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

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

**(Stock Code: 1442)**

### **CONTINUING CONNECTED TRANSACTIONS**

- (1) EXCEEDED THE ANNUAL CAP IN RESPECT OF THE MASTER PURCHASE AGREEMENT FOR THE YEAR ENDING 31 DECEMBER 2021;**  
**(2) REVISED ANNUAL CAP IN RESPECT OF THE MASTER PURCHASE AGREEMENT FOR THE YEAR ENDING 31 DECEMBER 2021; AND**  
**(3) SUPPLEMENTAL AGREEMENT**

#### **SUPPLEMENTAL AGREEMENT**

- On 11 August 2021 (after trading hours), the Company entered into a supplemental agreement with Qingdao Infinity Supply Chain Management Co., Ltd (“**Qingdao Infinity**”) to revise certain terms in a master purchase agreement (the “**Master Purchase Agreement**”) entered into on 14 December 2019 between the Company and Qingdao Infinity relating to services to be provided by Qingdao Infinity and the annual cap amount for the year ending 31 December 2021.

#### **LISTING RULES IMPLICATIONS**

- As at the date of this announcement, Mr. Teo Guan Kee (“**Mr. Teo**”) is a director of four of the subsidiaries of the Company and hence a connected person of the Company at the subsidiary level. As Mr. Teo is holding more than 30% shareholding interest in Qingdao Infinity, Qingdao Infinity is therefore considered as an associate of Mr. Teo and a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions of the Group with Qingdao Infinity constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.
- As the aggregate transactions amount of the Group with Qingdao Infinity for the six months ended 30 June 2021 has exceeded the 2021 annual cap of RM1,659,000 under the Master Purchase Agreement, the Company is required to re-comply with the requirements under Chapter 14A of the Listing Rules.

- As the applicable percentage ratios in respect of the revised 2021 annual cap for the Master Purchase Agreement is more than 0.1% but less than 5%, the revised 2021 annual cap is subject to the reporting, announcement and annual review requirements, but is exempted from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Moreover, on the basis that Qingdao Infinity is a connected person of the Company at the subsidiary level only, by virtue of Rule 14A.101 of the Listing Rules, such continuing connected transactions shall be exempted from the circular, independent financial advice and independent shareholders' approval requirement of the Company.

## INTRODUCTION

Reference is made to the disclosure on continuing connected transactions of the Company under the section headed "Connected Transactions" from pages 239 to 250 of the prospectus dated 30 December 2019 of the Company. As disclosed thereto, on 14 December 2019, the Company entered into the Master Purchase Agreement with Qingdao Infinity, pursuant to which the Company agreed to engage Qingdao Infinity for the provision of freight forwarding services in the PRC on a non-exclusive basis and that the Company and its subsidiaries (collectively, the "**Group**") can from time to time place service order to Qingdao Infinity, which shall set out, inter alia, description of the service required, term of payment and the service fee. The terms of the Master Purchase Agreement with Qingdao Infinity shall commence on 21 January 2020 and will expire on 31 December 2021. The annual caps for the transactions contemplated under the Master Purchase Agreement will not exceed RM1,255,000, RM1,443,000 and RM1,659,000 for each of the financial years ended 31 December 2019 and 2020 and financial year ending 31 December 2021. During each of the financial years ended 31 December 2019 and 31 December 2020, the amount of transactions conducted by the Company under the Master Purchase Agreement was RM976,458 and RM872,225 respectively, which was within the relevant cap.

## ANNUAL CAP FOR THE YEAR ENDING 31 DECEMBER 2021 WAS EXCEEDED

It has come to the attention of the Company that (i) during the six months ended 30 June 2021, in addition to purchases made by the Group from Qingdao Infinity under the Master Purchase Agreement, the Group also purchased flexitank services from Qingdao Infinity, which was not covered by the Master Purchase Agreement; and (ii) the aggregate transactions of the Group with Qingdao Infinity for the six months ended 30 June 2021 amounted to approximately RM2,509,000 (the "**Exceeded Amount**"), which has exceeded the annual cap of RM1,659,000 for the year ending 31 December 2021 (the "**2021 Annual Cap**").

Set out below are the historical transaction amounts for the purchase of freight forwarding services and flexitank services by the Group from Qingdao Infinity for the year ended 31 December 2019, and 2020 and the six months ended 30 June 2021:

	For the year ended 31 December 2019 <i>(RM'000)</i>	For the year ended 31 December 2020 <i>(RM'000)</i>	<b>For the six months ended 30 June 2021 <i>(RM'000)</i></b>
Freight forwarding services	976	872	2,196
Flexitank services	—	—	313
	<hr/>	<hr/>	<hr/>
Total	<u>976</u>	<u>872</u>	<u>2,509</u>

#### **Reasons for exceeding the 2021 Annual Cap**

Reference is made to the announcement dated 4 August 2021 of the Company in respect of the interim results of the Group for the six months ended 30 June 2021 (the “**2021 Interim Results**”) to be published on 18 August 2021. In the process of preparing the financial information for the 2021 Interim Results, it was revealed by the Company that due to the demand from an existing customer of the Group who has a new destination port of loading in the PRC, the Group’s purchases of freight forwarding services and flexitank services from Qingdao Infinity during the six months ended 30 June 2021 was higher than expected resulting in the Exceeded Amount exceeding the 2021 Annual Cap.

#### **PROPOSED 2021 SUPPLEMENTAL AGREEMENT & REVISED 2021 ANNUAL CAP**

On 11 August 2021 (after trading hours), the Company entered into a supplemental agreement (the “**2021 Supplemental Agreement**”) with Qingdao Infinity to revise certain terms in the Master Purchase Agreement relating to services to be provided by Qingdao Infinity and the annual cap amount for the year ending 31 December 2021.

#### **Amendments to the provisions relating to services to be provided by Qingdao Infinity**

The Master Purchase Agreement provides that the services to be provided by Qingdao Infinity shall include but not limited to the freight forwarding services. This term has been amended by the 2021 Supplemental Agreement in that the services to be provided by Qingdao Infinity shall include but not limited to the freight forwarding services and flexitank services in the PRC.

## **Amendments to the provisions relating to the annual cap amount for the year ending 31 December 2021**

The Master Purchase Agreement provides that the annual cap amount for the year ending 31 December 2021 shall be RM1,659,000. This term has been amended by the 2021 Supplemental Agreement in that the annual cap amount for the year ending 31 December 2021 shall be RM7,000,000 (the “**Revised 2021 Annual Cap**”).

The Revised 2021 Annual Cap amount is determined with reference to the following factors:

- (a) the historical actual transaction amounts between the Group and Qingdao Infinity of approximately RM976,000 for the financial year ended 31 December 2019, approximately RM872,000 for the financial year ended 31 December 2020 and approximately RM2,509,000 for the six months ended 30 June 2021; and
- (b) the anticipated increase in demand for freight forwarding services and flexitank services by the Group from Qingdao Infinity in the six months ending 31 December 2021.

Having considered the reasons stated above, the Directors (including the independent non-executive Directors) considered it is beneficial for the Group to revise the services purchased and the annual cap for the year ending 31 December 2021 for the continuing connected transactions under the Master Purchase Agreement (as supplemented by the 2021 Supplemental Agreement) in order to continue to provide quality freight forwarding services and flexitank services to the customers of the Group.

The Directors (including the independent non-executive Directors) also considered that the entering into of the 2021 Supplemental Agreement is in the Group’s ordinary and usual course of business, and the terms of the 2021 Supplemental Agreement together with the Revised 2021 Annual Cap are on normal commercial terms and are fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

Save and except the above amendments, all other terms and conditions contained in the Master Purchase Agreement shall remain unchanged and in full force and effect.

## **INFORMATION ON THE PARTIES**

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

Qingdao Infinity is principally engaged in wholesale, importation and exportation of plastic products and raw material, packaging material and excipient and metals; international forwarding services; domestic forwarding services; storage (excluding dangerous goods); loading and unloading services; customs and inspection declaration agent in the PRC. As at the date of this announcement, Qingdao Infinity is owned as to 40% by Mr. Teo, 40% by Mr. Tan Pang Wee and 20% by 青島盈創運通供應鏈有限公司 (Qingdao Wintrust Supply Chain Co., Ltd.).

## **MEASURES ADOPTED BY THE COMPANY FOR FUTURE COMPLIANCE**

In order to avoid any occurrence of similar events in the future and comply with the requirements under the Listing Rules, the Company will take the following measures and actions:

- (i) conducting more frequent reviews on the aggregate volume of the transactions with Qingdao Infinity;
- (ii) forecasting transactions in the upcoming six months which require the services of Qingdao Infinity;
- (iii) expediting the data collection process from both Qingdao Infinity and the Group; and
- (iv) enhancing the supervision of the continuing connected transactions of the Group by providing trading data, on a monthly basis, for review by the senior management.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Mr. Teo is a director of four of the subsidiaries of the Company and hence a connected person of the Company at the subsidiary level. As Mr. Teo is holding more than 30% shareholding interest in Qingdao Infinity, Qingdao Infinity is therefore considered as an associate of Mr. Teo and a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions of the Group with Qingdao Infinity constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the Exceeded Amount has exceeded the 2021 Annual Cap, pursuant to Rule 14A.54 of the Listing Rules, the Company is required to re-comply with the requirements under Chapter 14A of the Listing Rules. As the applicable percentage ratios in respect of the Revised 2021 Annual Cap for the Master Purchase Agreement is more than 0.1% but less than 5%, the Revised 2021 Annual Cap is subject to the reporting, announcement and annual review requirements, but is exempted from the circular

(including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Moreover, on the basis that Qingdao Infinity is a connected person of the Company at the subsidiary level only, by virtue of Rule 14A.101 of the Listing Rules, such continuing connected transactions shall be exempted from circular, independent financial advice and the independent shareholders' approval requirement of the Company. None of the Directors have any material interest in the continuing connected transactions herein announced. Therefore, no Director was required to abstain from voting on the Board resolutions approving the 2021 Supplemental Agreement and the Revised 2021 Annual Cap.

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

Hong Kong, 11 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.*