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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 2019

The board (the “**Board**”) of directors (the “**Directors**”) 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 2019 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

| | <i>Note</i> | 2019 <i>RM’000</i> | 2018 <i>RM’000</i> |
|---|-------------|------------------------------|-----------------------|
| Revenue | 5 | 209,432 | 201,183 |
| Cost of services and goods sold | | <u>(155,525)</u> | <u>(156,908)</u> |
| Gross profit | | 53,907 | 44,275 |
| Other income | 6 | 2,258 | 1,275 |
| Administrative and other operating expenses | | (19,766) | (15,362) |
| Reversal of loss allowance of trade receivables | | 1,447 | 516 |
| Finance costs | 7 | (4,418) | (2,726) |
| Gain on disposal of subsidiaries | | — | 27 |
| Share of results of associates | | (32) | 33 |
| Listing expenses | | <u>(8,338)</u> | <u>(1,859)</u> |
| Profit before tax | 7 | 25,058 | 26,179 |
| Income tax expenses | 8 | <u>(5,578)</u> | <u>(3,676)</u> |
| Profit for the year | | 19,480 | 22,503 |

| | <i>Note</i> | 2019 RM'000 | 2018 RM'000 |
|---|-------------|------------------------------|---------------------------|
| Other comprehensive (loss) income | | | |
| <i>Items that may be reclassified subsequently to profit or loss:</i> | | | |
| Exchange differences on combination/consolidation | | <u>(390)</u> | <u>109</u> |
| Total comprehensive income for the year | | <u>19,090</u> | <u>22,612</u> |
| Profit for the year attributable to: | | | |
| Equity holders of the Company | | 19,480 | 22,529 |
| Non-controlling interests | | <u>—</u> | <u>(26)</u> |
| | | <u>19,480</u> | <u>22,503</u> |
| Total comprehensive income attributable to: | | | |
| Equity holders of the Company | | 19,090 | 22,638 |
| Non-controlling interests | | <u>—</u> | <u>(26)</u> |
| | | <u>19,090</u> | <u>22,612</u> |
| Earnings per share attributable to equity holders of the Company | | | |
| Basic and diluted | 9 | <u>1.30 RM sen</u> | <u>1.50 RM sen</u> |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2019

| | <i>Note</i> | 2019 RM'000 | 2018 RM'000 |
|--|-------------|------------------------------|----------------|
| Non-current assets | | | |
| Property, plant and equipment | | 144,570 | 103,204 |
| Club membership | | 123 | 123 |
| Goodwill | | — | — |
| Interest in associates | | 1 | 33 |
| | | 144,694 | 103,360 |
| Current assets | | | |
| Inventories | | 8,376 | 7,761 |
| Trade and other receivables | <i>11</i> | 47,823 | 59,218 |
| Restricted bank balances | | 35 | 31 |
| Bank balances and cash | | 17,180 | 24,682 |
| | | 73,414 | 91,692 |
| Current liabilities | | | |
| Trade and other payables | <i>12</i> | 33,006 | 40,082 |
| Bank overdrafts | | 9,358 | 8,695 |
| Interest-bearing borrowings | | 9,193 | 2,540 |
| Lease liabilities | | 7,471 | 5,360 |
| Income tax payables | | 5,152 | 3,132 |
| | | 64,180 | 59,809 |
| Net current assets | | 9,234 | 31,883 |
| Total assets less current liabilities | | 153,928 | 135,243 |
| Non-current liabilities | | | |
| Interest-bearing borrowings | | 50,778 | 32,275 |
| Lease liabilities | | 19,754 | 19,681 |
| Deferred tax liabilities | | 99 | 544 |
| | | 70,631 | 52,500 |
| NET ASSETS | | 83,297 | 82,743 |
| Capital and reserves | | | |
| Share capital | <i>13</i> | —* | — |
| Reserves | | 83,297 | 82,743 |
| TOTAL EQUITY | | 83,297 | 82,743 |

* Represents amount less than RM1,000.

1. CORPORATE INFORMATION

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 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 headquarters is situated at No. 2, Jalan Kasuarina 8, Bandar Botanic, 41200 Klang, Selangor Darul Ehsan, Malaysia.

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 Group has consistently applied all IFRSs which are effective for the Group’s financial year beginning on 1 January 2018 including the early adoption of new/revised IFRSs which are effective for the financial year beginning on or after 1 January 2019 for 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 1 and IAS 8 | Disclosure Initiative – Definition of Material ^[1] |
| Amendments to IAS 39, IFRSs 7 and 9 | Interest Rate Benchmark Reform ^[1] |
| Amendments to IFRS 3 | Definition of Business ^[2] |
| IFRS 17 | Insurance Contracts ^[3] |
| Amendments to IAS 1 | Classification of Liabilities as Current or non-Current ^[4] |
| Amendments to IFRS 10 and IAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ^[5] |

- [1] Effective for annual periods beginning on or after 1 January 2020
- [2] Effective to acquisitions occur on or after the beginning of the first annual period beginning on or after 1 January 2020
- [3] Effective for acquisitions occur on or after 1 January 2021
- [4] Effective for annual periods beginning on or after 1 January 2022
- [5] 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:—

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to Group's most senior executive management for the purpose of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individual material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

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, gain on disposal of subsidiaries, 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 RM'000 | Logistics centre and related services RM'000 | Railroad transportation services RM'000 | Flexitank solution and related services RM'000 | Total RM'000 |
|---|---|--|--|--|-----------------|
| <i>Year ended 31 December 2019</i> | | | | | |
| 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> |

| | 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 2018</u> | | | | | |
| Revenue from contracts with customers within IFRS 15 | 68,288 | 52,077 | 15,599 | 63,498 | 199,462 |
| Revenue from other source | — | 1,721 | — | — | 1,721 |
| | <u>68,288</u> | <u>53,798</u> | <u>15,599</u> | <u>63,498</u> | <u>201,183</u> |
| Segment results | <u>13,025</u> | <u>3,970</u> | <u>4,736</u> | <u>22,544</u> | 44,275 |
| <i>Unallocated income and expenses</i> | | | | | |
| Other income | | | | | 1,275 |
| Administrative and other operating expenses | | | | | (15,362) |
| Reversal of loss allowance of trade receivables | | | | | 516 |
| Finance costs | | | | | (2,726) |
| Gain on disposal of subsidiaries | | | | | 27 |
| Share of results of associates | | | | | 33 |
| Listing expenses | | | | | (1,859) |
| Profit before tax | | | | | 26,179 |
| Income tax expenses | | | | | (3,676) |
| Profit for the year | | | | | <u>22,503</u> |
| <i>Other information:</i> | | | | | |
| Depreciation (Note i) | 1,681 | 4,719 | 146 | 365 | 6,911 |
| Reversal of provision for leakage claims | — | — | — | (1,684) | (1,684) |
| Additions to property, plant and equipment (Note ii) | <u>2,370</u> | <u>220</u> | <u>—</u> | <u>1,666</u> | <u>4,256</u> |

Note:

- (i) Depreciation not included in the measure of segment results during the year ended 31 December 2019 amounted to approximately RM4,362,000 (2018: approximately RM4,783,000).
- (ii) Additions to property, plant and equipment not allocated to the segments during the year ended 31 December 2019 amounted to approximately RM29,039,000 (2018: approximately RM22,871,000).

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.

| | 2019 <i>RM'000</i> | 2018 <i>RM'000</i> |
|---|-----------------------|-----------------------|
| <i>Revenue from external customers:</i> | | |
| China | 3,061 | 4,687 |
| Indonesia | 20,087 | 23,074 |
| Malaysia | 113,737 | 108,394 |
| Netherlands | 2,042 | 3,568 |
| Singapore | 17,557 | 14,461 |
| South Korea | 7,354 | 5,651 |
| Thailand | 22,562 | 19,489 |
| Vietnam | 4,906 | 4,117 |
| Others | 18,126 | 17,742 |
| | <u>209,432</u> | <u>201,183</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

There are no external customers individually contributing 10% or more of the total revenue during the years ended 31 December 2019 and 2018.

5. REVENUE

| | 2019 <i>RM'000</i> | 2018 <i>RM'000</i> |
|---|-----------------------|-----------------------|
| <u>Revenue from contracts with customers within IFRS 15</u> | | |
| Integrated freight forwarding services business | | |
| Air freight services income | 1,253 | 1,237 |
| Ocean freight services income | 18,215 | 14,851 |
| Forwarding services income | 5,776 | 3,879 |
| NVOCC services income | 47,844 | 48,321 |
| | <u>73,088</u> | <u>68,288</u> |
| Logistics centre and related services business | | |
| Warehousing and container depot services income | 51,841 | 52,077 |

| | 2019 <i>RM'000</i> | 2018 <i>RM'000</i> |
|---|-----------------------|-----------------------|
| Railroad transportation services business | | |
| Landbridge transportation services income | 17,658 | 13,327 |
| Landfeeder transportation services income | <u>1,445</u> | <u>2,272</u> |
| | <u>19,103</u> | <u>15,599</u> |
| Flexitank solution and related services business | | |
| Income from flexitank solution | <u>62,359</u> | <u>63,498</u> |
| | <u>206,391</u> | <u>199,462</u> |
| <u>Revenue from other source</u> | | |
| Logistics centre and related services business | | |
| Rental income from warehouses | <u>3,041</u> | <u>1,721</u> |
| | <u>209,432</u> | <u>201,183</u> |

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

| | 2019 <i>RM'000</i> | 2018 <i>RM'000</i> |
|---|-----------------------|-----------------------|
| <i>Timing of revenue recognition:</i> | | |
| — at a point of time | | |
| Income from flexitank solution | <u>62,359</u> | <u>63,498</u> |
| — over time | | |
| Air freight services income | 1,253 | 1,237 |
| Ocean freight services income | 18,215 | 14,851 |
| Forwarding services income | 5,776 | 3,879 |
| NVOCC services income | 47,844 | 48,321 |
| Warehousing and container depot services income | 51,841 | 52,077 |
| Landbridge transportation services income | 17,658 | 13,327 |
| Landfeeder transportation services income | <u>1,445</u> | <u>2,272</u> |
| | <u>144,032</u> | <u>135,964</u> |
| | <u>206,391</u> | <u>199,462</u> |

6. OTHER INCOME

| | 2019 <i>RM'000</i> | 2018 <i>RM'000</i> |
|--|-----------------------|-----------------------|
| Bank interest income | 7 | 19 |
| Gain on disposal of property, plant and equipment | 1,823 | 557 |
| Investment income arising from financial assets measured at fair value through profit or loss (“FVPL”) | — | 111 |
| Sundry income | 428 | 588 |
| | <u>2,258</u> | <u>1,275</u> |

7. PROFIT BEFORE TAX

This is stated after charging (crediting):

| | 2019 <i>RM'000</i> | 2018 <i>RM'000</i> |
|---|-----------------------|-----------------------|
| Finance costs | | |
| Interest on bank overdrafts | 526 | 114 |
| Interest on interest-bearing borrowings | 2,320 | 1,450 |
| Interest on lease liabilities | 1,572 | 1,162 |
| | <u>4,418</u> | <u>2,726</u> |
| Staff costs (including directors’ emoluments) | | |
| Salaries, allowances and other benefits in kinds | 20,808 | 20,362 |
| Contributions to defined contribution plans | 2,512 | 2,347 |
| | <u>23,320</u> | <u>22,709</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>23,320</u> | <u>22,709</u> |
| Other items | | |
| Auditor’s remuneration | 518 | 40 |
| Cost of inventories | 39,771 | 40,954 |
| Depreciation (charged to “cost of services and goods sold” and “administrative and other operating expenses”, as appropriate) | 12,219 | 11,694 |
| Exchange gain, net | (187) | (448) |
| Expenses recognised under short-term leases (charged to “cost of services and goods sold” and “administrative and other operating expenses”, as appropriate) | 1,148 | 2,382 |
| Expenses recognised under leases of low-value assets (charged to “cost of services and goods sold” and “administrative and other operating expenses”, as appropriate) | 196 | 300 |
| Fair value loss on financial assets measured at FVPL | — | 89 |
| Gain on disposal of property, plant and equipment | (1,823) | (557) |
| Reversal of provision for leakage claims | (506) | (1,684) |
| | <u>(506)</u> | <u>(1,684)</u> |

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

| | 2019 <i>RM'000</i> | 2018 <i>RM'000</i> |
|----------------------------------|-----------------------|-----------------------|
| Current tax | | |
| Malaysia CIT | 6,003 | 4,034 |
| Labuan CIT | 20 | 41 |
| Singapore CIT | — | 17 |
| | <u>6,023</u> | <u>4,092</u> |
| Deferred tax | | |
| Changes in temporary differences | (445) | (416) |
| | <u>5,578</u> | <u>3,676</u> |

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

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 2019 and 2018. Malaysia (except for Labuan) incorporated entities with paid-up capital of RM2.5 million or less enjoy tax rate of nil (2018: 18%) on the first RM500,000 (“graduated tax rate”) and remaining balance of the estimated assessable profits at tax rate of 24% (2018: 24%) for the year ended 31 December 2019, respectively.

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.

During the year ended 31 December 2018, Malaysian (except for Labuan) subsidiaries are eligible for a reduction of between 1% and 4% on the standard tax rate for a portion of their income if there is an increase of 5% or more in the company’s chargeable income from a business, compared to the immediately preceding year of assessment. The reduction in the tax rate will apply to the portion of chargeable income representing the increase.

For 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 (2018: charged at 3% of chargeable profits or elect, in the prescribed form, to be charged for that year of assessment to tax of RM20,000) for the year ended 31 December 2019.

Singapore CIT is calculated at 17% (2018: 17%) of the assessable profits with no rebate (2018: CIT rebate of 20%, capped at Singapore Dollars (“SGD”) 10,000) for the year ended 31 December 2019. 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 (2018: SGD290,000) of normal chargeable income for the year ended 31 December 2019. Singapore CIT has not been provided as the Group had no assessable profits in Singapore for the year ended 31 December 2019.

Reconciliation of income tax expenses

| | 2019 <i>RM'000</i> | 2018 <i>RM'000</i> |
|------------------------------------|-----------------------|-----------------------|
| Profit before tax | <u>25,058</u> | <u>26,179</u> |
| Income tax at applicable tax rate | 4,490 | 5,407 |
| Non-deductible expenses | 2,927 | 755 |
| Tax exempt revenue | (437) | (414) |
| Tax incentive under pioneer status | <u>(1,402)</u> | <u>(2,072)</u> |
| Income tax expenses | <u>5,578</u> | <u>3,676</u> |

9. EARNINGS PER SHARE

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

| | 2019 <i>RM'000</i> | 2018 <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>19,480</u> | <u>22,529</u> |
| | 2019 | 2018 |
| Weighted average number of ordinary shares for basic and diluted earnings per share calculation | <u>1,500,000,000</u> | <u>1,500,000,000</u> |

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 2018.

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 2019 and 2018.

10. DIVIDENDS

| | 2019 <i>RM'000</i> | 2018 <i>RM'000</i> |
|---|-----------------------|-----------------------|
| Dividends declared to the then equity owners of the entities now comprising the Group | <u>18,544</u> | <u>3,633</u> |

11. TRADE AND OTHER RECEIVABLES

| | 2019 <i>RM'000</i> | 2018 <i>RM'000</i> |
|----------------------------|-----------------------|-----------------------|
| | <i>Note</i> | |
| Trade receivables | | |
| From third parties | 43,734 | 50,108 |
| From related companies | <u>22</u> | <u>1,271</u> |
| | 43,756 | 51,379 |
| Less: Loss allowance | <u>(1,427)</u> | <u>(2,966)</u> |
| | <i>11(a)</i> | |
| | <u>42,329</u> | <u>48,413</u> |
| Other receivables | | |
| Deposits paid | 2,099 | 2,098 |
| Other receivables | 605 | 1,011 |
| Prepayments | 2,790 | 6,140 |
| Due from related companies | <u>—</u> | <u>1,556</u> |
| | <u>5,494</u> | <u>10,805</u> |
| | <u>47,823</u> | <u>59,218</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:

| | 2019 <i>RM'000</i> | 2018 <i>RM'000</i> |
|----------------------|------------------------------|-----------------------|
| Within 30 days | 20,508 | 17,988 |
| 31 to 60 days | 10,668 | 11,394 |
| 61 to 90 days | 4,912 | 6,521 |
| Over 90 days | 7,668 | 15,476 |
| | <u>43,756</u> | 51,379 |
| Less: Loss allowance | (1,427) | (2,966) |
| | <u>42,329</u> | <u>48,413</u> |

12. TRADE AND OTHER PAYABLES

| | 2019 <i>RM'000</i> | 2018 <i>RM'000</i> |
|---|------------------------------|-----------------------|
| | <i>Note</i> | |
| Trade payables | | |
| To third parties | 18,089 | 24,235 |
| To related companies | 1,081 | 2,258 |
| | <u>19,170</u> | 26,493 |
| Other payables | | |
| Accruals and other payables (<i>Note</i>) | 7,038 | 5,569 |
| Other payables for acquisition of property, plant and equipment | 6,354 | — |
| Provision for leakage claims | 213 | 2,392 |
| Contract liabilities | 231 | 839 |
| Due to the Ultimate Controlling Parties | — | 4,579 |
| Due to related companies | — | 210 |
| | <u>13,836</u> | 13,589 |
| | <u>33,006</u> | <u>40,082</u> |

Note:

The amount included accrued initial listing expenses of approximately RM1,220,000 and RM600,000 at 31 December 2019 and 2018, respectively.

12(a) Trade payables

The trade payables to associates and 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:

| | 2019 <i>RM'000</i> | 2018 <i>RM'000</i> |
|----------------|-----------------------|-----------------------|
| Within 30 days | 8,180 | 17,244 |
| 31 to 60 days | 4,816 | 1,572 |
| 61 to 90 days | 1,046 | 1,503 |
| Over 90 days | 5,128 | 6,174 |
| | <u>19,170</u> | <u>26,493</u> |

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

13. SHARE CAPITAL

| | <i>Note</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> |
| At 31 December 2019 | | <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 | | <u>2,000</u> | <u>20.00</u> | <u>11</u> |

* Represents amount less than RMI.

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 Ventures Limited and IBL 2926 Ventures Limited 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 gross proceeds from the share offer amounted to HK\$155,000,000.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL OVERVIEW

The Group is pleased to report the results for the year ended 31 December 2019.

During the year ended 31 December 2019, the Group recorded a revenue of approximately RM209,432,000 (2018: approximately RM201,183,000), representing an increase of approximately 4.1% over the same period last year. The Group recorded a gross profit of approximately RM53,907,000 for the year ended 31 December 2019 (2018: approximately RM44,275,000), representing an increase of approximately 21.8% over the same period last year. The gross profit margin of the Group increased from approximately 22.0% for the year ended 31 December 2018 to approximately 25.7% for the year ended 31 December 2019. The Group recorded a net profit of approximately RM19,480,000 for the year ended 31 December 2019 (2018: approximately RM22,503,000).

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 7.0% to approximately RM73,088,000 due to improved volumes handled by NVOCC and freight forwarding activities. The gross profit contribution from this segment increased by 17.7% to approximately RM15,329,000.

Revenue from logistics centre and related services increased by 2.0% to approximately RM54,882,000 primarily due to the increase in revenue from warehouse and depot services. The gross profit contribution from this segment increased by 151.9% to approximately RM10,000,000 mainly due to the decrease in repair and maintenance cost resulted from the disposal of certain prime movers, forklifts and trailers that had past its expected useful lives.

Revenue from railroad transportation services increased by 22.5% to approximately RM19,103,000 due to the increase in revenue from landbridge transportation services. The gross profit contribution from this segment increased by 26.5% to approximately RM5,990,000.

Revenue from flexitank solution and related services decreased marginally by 1.8% to approximately RM62,359,000. The gross profit contribution from this segment increased marginally to approximately RM22,588,000.

The Group's operational costs totalled approximately RM155,525,000, representing a decrease of approximately RM1,383,000 or 0.9% as compared to the same period last year.

The Group's other income totalled approximately RM2,258,000, representing an increase of approximately RM983,000 or 77.1% as compared to the same period last year. The increase in other income was mainly due to gain on disposal of property, plant and equipment.

PROSPECTS

COVID-19 pandemic, fluctuation of international fuel price and competitive logistics environment in Malaysia bring unprecedented challenges to the Group. We experienced several economic cycles and industry storms, and thrived to expand our business by capitalizing market opportunities. In order to maximise and safeguard shareholders' interests, the Group has planned ahead for the upcoming challenges and set our investment strategies cautiously.

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 RM17,180,000 at 31 December 2019 (2018: approximately RM24,682,000). The Group leases various properties, lands, containers and motor vehicles with lease liabilities of approximately RM27,225,000 (2018: approximately RM25,041,000) with rental contracts typically made for fixed periods of two to thirty years (2018: two to thirty years). The Group had interest-bearing borrowings from various banks of approximately RM59,971,000 (2018: approximately RM34,815,000) which are repayable ranging from within one year to over five years (2018: within one year to over five years) since inception. Also, the Group had other bank overdrafts of approximately RM9,358,000 at 31 December 2019 (2018: approximately RM8,695,000). The weighted average effective interest rate on interest-bearing borrowings was 4.85% (2018: 4.85%) per annum. The carrying amounts of bank borrowings were denominated in Ringgit Malaysia (“RM”). The Group’s gearing ratio as at 31 December 2019, calculated based on the total borrowings to the equity attributable to owners of the Company, was 1.16 (2018: 0.83). We 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 2019. 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 2019. 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 United States dollars. During the year ended 31 December 2019, 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 as at 31 December 2019.

Charge on group assets

As at 31 December 2019, the Group's leasehold lands, construction in progress and buildings with a total carrying amount of approximately RM72,228,000 (2018: approximately RM43,472,000) were pledged to secure bank facilities granted to the Group.

Contingent liabilities

As at 31 December 2019, 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 end of the reporting period and up to the date of this announcement.

Employees

As at 31 December 2019, the Group had a total of 480 employees (2018: 440) in Malaysia. Staff costs (including directors' emoluments) for the year ended 31 December 2019 amounted to approximately RM23,320,000 (2018: approximately RM22,709,000). 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

The Board does not recommend the payment of a final dividend for the year ended 31 December 2019.

USE OF PROCEEDS

The shares of the Company (the "**Shares**") were listed on the Main Board of the Stock Exchange on 21 January 2020 (the "**Listing Date**") with net proceeds received by the Company from the share offer in the amount of approximately HK\$137 million after deducting underwriting commissions and other related expenses.

As at the date of this announcement, the Board has no intention to change the proposed use of proceeds as stated in the prospectus of the Company dated 30 December 2019 (the "**Prospectus**"). Please refer to the section headed "Future Plans and Use of Proceeds" in the Prospectus for details.

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 29 May 2020 (Friday) (the "**2020 AGM**"), the register of members of the Company will be closed from 26 May 2020 (Tuesday) to 29 May 2020 (Friday) (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for attending the 2020 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 25 May 2020 (Monday).

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.2.1 of the Corporate Governance 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 F.1.1 of the Corporate Governance 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 a deviation disclosed 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 since the Listing Date. As the Shares were not listed on the Stock Exchange during the year ended 31 December 2019 (the “**Reporting Period**”), the Corporate Governance Code was not applicable to the Company during that period, but has become applicable to the Company since the Listing Date. The Board considered that the Company has complied with all applicable code provisions set out in the Corporate Governance Code since the Listing Date.

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. As the Shares were not listed on the Stock Exchange during the Reporting Period, related rules under the Model Code that Directors shall observe did not apply to the Company during that period. Having made specific enquiry of all Directors, each of the Directors has confirmed that he/she has complied with the Model Code since the Listing Date.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S SECURITIES

From the Listing Date 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 2019.

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 2019 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 2019. The work performed by the Company’s joint auditors in this respect did not constitute an audit, review or other assurance engagement 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, 30 March 2020

As at the date of this announcement, the Company has three executive Directors, namely Dato' Chan Kong Yew, Dato' Kwan Siew Deeg and Datin Lo Shing Ping and three independent non-executive Directors, namely Mr. Chan Leng Wai, Mr. Li Chi Keung and Mr. Tan Poay Teik.