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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 2020

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 2020 together with the comparative figures for the corresponding period in 2019.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2020

	<i>Notes</i>	Six months ended 30 June	
		2020	2019
		RM’000	RM’000
		(unaudited)	(audited)
Revenue	<i>4</i>	103,269	98,714
Cost of services and goods sold		<u>(78,552)</u>	<u>(75,086)</u>
Gross profit		24,717	23,628
Other income		775	1,990
Administrative and other operating expenses		(8,084)	(8,754)
(Provision for) Reversal of loss allowance of trade receivables		(61)	912
Finance costs		(2,401)	(1,648)
Share of results of associates		(26)	66
Listing expenses		<u>(544)</u>	<u>(5,360)</u>

		Six months ended 30 June	
		2020	2019
	<i>Notes</i>	RM'000	RM'000
		(unaudited)	(audited)
Profit before tax	5	14,376	10,834
Income tax expenses	6	<u>(1,158)</u>	<u>(2,303)</u>
Profit for the period		13,218	8,531
Other comprehensive income (loss)			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on combination/consolidation		<u>1,650</u>	<u>(286)</u>
Total comprehensive income for the period		<u>14,868</u>	<u>8,245</u>
Profit for the period attributable to:			
Equity holders of the Company		<u>13,218</u>	<u>8,531</u>
Total comprehensive income attributable to:			
Equity holders of the Company		<u>14,868</u>	<u>8,245</u>
Earnings per share attributable to equity holders of the Company			
Basic and diluted	8	<u>0.68 RM sen</u>	<u>0.57 RM sen</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2020

	<i>Notes</i>	At 30 June 2020 <i>RM'000</i> (unaudited)	At 31 December 2019 <i>RM'000</i> (audited)
Non-current assets			
Property, plant and equipment		158,809	144,570
Club membership		123	123
Goodwill		—	—
Interest in associates		225	1
		159,157	144,694
Current assets			
Inventories		9,288	8,376
Trade and other receivables	9	47,636	47,823
Restricted bank balances		35	35
Bank balances and cash		81,444	17,180
		138,403	73,414
Current liabilities			
Trade and other payables	10	32,705	33,006
Bank overdrafts		4,836	9,358
Interest-bearing borrowings		5,001	9,193
Lease liabilities		7,597	7,471
Income tax payables		3,750	5,152
		53,889	64,180
Net current assets		84,514	9,234
Total assets less current liabilities		243,671	153,928
Non-current liabilities			
Interest-bearing borrowings		48,270	50,778
Lease liabilities		24,544	19,754
Deferred tax liabilities		99	99
		72,913	70,631
NET ASSETS		170,758	83,297
Capital and reserves			
Share capital	11	10,518	—*
Reserves		160,240	83,297
TOTAL EQUITY		170,758	83,297

* Represents amount less than RM1,000.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

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 2020 (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 of Hong Kong Limited (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 2019, 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 2019 (the “**2019 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 2019 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 2019 Financial Statements.

The adoption of the new/revised IFRSs which are relevant to the Group and effective for 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 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/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>Six months ended 30 June 2020 (unaudited)</i>					
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>
<i>Other information:</i>					
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>

	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 2019 (audited)</u>					
Revenue from contracts with customers within IFRS 15	34,617	22,805	9,295	31,261	97,978
Revenue from other source	—	736	—	—	736
	<u>34,617</u>	<u>23,541</u>	<u>9,295</u>	<u>31,261</u>	<u>98,714</u>
Segment results	<u>7,397</u>	<u>3,378</u>	<u>3,101</u>	<u>9,752</u>	23,628
<i>Unallocated income and expenses</i>					
Other income					1,990
Administrative and other operating expenses					(8,754)
Reversal of loss allowance of trade receivables					912
Finance costs					(1,648)
Share of results of associates					66
Listing expenses					(5,360)
Profit before tax					10,834
Income tax expenses					(2,303)
Profit for the period					<u>8,531</u>
<i>Other information:</i>					
Depreciation (Note i)	760	3,136	72	223	4,191
Provision for leakage claims	—	—	—	434	434
Additions to property, plant and equipment (Note ii)	<u>2,525</u>	<u>—</u>	<u>—</u>	<u>205</u>	<u>2,730</u>

Note:

- (i) Depreciation not included in the measure of segment results during the six months ended 30 June 2020 amounted to approximately RM3,064,000 (six months ended 30 June 2019: approximately RM2,065,000).
- (ii) Additions to property, plant and equipment not allocated to the segments during the six months ended 30 June 2020 amounted to approximately RM17,843,000 (six months ended 30 June 2019: approximately RM18,805,000).

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	
	2020 <i>RM'000</i> (unaudited)	2019 <i>RM'000</i> (audited)
<i>Revenue from external customers:</i>		
China	764	1,886
Indonesia	8,424	11,016
Malaysia	59,952	51,020
Netherlands	1,479	1,410
Singapore	8,462	8,817
South Korea	4,052	4,037
Thailand	10,165	9,588
Vietnam	1,014	1,727
Others	8,957	9,213
	<u>103,269</u>	<u>98,714</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 six months ended 30 June 2020 and 2019.

4. REVENUE

	Six months ended 30 June	
	2020	2019
	<i>RM'000</i>	<i>RM'000</i>
	(unaudited)	(audited)
<u>Revenue from contracts with customers within IFRS 15</u>		
Integrated freight forwarding services business		
Air freight services income	1,260	659
Ocean freight services income	8,544	7,370
Forwarding services income	6,896	2,056
NVOCC services income	<u>19,175</u>	<u>24,532</u>
	<u>35,875</u>	<u>34,617</u>
Logistics centre and related services business		
Warehousing and container depot services income	<u>27,311</u>	<u>22,805</u>
Railroad transportation services business		
Landbridge transportation services income	5,459	8,413
Landfeeder transportation services income	<u>2,062</u>	<u>882</u>
	<u>7,521</u>	<u>9,295</u>
Flexitank solution and related services business		
Income from flexitank solution	<u>29,453</u>	<u>31,261</u>
	<u>100,160</u>	<u>97,978</u>
<u>Revenue from other source</u>		
Logistics centre and related services business		
Rental income from warehouses	<u>3,109</u>	<u>736</u>
	<u>103,269</u>	<u>98,714</u>

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

	Six months ended 30 June	
	2020	2019
	<i>RM'000</i>	<i>RM'000</i>
	(unaudited)	(audited)
<i>Timing of revenue recognition:</i>		
— at a point of time		
Income from flexitank solution	<u>29,453</u>	<u>31,261</u>
— over time		
Air freight services income	1,260	659
Ocean freight services income	8,544	7,370
Forwarding services income	6,896	2,056
NVOCC services income	19,175	24,532
Warehousing and container depot services income	27,311	22,805
Landbridge transportation services income	5,459	8,413
Landfeeder transportation services income	<u>2,062</u>	<u>882</u>
	<u>70,707</u>	<u>66,717</u>
	<u>100,160</u>	<u>97,978</u>

5. PROFIT BEFORE TAX

This is stated after charging (crediting):

	Six months ended 30 June	
	2020	2019
	<i>RM'000</i>	<i>RM'000</i>
	(unaudited)	(audited)
Finance costs		
Interest on bank overdrafts	140	195
Interest on interest-bearing borrowings	1,323	734
Interest on lease liabilities	938	719
	<u>2,401</u>	<u>1,648</u>
Staff costs (including directors' emoluments)		
Salaries, allowances and other benefits in kinds	11,065	10,402
Contributions to defined contribution plans	1,380	1,277
	<u>12,445</u>	<u>11,679</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>12,445</u>	<u>11,679</u>
Other items		
Auditors' remuneration	66	11
Cost of inventories	19,570	21,509
Depreciation (charged to "cost of services and goods sold" and "administrative and other operating expenses", as appropriate)	6,352	6,256
Exchange (gain) loss, net	(1,941)	249
Expenses recognised under short-term leases (charged to "cost of services and goods sold" and "administrative and other operating expenses", as appropriate)	1,627	705
Expenses recognised under leases of low-value assets (charged to "cost of services and goods sold" and "administrative and other operating expenses", as appropriate)	107	101
Gain on disposal of property, plant and equipment	(234)	(1,653)
Provision for leakage claims	586	434
	<u>586</u>	<u>434</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	
	2020 <i>RM'000</i> (unaudited)	2019 <i>RM'000</i> (audited)
Current tax		
Malaysia CIT	1,158	2,630
Labuan CIT	—	10
	<u>1,158</u>	<u>2,640</u>
Deferred tax		
Changes in temporary differences	—	(337)
	<u>1,158</u>	<u>2,303</u>

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) of the Group’s estimated assessable profits arising from Malaysia (except for Labuan) during the six months ended 30 June 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 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.

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 (*six months ended 30 June 2019: 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 six months ended 30 June 2020.

7. DIVIDENDS

	Six months ended 30 June	
	2020	2019
	RM'000	RM'000
	(unaudited)	(audited)
Dividends declared to the then equity owners of the entities now comprising the Group	—	17,271

At a meeting held on 19 August 2020, the directors of the Company resolved to declare an interim dividend of US\$0.0007 per ordinary share totalling approximately US\$1,400,000 (equivalent to approximately RM6,000,000). The proposed interim dividend has not been recognised as dividend payables in the Interim Financial Statements. The proposed dividend will be accounted for as an appropriation of reserves in the year ending 31 December 2020.

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:

	Six months ended 30 June	
	2020	2019
	RM'000	RM'000
	(unaudited)	(audited)
<i>Profit:</i>		
Profit for the period attributable to the owners of the Company, used in basic and diluted earnings per share calculation	<u>13,218</u>	<u>8,531</u>
<i>Number of shares:</i>		
Weighted average number of ordinary shares for basic and diluted earnings per share calculation	<u>1,945,054,945</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 group reorganisation (the “**Reorganisation**”) and the Capitalisation Issue (as defined in Note 11 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 six months ended 30 June 2020 and 2019.

9. TRADE AND OTHER RECEIVABLES

	At 30 June 2020 <i>Notes</i> RM'000 (unaudited)	At 31 December 2019 <i>RM'000</i> <i>(audited)</i>
Trade receivables		
From third parties	41,962	43,734
From related companies	<u>—</u>	<u>22</u>
	41,962	43,756
Less: Loss allowance	<u>(1,097)</u>	<u>(1,427)</u>
	<i>9(a)</i> <u>40,865</u>	<u>42,329</u>
Other receivables		
Deposits paid	2,031	2,099
Other receivables	1,014	605
Prepayments	<u>3,726</u>	<u>2,790</u>
	<u>6,771</u>	<u>5,494</u>
	<u>47,636</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.

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:

	At 30 June 2020 RM'000 (unaudited)	At 31 December 2019 RM'000 (audited)
Within 30 days	19,065	20,508
31 to 60 days	8,686	10,668
61 to 90 days	4,845	4,912
Over 90 days	<u>9,366</u>	<u>7,668</u>
	41,962	43,756
Less: Loss allowance	<u>(1,097)</u>	<u>(1,427)</u>
	<u>40,865</u>	<u>42,329</u>

10. TRADE AND OTHER PAYABLES

	At 30 June 2020 RM'000 (unaudited)	At 31 December 2019 RM'000 (audited)
Trade payables		
To third parties	19,813	18,089
To related companies	<u>195</u>	<u>1,081</u>
	<i>10(a)</i> <u>20,008</u>	<u>19,170</u>
Other payables		
Accruals and other payables (<i>Note</i>)	7,003	7,038
Other payables for acquisition of property, plant and equipment	5,253	6,354
Provision for leakage claims	441	213
Contract liabilities	<u>—</u>	<u>231</u>
	<u>12,697</u>	<u>13,836</u>
	<u>32,705</u>	<u>33,006</u>

Note:

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

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 2020 RM'000 (unaudited)	At 31 December 2019 RM'000 (audited)
Within 30 days	12,801	8,180
31 to 60 days	3,116	4,816
61 to 90 days	1,501	1,046
Over 90 days	2,590	5,128
	<u>20,008</u>	<u>19,170</u>

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

11. SHARE CAPITAL

	Notes	Number of shares	HK\$	Equivalent to RM
Ordinary share of HK\$0.01 each				
Authorised:				
At 7 March 2019 (date of incorporation)		38,000,000	380,000	203,200
Increase	(iii)	<u>14,962,000,000</u>	<u>149,620,000</u>	<u>80,010,700</u>
At 31 December 2019 (audited) and 30 June 2020 (unaudited)		<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)	1	0.01	—*
Issuance of shares under the Reorganisation	(ii)	<u>1,999</u>	<u>19.99</u>	<u>11</u>
At 31 December 2019 (audited)		2,000	20.00	11
Capitalisation Issue	(iv)	1,499,998,000	14,999,980	7,888,489
Issuance of shares pursuant to the Share Offer	(v)	<u>500,000,000</u>	<u>5,000,000</u>	<u>2,629,500</u>
At 30 June 2020 (unaudited)		<u>2,000,000,000</u>	<u>20,000,000</u>	<u>10,518,000</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 Limited 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 of the Company's shares on the Stock Exchange on 21 January 2020, 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 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 2020.

During the six months ended 30 June 2020, the Group recorded a revenue of approximately RM103,269,000 (for the six months ended 30 June 2019: approximately RM98,714,000), representing an increase of approximately 4.6% over the same period last year. The Group recorded a gross profit of approximately RM24,717,000 (for the six months ended 30 June 2019: approximately RM23,628,000), representing an increase of approximately 4.6% over the same period last year. The gross profit margin of the Group remain constant which is approximately 23.9% for the six months ended 30 June 2020 as compared to six months ended 30 June 2019. The Group recorded a net profit for the period of approximately RM13,218,000 (for six months ended 30 June 2019: approximately RM8,531,000).

BUSINESS REVIEW

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 for integrated freight forwarding services increased by approximately 3.6% to approximately RM35,875,000 due to improve volumes in the freight forwarding activities. The gross profit contribution from this segment decreased by approximately 6.9% to approximately RM6,889,000 mainly due to price competition.

Revenue from logistics centre and related services increased by approximately 29.2% to approximately RM30,420,000 primarily due to the increase in revenue from warehouse services. The gross profit contribution from this segment increased by approximately 77.6% to approximately RM6,001,000 mainly due to the completion of our second warehouse at Port Klang Free Zone.

Revenue from railroad transportation services decreased by approximately 19.1% to approximately RM7,521,000 due to the decrease in revenue from landbridge transportation services. The gross profit contribution from this segment decreased by approximately 37.3% to approximately RM1,944,000.

Revenue from flexitank solution and related services decreased marginally by approximately 5.8% to approximately RM29,453,000. The gross profit contribution from this segment increased marginally to approximately RM9,883,000.

The Group's operational costs totalled approximately RM78,552,000, representing an increase of approximately RM3,466,000 or 4.6% as compared to the same period in last year.

The Group's other income totalled approximately RM775,000, representing a decrease of approximately RM1,215,000 or 61.1% as compared to the same period in last year.

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 RM81,444,000 at 30 June 2020 (31 December 2019: approximately RM17,180,000). The Group leases various properties, lands, containers and motor vehicles with lease liabilities of approximately RM32,141,000 (31 December 2019: approximately RM27,225,000) with rental contracts typically made for fixed periods of two to thirty years (31 December 2019: two to thirty years). At 30 June 2020, the Group had interest-bearing borrowings from various banks of approximately RM53,271,000 (31 December 2019: approximately RM59,971,000) which are repayable ranging from within one year to over five years (31 December 2019: within one year to over five years) since inception. Also, the Group had other bank overdrafts of approximately RM4,836,000 at 30 June 2020 (31 December 2019: approximately RM9,358,000). The weighted average effective interest rate on interest-bearing borrowings was 4.85% (31 December 2019: 4.85%) per annum at 30 June 2020. The carrying amounts of interest-bearing borrowings were denominated in RM. The Group's gearing ratio at 30 June 2020, calculated based on the total borrowings to the equity attributable to owners of the Company, was 0.53 (31 December 2019: 1.16). 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. Save as disclosed in note 11 to the condensed consolidated financial statements, there has been no material change in the capital structure of the Company during the six months ended 30 June 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 six months ended 30 June 2020. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of the 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 made in RM, US dollars. During the six months ended 30 June 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 of the Company 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 2020.

Charge on Group Assets

At 30 June 2020, the Group's leasehold lands, construction-in-progress and buildings with a total carrying amounts of approximately RM71,556,000 (31 December 2019: approximately RM72,228,000) were pledged to secure bank facilities granted to the Group.

Significant Investments and Material Acquisitions and Disposals

The Group has made no significant investment or any material acquisition or disposal of subsidiaries during the six months ended 30 June 2020.

Contingent Liabilities

At 30 June 2020, the Group had no material contingent liabilities.

Significant Events after Reporting Date

There are no significant events affecting the Group which have occurred after the six months ended 30 June 2020 and up to the date of this announcement.

Human Resources

At 30 June 2020, the Group employed a total of approximately 476 employees (30 June 2019: approximately 471) in Malaysia. Staff costs (including directors' emoluments) amounted to approximately RM12.4 million during the six months ended 30 June 2020 (30 June 2019: approximately RM11.7 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 has declared an interim dividend of USD0.0007 per share for the six months ended 30 June 2020. The interim dividend will be paid to the shareholders whose names appear on the register of members of the Company at the close of business on 7 September 2020. It is expected that the interim dividend will be paid on or about 30 September 2020.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 3 September 2020 to Monday, 7 September 2020 (both days inclusive). During such period, no transfer of shares will be registered. In order to qualify for the interim dividend, all transfers of shares accompanied by the relevant share certificates and the duly completed transfer forms must be lodged with the Company's branch share registrar and transfer office, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on Wednesday, 2 September 2020.

FUTURE PLAN AND USE OF PROCEEDS

The shares of the Company were listed on the Stock Exchange on 21 January 2020 (the "Listing Date") with a total of 500,000,000 offer shares issued and based on the final offer price of HK\$0.31 per offer share, the net proceeds raised from the share offer were approximately RM62.7 million. There was no change in the intended use of net proceeds as previously disclosed in the prospectus of the Company dated 30 December 2019. As at the date of this announcement, net proceeds had been utilised as follows:

	Net Proceeds <i>RM' million</i>	Amount Utilised <i>RM' million</i>	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	0.3	45.7	Before the end of 30 September 2021
Purchase of haulage prime movers & trailers	5.0	4.8	0.2	Before the end of 30 September 2020
Replaced aged and acquire additional forklifts	3.0	3.0	—	Fully utilised as of date of this announcement
Purchase of containers for NVOCC segment	3.0	—	3.0	Before the end of 31 December 2020
Upgrade of IT System	2.0	0.5	1.5	Before the end of 31 December 2020
General working capital purpose	3.7	3.7	—	Fully utilised as of date of this announcement
	<u>62.7</u>	<u>12.3</u>	<u>50.4</u>	

As at the date of this announcement, unutilised proceeds of approximately RM50.4 million were deposited into licensed banks in Malaysia. From the Listing Date to the date of this announcement, the Company utilised approximately RM12.3 million of net proceeds, which was lower than the planned use of proceeds.

The Group have submitted the application to commence construction of the warehouse in Westport Free Zone for relevant government authorities' approval in the first quarter 2020. However, the approval was delayed due to the global outbreak of COVID-19 pandemic which led to temporary suspension of government services. The approval is expected to be granted in third quarter 2020. Accordingly, the net proceeds will be utilised from third quarter 2020 and onwards. Save from the above, there was no material change on the utilisation of net proceeds.

Further, due to the recent development of the COVID-19 pandemic impact to the environment in Malaysia, the status and expected timeline for utilising the unutilised net proceeds is further delayed as disclosed in the table above.

CORPORATE GOVERNANCE

Compliance with the Code on Corporate Governance Practices

Except for the below deviations, the Company has, throughout the six months ended 30th June, 2020, applied and complied with the principles in the Code on Corporate Governance Practices set out in Appendix 14 of the Listing Rules.

Pursuant to code provision A.1.1 of the Code, the Board should meet regularly and board meeting should be held at least four times a year at approximately quarterly intervals. During the period ended 30 June 2020, only one regular board meeting was held to review and discuss various matters, including the annual results of the Company for the year ended 31 December 2019. 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**") 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's 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 Code is appropriate in such circumstance.

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 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 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.

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 to the Listing Rules as its own code of conduct regarding securities transactions by the directors of the Company. On specific enquiry made, all the directors of the Company have confirmed that they have fully complied with the required standards set out in the Model Code throughout the six months ended 30 June 2020.

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 Audit Committee currently consists of two independent non-executive Directors, namely Mr. Li Chi Keung and Mr. Tan Poay Teik and one non-executive Director, namely Mr. Yap Sheng Feng. 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 2020.

Purchase, Sale or Redemption of Shares

There was no purchase, sale or redemption of shares of the Company by the Company or any of its subsidiaries during the six months ended 30 June 2020.

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
Dato' Chan Kong Yew
Chairman and Executive Director

Hong Kong, 19 August 2020

As at the date of this announcement, the Company has three executive Directors, namely Dato' Chan Kong Yew (Chairman), Dato' Kwan Siew Deeg and Datin Lo Shing Ping, one non-executive Director, namely 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.