this segment increased by approximately 30.1% to approximately RM7,810,000 for the six months ended 30 June 2021 mainly due to an increase in contribution from transportation and depot services.

Revenue from railroad transportation services decreased by approximately 22.9% to approximately RM5,802,000 for the six months ended 30 June 2021 mainly due to the decrease in revenue from landbridge transportation services. The gross profit contribution from this segment decreased by approximately 7.7% to approximately RM1,794,000 for the six months ended 30 June 2021.

Revenue from flexitank solution and related services increased by approximately 40.7% to approximately RM41,434,000 for the six months ended 30 June 2021 due to improve in volume. The gross profit contribution from this segment increased by approximately 19.4% to approximately RM11,805,000 for the six months ended 30 June 2021.

The Group's operational costs totalled approximately RM97,318,000 for the six months ended 30 June 2021, representing an increase of approximately RM18,766,000 or 23.9% as compared to the corresponding period in 2020.

The Group's other income totalled approximately RM1,789,000 for the six months ended 30 June 2021, representing an increase of approximately RM1,014,000 or 130.8% as compared to the corresponding period in 2020.

## **PROSPECTS**

Looking forward to the second half of 2021, the Group will be venturing into its new business segment to provide Fourth-party Logistics (4PL) and Lead Logistics Provider (LLP) services, focusing on industries of oil & gas, oleochemical, palm oil and Dangerous Good (DG) cargo as per company announcement published on 24 June 2021. Apart from that, the Group also anticipates merger and acquisition with micro and SME logistics companies, which will maximize the revenue source for the Group. The Group will continue to manage its expenditures, review the business strategy constantly and look for other business opportunities to cope with existing market environment in a cautious and prudent manner.

## **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 RM64,581,000 at 30 June 2021 (31 December 2020: approximately RM72,065,000). The Group leases various properties, lands, containers and motor vehicles with lease liabilities of approximately RM27,594,000 (31 December 2020: approximately RM29,101,000) with rental contracts typically made for fixed periods of two to thirty years (31 December 2020: two to thirty years). At 30 June 2021, the Group had interest-bearing borrowings from various banks of approximately RM48,256,000 (31 December 2020: approximately RM50,735,000) which are repayable ranging from within one year to over five years (31 December 2020: within one year to over five years) since inception. Also, the Group had other bank overdrafts of approximately RM3,075,000 at 30 June 2021 (31 December 2020: approximately RM8,455,000). The weighted average effective interest rate on interest-bearing borrowings was 4.72% (31 December 2020: 4.72%) per annum at 30 June 2021. The carrying amounts of interest-bearing borrowings were denominated in Ringgit Malaysia ("RM"). The Group's gearing ratio at 30 June 2021, calculated based on the total borrowings to the equity attributable to owners of the Company, was 0.41 (31 December 2020: 0.51). 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 six months ended 30 June 2021. 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 six months ended 30 June 2021. 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 the sufficient financial resources are available in order 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 made in RM and US dollars. During the six months ended 30 June 2021, 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 30 June 2021.

## **Charge on group assets**

At 30 June 2021, the Group's leasehold lands, construction-in progress and buildings with a total carrying amount of approximately RM69,927,000 (31 December 2020: RM70,742,000) were pledged to secure bank facilities granted to the Group.

## **Contingent liabilities**

At 30 June 2021, the Group had no contingent liabilities.

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

There are no significant events affecting the Group which have occurred after the six months ended 30 June 2021 and up to the date of this announcement.

## **Employees**

At 30 June 2021, the Group employed a total of approximately 494 employees (30 June 2020: approximately 476) in Malaysia. Staff costs (including directors' emoluments) amounted to approximately RM14.4 million during the six months ended 30 June 2021 (six months ended 30 June 2020: approximately RM12.4 million). The Group recruits and selects applicants for employment on the basis of their qualifications and suitability for the position. It is the Group's policy to recruit the most capable person available for each position. The Group continues to offer competitive remuneration package and bonuses to eligible staff, based on the performance of the Group and the individual employee.

## INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2021.

## CORPORATE GOVERNANCE

### Compliance with the Code on Corporate Governance Practices

The Company devotes to the best practices on corporate governance, and has complied with the code provisions of the Code on Corporate Governance Practices (the “**Code**”) as set out in Appendix 14 of the Rules Governing the Listing (the “**Listing Rules**”) of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) for the six months ended 30 June 2021 (the “**Relevant Period**”), except for the following deviation:

Pursuant to code provision A.1.1 of the Code, the board of directors of the Company (the “**Board**”) should meet regularly and board meeting should be held at least four times a year at approximately quarterly intervals. During the Relevant Period, only one regular board meeting was held to review and discuss various matters, including the annual results for the year ended 31 December 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 Code, the roles of chairman and chief executive should be separated and should not be performed by the same individual. Dato’ Chan Kong Yew (“**Dato’ Chan**”) was the chairman of the Board (the “**Chairman**”) and the chief executive officer (the “**CEO**”) of the Company during the Relevant Period. Dato’ Chan resigned as the Chairman with effect from 2 July 2021 and the Board appointed Datuk Tan Jyh Yaong (“**Datuk Tan**”) as the Chairman with effect from 2 July 2021. The Board considers that Datuk Tan is the appropriate person for the overall strategic planning and corporate policies as well as overseeing the operation of the Group and that the appointment is in the interest of the Company. Dato’ Chan continues to act as the CEO and an executive Director after his resignation as the Chairman. Subsequent to the change in Chairman, the roles of chairman and chief executive are vested in separate individuals and code provision A.2.1 of the Code is now fully complied with.

Pursuant to code provision A.6.7 of the Code, independent non-executive Directors and other non-executive Directors should attend general meetings and develop a balanced understanding of the views of Shareholders. Our independent non-executive Director, Mr. Tan Poay Teik was unable to attend the annual general meeting of the Company held on 30 June 2021 due to other commitments,

Pursuant to code provision F.1.1 of the 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.

Continuous efforts are made to review and enhance the Group’s internal controls and procedures in light of changes in regulations and developments in best practices.

### **Compliance with the Model Code**

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. Having made specific enquiry of all Directors, all the Directors have confirmed that they have fully complied with the required standards set out in the Model Code throughout the Relevant Period.

### **Audit Committee**

The audit committee of the Company (the “**Audit Committee**”) assists the Board in discharging its responsibilities for corporate governance, financial reporting and corporate control. The primary duties of the Audit Committee are to, among others, (1) maintain the relationship with the Company’s joint auditors; (2) review the Company’s financial information; and (3) oversee the Company’s financial reporting system. The Audit Committee currently consists of three independent non-executive Directors, namely Mr. Li Chi Keung, Mr. Tan Poay Teik and Ms. Yeung Hoi Yan Monica. The chairman of the Audit Committee is Mr. Tan Poay Teik, who holds the appropriate professional accounting qualification and financial management expertise as required under the Listing Rules.

The Audit Committee, together with management of the Group, have reviewed the unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2021.



## **Purchase, Sale or Redemption of Shares**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Relevant Period.

## **Subscriptions of New Shares under General Mandate**

On 29 June 2021, the Company entered into the subscription agreements with the subscribers for the subscription of an aggregate 64,000,000 new shares of the Company at the subscription price of HK\$1.38 per subscription share (the “**Subscriptions**”). The gross proceeds from the Subscriptions amounted to approximately HK\$88.3 million. All conditions set out in the subscription agreements have been fulfilled and the Subscriptions were completed on 3 August 2021. Details of the Subscriptions were disclosed in the announcements of the Company dated 29 June 2021, 13 July 2021, 20 July 2021 and 4 August 2021.

## **Sufficiency of Public Float**

Reference is made to the clarification announcement of the Company dated 14 July 2021 regarding the annual report of the Company for the year ended 31 December 2020.

As disclosed in the said announcement, the public float of the Company was approximately 19.68%, which was below the requirement of at least 25% of the total issued share capital of the Company to be held by the public as prescribed by Rule 8.08(1)(a) of the Listing Rules since 19 March 2021.

## **Steps taken by the Company to restore the public float**

2926 Holdings Limited, being the controlling shareholder of the Company, disposed of 63,000,000 Shares to an independent third party on 8 July 2021 (the “**Disposal**”). Details of the Disposal were disclosed in the announcement of the Company dated 8 July 2021.

Following the Disposal and completion of the Subscriptions, to the best knowledge, information and belief of the Directors, a total of 520,850,000 Shares, representing approximately 25.23% of the total number of issued Shares, were held by the public and the public float has accordingly been restored, and the Company has been in compliance with the public float requirement under Rule 8.08(1)(a) of the Listing Rules since 3 August 2021.

Saved as disclosed above, based on the information that is publicly available to the Company and to the best knowledge, information and belief of the Directors, the Company has maintained the prescribed minimum public float under the Listing Rules for the Relevant Period and at any time up to the date of this announcement.

## CHANGE IN USE OF PROCEEDS

### FUTURE PLAN AND CHANGE IN USE OF PROCEEDS

The shares of the Company were listed on 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 had utilised approximately RM56.6 million of the Net Proceeds. The amount of the Net Proceeds which remained unutilised as at the date of this announcement was approximately RM6.1 million (the “**Amount Unutilised**”). The Board has resolved to reallocate the Amount Unutilised as follows:

	Net Proceeds <i>RM' million</i>	Amount Utilised <i>RM' million</i>	Amount Unutilised <i>RM' million</i>	Reallocation <i>RM' million</i>	Revised Amount Unutilised <i>RM' million</i>	Expected timeline for utilising the unutilised Net Proceeds
Construction of warehouse in Westport Free Zone in Port Klang	46.0	43.3	2.7	—	2.7	Before the end of 31 December 2022 <i>(Note 1)</i>
Purchase of haulage prime movers & trailers	5.0	5.0	—	3.0	3.0	Before the end of 31 December 2021 <i>(Note 2)</i>
Replaced aged and acquire additional forklifts	3.0	3.0	—	—	—	Fully utilised
Purchase of containers for NVOCC segment	3.0	—	3.0	(3.0)	—	Fully utilised <i>(Note 2)</i>
Upgrade of IT System	2.0	1.6	0.4	—	0.4	Before the end of 31 December 2021
General working capital purpose	<u>3.7</u>	<u>3.7</u>	<u>—</u>	<u>—</u>	<u>—</u>	Fully utilised
	<u><u>62.7</u></u>	<u><u>56.6</u></u>	<u><u>6.1</u></u>	<u><u>—</u></u>	<u><u>6.1</u></u>	

#### Notes:

- (1) The expected timeline for construction of warehouse in Westport Free Zone in Post Klang is further extended to 31 December 2022. Due to the COVID-19 pandemic, the construction work is estimated to be completed by the end of year 2021. Apart from this, retention fee representing 5% of the contract value was held back under a construction contract for the purpose of rectifying any defects in work after contract was completed. Typically, half of this fee is released on completion of the construction work and the other half at the end of the maintenance period which can be over a year after the construction work was carried out. Therefore, the Amount Unutilised is estimated to be fully utilised by the end of year 2022.



- (2) Due to container price is still at high side, it is not worth to acquire. Apart from that, the Group will be venturing into fifth business segment to provide 4PL and LLP services to its customers. Therefore, the Company needs to increase the number of fleets of haulage vehicles to provide haulage services between customers' premises, ports, warehouses and railroad stations. Based on the aforesaid reasons, on 18 August 2021, the Board resolved to change the use of the Net Proceeds of RM3.0 million originally designated for purchase of containers for NVOCC segment to purchase of haulage prime movers and trailers. The Board considers that such change in use of the Net Proceeds is in line with the current business needs of the Group and therefore is in the best interests of the Company and its shareholders as a whole.

## **ACKNOWLEDGEMENT**

On behalf of the Board, I would like to express my sincere gratitude to all our staff for their dedication and contribution to the Group. In addition, I would like to thank all our shareholders and investors for their patronage.

By Order of the Board  
**Infinity Logistics and Transport Ventures Limited**  
**Datuk Tan Jyh Yaong**  
*Chairman and non-executive Director*

Hong Kong, 18 August 2021

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