infinity

Infinity Logistics and Transport Ventures Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1442

2019

Annual Report

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Dato' Chan Kong Yew
(Chairman and Chief Executive Officer)
Dato' Kwan Siew Deeg
Datin Lo Shing Ping

Independent Non-Executive Directors

Mr. Chan Leng Wai
Mr. Li Chi Keung
Mr. Tan Poay Teik

AUDIT COMMITTEE

Mr. Chan Leng Wai *(Chairman of the Committee)*
Mr. Li Chi Keung
Mr. Tan Poay Teik

REMUNERATION COMMITTEE

Mr. Li Chi Keung *(Chairman of the Committee)*
Dato' Kwan Siew Deeg
Mr. Tan Poay Teik

NOMINATION COMMITTEE

Dato' Chan Kong Yew *(Chairman of the Committee)*
Mr. Chan Leng Wai
Mr. Li Chi Keung

AUTHORIZED REPRESENTATIVES

Dato' Chan Kong Yew
Mr. Lau Wai Piu, Patrick

COMPANY SECRETARY

Mr. Lau Wai Piu, Patrick

JOINT AUDITORS

Mazars CPA Limited
Certified Public Accountants, Hong Kong
42nd Floor Central Plaza
18 Harbour Road
Wanchai Hong Kong

Mazars LLP
Public Accountants and Chartered Accountants, Singapore
135 Cecil Street
#10-01 MYP Plaza
Singapore 069536

REGISTERED OFFICE

PO Box 1350
Clifton House
75 Fort Street
Grand Cayman KY1-1108
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN MALAYSIA

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Bandar Botanic
41200 Klang
Selangor Darul Ehsan
Malaysia

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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98 Thomson Road
Wan Chai
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Estera Trust (Cayman) Limited
(the name of principal share registrar and transfer office was changed to Ocorian Trust (Cayman) Limited on 6 April 2020)
PO Box 1350
Clifton House
75 Fort Street
Grand Cayman KY1-1108
Cayman Islands

CORPORATE INFORMATION

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 54
Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANK

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Level 14, Menara Maybank
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50050 Kuala Lumpur
Malaysia

LEGAL ADVISER

As to Hong Kong Law
TC & Co.
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Wan Chai
Hong Kong

As to Malaysian Law
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Wilayah Persekutuan
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COMPLIANCE ADVISER

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18/F Prosperity Tower
39 Queen's Road Central
Hong Kong

STOCK CODE

1442 (listed on the Main Board of The Stock Exchange of Hong Kong Limited)

WEBSITE

www.infinity.com.my

FINANCIAL HIGHLIGHTS

Highlights of combined/consolidated statements of profit or loss and other comprehensive income

	FY2016 *(RM'000)*	FY2017 *(RM'000)*	FY2018 *(RM'000)*	**FY2019** ***(RM'000)***
Revenue	189,253	188,613	201,183	**209,432**
Gross Profit	31,030	28,694	44,275	**53,907**
Profit before tax	12,723	10,649	26,179	**25,058**
Profit for the year	11,817	8,933	22,503	**19,480**
Total comprehensive income for the year	12,557	8,037	22,612	**19,090**

Highlights of combined/consolidated statements of financial position

	FY2016 *(RM'000)*	FY2017 *(RM'000)*	FY2018 *(RM'000)*	**FY2019** ***(RM'000)***
Non-current assets	65,516	89,655	103,360	**144,694**
Current assets	71,117	81,114	91,692	**73,414**
Non-current liabilities	26,797	43,714	52,500	**70,631**
Current liabilities	53,897	63,317	59,809	**64,180**
Net current assets	17,220	17,797	31,883	**9,234**
Net assets	55,939	63,738	82,743	**83,297**

CHAIRMAN'S STATEMENT

DEAR STAKEHOLDERS,

It is an honour and a privilege to deliver this statement as the Chairman of Infinity Logistics and Transport Ventures Limited, the first Malaysian logistics and transport company listed on the main board of The Stock Exchange of Hong Kong Limited. It took us 17 years to be where we are today and we are proud with our milestones and achievements thus far.

We will use this platform to venture into the Greater China market, both in the flexitank and logistics businesses. We also strongly believe that our listing status will provide us an opportunity in South-east Asia markets in conjunction with the China One Belt One Road Initiative.

This listing effort has helped us raise RM62.7 million. We have drafted out plans to optimise the usage of these proceeds for the betterment of our Company. Our plans include:

- Approximately RM46.0 million or 73.3% of the net proceeds will be used to build a multipurpose logistics park measuring 18.46 acres in Westports Free Zone in Port Klang, Malaysia. The ground breaking ceremony for this facility has taken place and it is expected to start operating in the second half of 2021.

- Approximately RM5.0 million or 8.0% of the net proceeds will be used to purchase haulage prime movers and trailers for our haulage services in our logistics centre and related services. This includes acquiring haulage prime movers and trailers for expanding our haulage fleet to support our growth in the logistics industry.

- Approximately RM3.0 million or 4.8% of the net proceeds will be used to replace our aged forklifts and acquire additional forklifts for our logistics centre and related services in order to enhance the reliability and functionality of our fleet of forklifts as well as our depot service centre.

- Approximately RM3.0 million or 4.8% of the net proceeds will be used to purchase containers comprising general purpose containers and high cube containers for increasing our capacity of our non-vessel operating common carriers ("**NVOCC**") services and to further expand the NVOCC services while capturing the growing market demand.

- Approximately RM2.0 million or 3.2% of the net proceeds will be used to further enhance our Group's operational efficiency, technical capability and enhance the user experience for our flexitank customers by upgrading the information technology and system for operation, management and accounting purposes, to cope with the expected growth in the logistics industry.

- Approximately RM3.7 million or 5.9% will be used for working capital of our Group.

Additionally, we have also embarked on a mission to embrace digitalised initiatives in terms of upgrading ourselves in the IT field. We have committed to spend approximately RM2.0 million in the next two years to enhance our IT systems. The enhancement process is essential for our growth and development to become better in what we are doing.

Moving on to the outlook of the logistics industry in the next few months, I would say that the outbreak of the COVID-19 within and beyond China is having a major impact on the logistics industry and will continue to cause disruptions for some time. It will have an impact on the manufacturing sectors due to the closure of factories in China. The commodities sector will also be affected as they provide the raw materials to factories. At the time of writing, World Health Organisation has declared COVID-19 as a pandemic.

This outbreak is a wakeup call for everyone. The whole world will realise that we should not just rely on China for most of our supplies. This is where opportunities will manifest for other manufacturers who are based out of China.

CHAIRMAN'S STATEMENT

In my opinion, Malaysia is ready to be an alternate hub in South East Asia after Singapore. We have the necessary facilities such as well-connected ports, better financial accessibility as well as a business friendly government. Therefore, I believe that Malaysia has high possibilities for China to set up secondary plants here. If this materializes, Infinity is ready and is able to provide the space and services needed to the manufacturers seeking to set-up their facilities outside China.

Our logistics centres based in Port Klang and Pelabuhan Tanjung Pelepas will assuredly benefit from this, as these centres will be in high demand. Our regional NVOCC division will be able to capitalize on the freight capacity crunch faced by the shippers due to cancellations of large number of vessel sailings.

Before I end, I am sincerely wishing for a quick recovery to those who are infected by the virus, and my prayers of protection and good health to all those frontline medics and may the world quickly recover from this crisis.

And, on behalf of the Board, I would like to thank all our stakeholders for their continuous support and all our employees for their dedications and contributions.

Dato' Chan Kong Yew
Chairman of the Board

27 March 2020

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL OVERVIEW

The Group is pleased to report the results for the year ended 31 December 2019 (the "**Reporting Period**").

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 approximately 7.0% to approximately RM73,088,000 due to improved volumes handled by non-vessel operating common carriers ("**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 approximately 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 approximately 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 approximately 26.5% to approximately RM5,990,000.

Revenue from flexitank solution and related services decreased marginally by approximately 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 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 at 31 December 2019.

Charge on group assets

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

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 annual report.

FUTURE PLANS 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. At 27 March 2020, net proceeds had been utilized as follows:

	Net Proceeds *RM' million*	**Amount Utilized** *RM' million*	**Amount Unutilized** *RM' million*
Construction of warehouse in Westport Free Zone in Port Klang	46.0	—	46.0
Purchase of haulage prime movers & trailers	5.0	—	5.0
Replaced aged and acquire additional forklifts	3.0	1.0	2.0
Purchase of containers for NVOCC segment	3.0	—	3.0
Upgrade of IT System	2.0	—	2.0
General working capital purpose	3.7	3.7	—
	62.7	4.7	58.0

At 27 March 2020, unutilised proceeds of approximately RM$58.0 million were deposited into licensed banks in Malaysia. From the Listing Date to 27 March 2020, the Company utilised approximately RM4.7 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 second quarter 2020. Accordingly, the net proceeds will be utilised in second quarter 2020. Save from the above, there was no material change on the utilisation of net proceeds.

CORPORATE GOVERNANCE REPORT

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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 of the Company (the "**Shareholders**").

Except for a deviation disclosed in the paragraph headed "Chairman and Chief Executive Officer" and "Company Secretary", the Company has adopted the applicable code provisions as set out in the Corporate Governance Code as set out in Appendix 14 ("**CG Code**") to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong (the "**Stock Exchange**") since 21 January 2020 (the "**Listing Date**"). As the shares of the Company (the "**Shares**") were not listed on the Stock Exchange during the year ended 31 December 2019 (the "**Reporting Period**"), the CG Code was not applicable to the Company during that period, but has become applicable to the Company since the Listing Date. The Board (the "**Board**") of the directors (the "**Directors**") of the Company considered that the Company has complied with all applicable code provisions set out in the CG Code since the Listing Date.

Directors' Securities Transactions

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. 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 and up to the date of this annual report.

Board of Directors

Composition

The Directors who hold office during the Reporting Period and at the date of this annual report are as follows:

Executive Directors

Dato' Chan Kong Yew ("**Dato' Chan**")[1] *(Chairman and Chief Executive Officer)*
Dato' Kwan Siew Deeg
Datin Lo Shing Ping[1]

Independent Non-Executive Directors

Mr. Chan Leng Wai
Mr. Li Chi Keung
Mr. Tan Poay Teik

Note:

1. Dato' Chan is the spouse of Datin Lo Shing Ping.

The biographical details of the Directors are set out in the section headed "Biographical Details of Directors and Senior Management" on pages 20 to 23 of this annual report. Apart from the above, there is no relationship (including financial, business, family or other material or relevant relationships) amongst members of the Board.

Since the Listing Date, the Board has all times met the requirements of Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualifications, or accounting or related financial management expertise, and independent non-executive directors representing at least one-third of the Board.

Each of the independent non-executive directors has confirmed his independence pursuant to Rule 3.13 of the Listing Rules and the Company considers each of them to be independent.

Chairman and Chief Executive Officer

Pursuant to code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Dato' Chan 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 CG Code is appropriate in such circumstance.

Board Meetings and General Meetings

The Board should meet regularly and Board meetings should be at least four times a year. At least 14 days' notice of all regular Board meetings is given to the Directors who are given the opportunity to include other matters in the agenda of meetings.

The Company was listed on the Main Board of the Stock Exchange on the Listing Date. During the Reporting Period, the Company held one Board meeting in which all the executive directors and independent non-executive directors had attended and discussed various matters and affairs of the Company. No general meeting was held during the Reporting Period.

On 27 March 2020, a Board meeting was held to approve, among others, the annual results of the Group for the year ended 31 December 2019.

Appointment, Re-election and Removal of Directors

Each of the Directors (including independent non-executive directors) has entered into a service contract or letter of appointment with the Company for a term of three years from the Listing Date.

The articles of association of the Company (the "**Articles of Association**") provides that any director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of Shareholders after his/her appointment and shall be subject to re-election at such meeting and any director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting ("**AGM**") and shall then be eligible for re-election.

In accordance with the Articles of Association, at each AGM one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every director (including those appointed for a specific term) shall be subject to retirement by rotation at least every three years. A retiring director shall be eligible for re-election.

CORPORATE GOVERNANCE REPORT

Directors' Responsibilities for Financial Statements

The Directors acknowledge their responsibilities for preparing the financial statements of the Group in accordance with statutory requirements and applicable accounting standards. The Directors also acknowledge their responsibilities to ensure that the consolidated financial statements of the Group are published in a timely manner.

The Directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern. Accordingly, the Directors have prepared the consolidated financial statements of the Company on a going concern basis.

The reporting responsibilities of the Company's external joint auditors on the consolidated financial statements of the Group are set out in the section headed "Independent Joint Auditors' Report" in this annual report.

Responsibilities of and Delegation by the Board

The major powers and functions of the Board include, but are not limited to, convening the general meetings, presenting reports to the general meetings, implementing the resolutions passed at the general meetings, determining the operational plans and investment plans of the Group, determining the annual financial budgets and final accounts of the Group, determining the fundamental management system of the Group, formulating profit distribution plans and loss recovery plans of the Group, and exercising other powers and functions as conferred by the Articles of Association.

All Directors, including independent non-executive directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective function.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and coordinating the daily operation of the Group and management of the Company are delegated to the management of the Company.

The Board and the management have clearly defined their authorities and responsibilities under various internal control and check and balance mechanisms. The Board does not delegate matters to the board committee(s), executive directors or the management to an extent that would significantly hinder or reduce the ability of the Board as a whole to perform its function.

Directors' Training

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant.

During the Reporting Period, all Directors attended the training session on duties and obligations of directors of companies listed on the Stock Exchange, covering topics on connected transactions and corporate governance, the duties and responsibilities of being a director, the relevant laws and regulations applicable to the Directors and duty of disclosure of interest.

	Attending training session and/or reading materials relevant to the business or directors' duties
Dato' Chan	✔
Dato' Kwan Siew Deeg	✔
Datin Lo Shing Ping	✔
Mr. Chan Leng Wai	✔
Mr. Li Chi Keung	✔
Mr. Tan Poay Teik	✔

Corporate Governance Functions

The Board recognizes that corporate governance ("**CG**") should be the collective responsibility of Directors and their CG duties include:

a. to approve and review the Company's policies and practices on corporate governance;

b. to review and monitor the training and continuous professional development of Directors and senior management;

c. to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

d. to review and monitor the code of conduct and compliance (if any) applicable to the Directors and employees; and

e. to review the Company's compliance with the code provisions of the CG Code and disclosure in the CG Report under the Listing Rules.

The Board has reviewed the policies and practices on CG and this CG report.

Board Committees

The Board has established three Board committees in accordance with the relevant laws and regulations and the corporate governance practice under the Listing Rules, including the audit committee (the "**Audit Committee**"), remuneration committee (the "**Remuneration Committee**") and nomination committee (the "**Nomination Committee**").

Audit Committee

The Audit Committee consists of three independent non-executive directors, namely Mr. Chan Leng Wai, Mr. Li Chi Keung and Mr. Tan Poay Teik. Mr. Chan Leng Wai who possesses the appropriate professional accounting qualification and financial management expertise, currently serves as the chairman of the Audit Committee.

The Audit Committee is mainly responsible for (a) maintaining the relationship with the Company's joint auditors; (b) reviewing the Company's financial information; and (c) overseeing the Company's financial reporting system, risk management and internal control systems. The full version of the terms of reference of the Audit Committee is available on the Stock Exchange's website at "www.hkexnews.hk" and the Company's website at "www.infinity.com.my".

Since the Company was listed on the Stock Exchange on the Listing Date, no meeting of the Audit Committee was held during the Reporting Period.

The Audit Committee held a meeting on 27 March 2020 and reviewed, among other things, the audited consolidated results of the Group for the year ended 31 December 2019.

Nomination Committee

The Nomination Committee consists of two independent non-executive directors, namely Mr. Chan Leng Wai and Mr. Li Chi Keung and one executive director, namely Dato' Chan. Dato' Chan currently serves as the chairman of the Nomination Committee.

The Nomination Committee is mainly responsible for (a) reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and making recommendations on any proposed changes to the Board to complement of the Company's corporate strategy; (b) identifying individuals suitably qualified to become Board members and selecting or making recommendations to the Board on the selection of individuals nominated of directorships; (c) making recommendations to the Board on the appointment or re-appointment of the Directors and succession planning for Directors in particular the chairman of the Board and the CEO; and (d) assessing the independence of the independent non-executive Directors. The full version of the terms of reference of the Nomination Committee is available on the Stock Exchange's website at "www.hkexnews.hk" and the Company's website at "www.infinity.com.my".

Since the Company was listed on the Stock Exchange on the Listing Date, no meeting of the Nomination Committee was held during the Reporting Period.

The Nomination Committee held a meeting on 27 March 2020 and reviewed, among others, the structure, size and composition of the Board, assessed the independence of independent non-executive directors to determine their eligibility and discussed the re-appointment of directors.

Remuneration Committee

The Remuneration Committee consists of two independent non-executive directors, namely, Mr. Li Chi Keung and Mr. Tan Poay Teik and one executive director, namely, Dato' Kwan Siew Deeg. Mr. Li Chi Keung currently serves as the chairman of the Remuneration Committee.

The Remuneration Committee is mainly responsible for (a) making recommendations to the Board on the Company's policy and structure for all Directors, the senior management of the Group and on the establishment of a formal and transparent procedure for developing remuneration policy; (b) determining, making recommendations to the Board, considering and approving the remuneration package of individual executive directors and senior management and the compensation arrangements relating to loss or termination of office or appointment; and (c) reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives. The full version of the terms of reference of the Remuneration Committee is available on the Stock Exchange's website at "www.hkexnews.hk" and the Company's website at "www.infinity.com.my".

Since the Company was listed on the Stock Exchange on the Listing Date, no meeting of the Remuneration Committee was held during the Reporting Period.

The Remuneration Committee held a meeting on 27 March 2020 and reviewed, among other things, the remuneration package of the Directors and the Group's senior management.

Board Diversity Policy

The Group has adopted a board diversity policy (the "**Board Diversity Policy**"). A summary of this policy are disclosed as below:

The purpose of the Board Diversity Policy is to set out the basic principles to be followed to ensure that the Board has the appropriate balance of skills, experience and diversity of perspectives necessary to enhance the effectiveness of the Board and to maintain high standards of CG.

The Nomination Committee has primary responsibility for identifying candidates, formulating selection standards and procedures, and examining candidates for directors and senior management of the Company, and providing recommendations on the selection. The Nomination Committee will give adequate consideration to this policy in identifying and selecting suitably qualified candidates to become directors of the Company.

Selection of director candidates shall be based on a range of diversity perspectives with reference to the Company's business model and specific needs, including but not limited to gender, race, language, cultural background, educational background, industry experience and professional experience.

The Nomination Committee is responsible for reviewing the Board Diversity Policy, developing and reviewing measurable objectives for implementing the policy and monitoring the progress on achieving these measurable objectives. The Nomination Committee shall review the Board Diversity Policy and the measurable objectives at least annually to ensure the continuing effectiveness of the Board.

As of the date of this annual report, the Company had a total of 6 directors, covering different gender and have a broad age distribution. There is a diverse mix of experience and background including logistics, administration, finance and accounting. The Nomination Committee has reviewed the Board Diversity Policy and considers that, appropriate balance has been stricken among the Board members in terms of skills, experience and perspectives.

Nomination Policy

The Company has adopted a policy for nomination, pursuant to which, the Nomination Committee shall advise the Board on the appointment of any director in accordance with the following procedures and process:

1. Appointment of new director

(a) The Nomination Committee and/or the Board may select candidate for directorship from various channel, including but not limited to internal promotion, re-designation, referral by other member of the management and external recruitment agents, and should, upon receipt of the proposal on appointment of new director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship. If an independent non-executive director is to be appointed, the Committee and/or the Board will also assess and consider whether the candidate can satisfy the independence requirements as set out in the Listing Rules.

(b) If the process yields one or more desirable candidates, the Nomination Committee and/or the Board should rank them by order of preference based on the needs of the Company and reference check of each candidate (where applicable).

(c) The Nomination Committee should then recommend to the Board to appoint the appropriate candidate for directorship, as applicable.

(d) For any person that is nominated by a shareholder for election as a director at the general meeting of the Company, the Nomination Committee and/or the Board should evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship. Where appropriate, the Nomination Committee and/or the Board should make recommendation to Shareholders in respect of the proposed election of director at the general meeting.

2. Re-election of director at general meeting

(a) The Nomination Committee and/or the Board should review the overall contribution and service to the Company of the retiring director and his/her level of participation and performance on the Board.

(b) The Nomination Committee and/or the Board should also review and determine whether the retiring director continues to meet the criteria as set out above. If an independent non-executive director is subject to the re-election, the Nomination Committee and /or the Board will also assess and consider whether the independent non-executive director will continue to satisfy the independence requirements as set out in the Listing Rules.

(c) The Nomination Committee and/or the Board should then make recommendation to Shareholders in respect of the proposed re-election of director at the general meeting.

In assessing the candidates, the Nomination Committee shall take into the following factors, including but not limited to:

1. character and integrity;

2. qualifications including professional qualifications, skills, knowledge and experience and diversity aspects under the board diversity policy that are relevant to the Company's business and corporate strategy;

3. any measurable objectives adopted for achieving diversity on the Board;

4. any potential contributions the candidate can bring to the Board in terms of qualifications, skills, experience, independence and gender diversity;

5. willingness and ability to devote adequate time to discharge duties as a member of the Board and/or board committee(s) of the Company; and

6. such other perspectives that are appropriate to the Company's business and succession plan and where applicable, may be adopted and/or amended by the Board and/or the Nomination Committee from time to time for nomination of directors and succession planning.

Risk Management and Internal Control

The Board has undertaken the overall responsibility for overseeing the Group's risk management and internal control systems on an on-going basis and reviewing their effectiveness at least annually in order to safeguard the interests of the shareholders and the assets of the Group.

The Board acknowledges its responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives and ensuring that the Group has established and maintained appropriate and effective risk management and internal control systems. The systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has delegated to the Audit Committee to review the effectiveness of the risk management and internal controls of the Group. Based on its review, the Audit Committee advises the Board on the effectiveness of the Group's risk management and internal control systems, including the identification and monitoring of the risks, the adequacy of resources, staff qualifications and experience, training programmes and the Company's accounting and financial reporting functions. The management has also been delegated to design, implement and maintain the appropriate and effective risk management and internal control systems of the Group.

To further strengthen the risk management and internal control of the Group, the Company appointed external advisers to undertake the internal audit function and perform the ongoing monitoring of the internal control systems of the Group. The external advisers evaluate the Group's risk management and internal control systems by reviewing the material controls, including financial, operation and compliance. The rotation basis would be applied to operations with similar risk associated so as to enhance the efficiency and effectiveness of the internal audit function. Review results and the recommendations in the form of written report are submitted to the Audit Committee for discussion and review. Follow up actions will be taken up by the management of the Group to ensure all significant control activities are properly in place within the Group and findings previously identified have been properly resolved.

The Company has conducted a review on the effectiveness and efficiency of the Groups risk management and internal control systems for the purpose of listing of the Shares on the main board of The Stock Exchange during the Reporting Period and the management has confirmed that there is no significant deficiency and weakness on the internal control system has been identified by the external advisers. During the Reporting Period, the Board satisfied and confirmed that the Group's risk management and internal control systems were effective and adequate.

Procedures and Internal Controls for the Handling and Dissemination of Inside Information

The Group strictly follows the requirements of the Securities and Futures Ordinance of Hong Kong (the "**SFO**") and the Listing Rules and ensures that inside information is disclosed to the public as soon as reasonably practicable unless the information falls within any of the safe harbours of the SFO. Before inside information is fully disclose to the public, such information is kept strictly confidential. In addition, the Group adopted the policy of disclosing relevant information only to appropriate staff within the Group.

Joint Auditors' Remuneration

The remunerations paid or payable to the external joint auditors of the Company in respect of audit and non-audit services provided to the Group for the year ended 31 December 2019 are set out below.

	RM'000
Annual audit for the year ended 31 December 2019	481
Professional services in connection to the initial listing as joint reporting accountants	1,337

SHAREHOLDERS' RIGHTS

The Company encourages the Shareholders to attend the general meetings of the Company.

The Procedures for Shareholders to Convene an Extraordinary General Meeting ("EGM") and for Putting Forward Proposals at General Meeting

Pursuant to Article 64 of Articles of Association, extraordinary general meeting of the Company shall be convened on the requisition of one or more Shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the company secretary of the Company at the Company's head office or principal place of business in Hong Kong, for the purpose of requiring an EGM to be called by the Board for the transaction of any business specified in such requisition and signed by the requisitionist(s) (the "**Requisitionists**")

Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the Requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the Requisitionist(s) as a result of the failure of the Board shall be reimbursed to the Requisitionist(s) of the Company.

The Procedures for Shareholders to Propose a Person for Election as a Director of the Company

Article 113 of the Articles of Association provides that no person, other than a retiring director of the Company, shall, unless recommended by the board of directors of the Company for election, be eligible for election to the office of director of the Company at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the head office or at the registration office. The period for lodging the notices as required under the Articles of Association will commence no earlier than the day after the dispatch of the notice of the general meeting appointed for such election and end no later than seven days prior to the date of such general meeting and the minimum length of the period during which such notices to the Company may be given will be at least seven days.

Accordingly, if a shareholder wishes to nominate a person to stand for election as a director of the Company at the general meeting, the following documents must be validly served at the Company's principal place of business in Hong Kong or the Branch Share Registration and Transfer Office, namely (1) his/her notice of intention to propose a resolution at the general meeting; (2) a notice signed by the nominated candidate of his/her willingness to be elected; (3) the nominated candidate's information as required to be disclosed under Rule 13.51(2) of the Listing Rules; and (4) the nominated candidate's written consent to the publication of his/her personal date.

Investor Relations and Communication with Shareholders

The Board established a Shareholders' communication policy to ensure that Shareholders and potential investors are provided with ready, equal and timely access to information of the Company.

The Company has maintained a corporate website at www.infinity.com.my through which the Company's updated financial information, business development, announcements, circulars, notices of meetings, press releases and contact details can be accessed by the Shareholders and investors.

Dividend Policy

Payment of any future dividends will be made at the discretion of the Board and will be based upon the earnings, cash flows, financial condition, capital requirement, statutory fund reserve requirements and any other conditions that the Directors consider relevant. The declaration, payment and amount of any future dividends will be subject to the constitutional documents of the Company including, where necessary, the approval of the Shareholders.

Company Secretary

Mr. Lau Wai Piu, Patrick ("**Mr. Lau**") was appointed as the company secretary of the Company on 29 May 2019. Since the Company was listed on the Hong Kong Stock Exchange on the Listing Date, Rule 3.29 of the Listing Rules was not applicable to the Company during the Reporting Period.

Pursuant to code F.1.1 of the CG Code, the Company can engage an external service provider as its company secretary, provided that the Company should disclose the identity of a person with sufficient seniority at the Company whom the external provider can contact. Mr. Lau 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.

Constitutional Documents

The Articles of Association were approved on 14 December 2019 by special resolution and with effect from the Listing Date. Save as disclosed therein, there were no significant changes in the constitutional documents of the Company during the Reporting Period and up to the date of this annual report.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

BOARD OF DIRECTORS

Executive Directors

Dato' Chan Kong Yew ("Dato' Chan"), aged 47, was appointed as director of the Company on 7 March 2019. He was re-designated as the executive director and was appointed as the chief executive officer and the chairman of the Board on 29 May 2019. He is also the chairman of the Nomination Committee. Dato' Chan established Infinity Logistics & Transport Sdn. Bhd., which commenced business in 2003, and he is currently the managing director of the Group. He is responsible for the Group's overall business planning and operational development, planning and execution of business strategic direction. He also identifies opportunities for the business growth of the Group for expansion, ensures implementation of the governance and risk management policies for corporate sustainability, establishes and maintains effective formal and informal relationship with all the major stakeholders and ensures budgetary control across the Group. Dato' Chan is also a director of several subsidiaries of the Group.

Dato' Chan has over 23 years of experience in the logistics industry. Prior to founding Infinity Logistics & Transport Sdn. Bhd., he was employed by Union Transport (M) Sdn. Bhd. as a branch executive from March 1996 to October 1996 where he was responsible for managing day-to-day air freight and sea freight operation. He then worked as a warehouse manager of Target Warehouse (M) Sdn. Bhd. from November 1996 to February 1997 where he was responsible for managing sea freight and bonded warehouse operation. From February 1997 to February 2003, he was employed by TS Warehouse & Distribution Sdn. Bhd. as the business development director where he was responsible for overseeing the rail transport business of the company. Attributed to his reputation in the logistics industry in Malaysia, he has been appointed as a member of the board of directors of the following statutory bodies in Malaysia: Perbadanan Stadium Malaysia from October 2018, director of Johor Port Commission and Penang Port Commission in January 2019, director of Johor Port Commission (Tg Pelepas) and director of Port of Penang Port Commission Telok Ewa in March 2019. He is also a director of a number of private companies such as real estate holding companies and investment properties. Dato' Chan was appointed as an independent non-executive director of Boustead Plantations Bhd (a company listed on Malaysia Stock Exchange (stock code: 5254)) with effect from 22 July 2019.

Dato' Chan obtained a bachelor's degree in social science majoring in political science from the Universiti Sains Malaysia in August 1996. He became a chartered member of The Chartered Institute of Logistics and Transport in December 2006. Dato' Chan is the spouse of Datin Lo Shing Ping.

Dato' Kwan Siew Deeg ("Dato' Kwan"), aged 47, was appointed as executive director of the Company on 29 May 2019. He is also a member of the Remuneration Committee. Dato' Kwan joined the Group in January 2004 and he is responsible for overseeing the Group's operational processes, ensuring proper operational controls are in place, and optimizing the capabilities to achieve operational efficiency. Besides that, he also leads the implementation of the business and marketing strategies to improve the Group's sales by developing new customers and retaining existing customers. Dato' Kwan is also a director of several subsidiaries of the Group.

He has been instrumental in helping the Group to be awarded the Silver Award for Best Innovation by the Star Business Awards 2014, by introducing and promoting the 20' HC Container to the market, providing better payload and offering lower shipping cost per cubic meter to the shippers. Dato' Kwan has over 18 years of experience in the logistics industry. Prior to joining the Group from March 1995 to January 2000, he was a production planning executive at Delloyd Industries Sdn Bhd, an automotive parts manufacturer, and was responsible for supply chain management from procuring material for production to delivery to customers. He was later employed by Dolphin Shipping Agency Sdn. Bhd. as a sales executive from January 2000 to June 2001 where he was responsible for handling shipping documentation and shipment related operations. From June 2001 to December 2003, he was employed as sea division manager of TS Freight Services Sdn. Bhd. where he has been exposed to the various aspects of the shipping sector and gained knowledge in the management of containerized transportation. He is also a director of a number of private companies such as investment and property holding companies.

He holds a Diploma in Business Administration from the Binary College in December 1994. Dato' Kwan is the brother of Ms. Kwan Siew Mun.

Datin Lo Shing Ping ("Datin Lo"), aged 46, was appointed as executive director of the Company on 29 May 2019. Datin Lo joined the Group in March 2003 and is the administration director of the Group overlooking the development of the Group's general administration policies and procedures and human resources matters, ensuring the internal controls measures are duly implemented throughout the organization as well as providing leadership in development of the Group's human resources through conducting effective recruitment, training and succession planning programs.

Datin Lo was employed by Vertitech (M) Sdn. Bhd. as an administration executive from March 1998 to May 1999. From May 1999 to April 2001, she worked in Yongshen Heat Treatment Sdn. Bhd. as a sales executive. She was employed by Casco Décor Sdn. Bhd. as a sales executive from May 2001 to November 2001.

Datin Lo obtained a bachelor's degree of art from the Universiti Sains Malaysia in July 1998. She became a chartered member of The Chartered Institute of Logistics & Transport in December 2006. Datin Lo is the spouse of Dato' Chan.

Independent Non-Executive Directors

Mr. Chan Leng Wai ("Mr. Chan"), aged 63, was appointed as the independent non-executive director of the Company on 14 December 2019. He is the chairman of the Audit Committee and a member of the Nomination Committee.

Mr. Chan was employed by Malaysian Overseas Investment Corporation Sdn. Bhd. from October 1983 to August 1987, with his last position as general manager. He was then employed by MiniScribe (HK) Ltd. from September 1987 to April 1990, with his last position as chief financial officer. Between May 1990 to October 1995, he worked for Maxtor Asia Pacific with his last position as chief financial officer. He founded PeopleNet Associates Pte Ltd and PeopleNet Associates Sdn. Bhd., a business and human resources consultancy firm with offices in Singapore and Malaysia in December 1995 and October 1997, respectively and is currently the chief executive officer of both companies, where he is responsible for the overseeing the overall operation of the companies. He was an independent non-executive director and a member of the audit committee of Trek 2000 International Limited, a company listed on the Singapore Stock Exchange (stock code: 5AB), from June 2016 to June 2017. He was appointed as the chairman of Port Klang Free Zone Sdn. Bhd. since July 2018 and is responsible for managing the overall operation of the free zone facility in Port Klang.

Mr. Chan obtained a master's degree in management studies from the University of East Asia in October 1991. He is currently a chartered accountant of the Malaysian Institute of Accountants. Mr. Chan was appointed as the president of the Chartered Institute of Management Accountants, Singapore, from 1995 to 1996. He was also a committee member of the Singapore Institute of Directors from January 2018 to December 2018.

Mr. Li Chi Keung ("Mr. Li"), aged 62, was appointed as the independent non-executive director of the Company on 14 December 2019. He is the chairman of the Remuneration Committee and a member of the Audit Committee and Nomination Committee.

Mr. Li has over 31 years of experience in the logistics industry. He joined the OOCL group of companies from November 1988 to November 2007. He worked in one of the OOCL group of companies in Hong Kong from November 1988 to August 1994 and was transferred to the United States in September 1994 as pricing manager. He then rejoined the Hong Kong office of OOCL group in July 2000 with his last position as general manager. From November 2007 to present, he worked for the group companies of Mitsui O.S.K Lines Ltd which is listed on the Tokyo Stock Exchange (stock code: 91040) and his current position is trade consultant. During his employment with Mitsui O.S.K Lines Ltd, he was seconded to Malaysia from February 2014 to March 2017 as country director.

Mr. Li obtained a bachelor's degree in business studies from the Bolton University in August 2004 and a master's degree in international shipping and transport logistics from the Hong Kong Polytechnic University in October 2008.

Mr. Tan Poay Teik ("Mr. Tan"), aged 34, was appointed as the independent non-executive director of the Company on 14 December 2019. He is a member of the Audit Committee and Remuneration Committee.

Mr. Tan was employed by Greenfield Partners, an accounting firm based in Australia, as an accountant from August 2009 to January 2011. He then worked for Ernst & Young from January 2011 to July 2015 with his last position as assistant manager. He joined The Commons, a shared workspace provider based in Melbourne, Australia, and is currently the chief financial officer and director of the company where he is responsible for overseeing the financial activities and the overall operation of the company.

Mr. Tan obtained a bachelor's degree in commerce and a bachelor's degree in arts (media and communications) from the University of Melbourne in December 2008 and a graduate diploma of chartered accounting from The Institute of Chartered Accountants in Australia in April 2012. He became a member of Chartered Accountants Australia and New Zealand in September 2012.

Senior Management

Mr. Ng Soon Aik ("Mr. Ng"), aged 49, joined the Group in November 2018 and is currently the chief financial officer of the Group. He is responsible for the overall financial operation of the Group.

Mr. Ng was employed by OCBC Bank (Malaysia) Berhad from October 1999 to August 2001 with his last position as head of treasury control unit where he was responsible for establishment and implementation of treasury control policies and procedures in compliance with treasury policies and risk management practice. Between March 2003 to July 2007, Mr. Ng worked for a number of private companies with finance or accounting roles. From August 2007 to December 2011, he was employed by Century Logistics Holdings Berhad as a personal assistant to the managing director where he was responsible for overseeing the business operation in China, development and implementation of financial plans and financial reporting.

He was then employed by Harbour Dredging Engineering (M) Sdn. Bhd. from January 2012 and October 2018 as a project consultant where he was responsible for overseeing the execution of projects.

Mr. Ng obtained a bachelor's degree in business administration from the National University of Malaysia in August 1996 and a master's degree in information technology from the University of Malaya in August 2003. He became a member of the Malaysian Institute of Accountants in January 2003 and a member of the Association of Chartered Certified Accountants in November 2002.

Ms. Kwan Siew Mun ("Ms. Kwan"), aged 53, joined the Group in November 2005 and is currently the customer service and procurement senior manager of the Group. She is responsible for overseeing internal quality control for the Group's systems, procedures, and processes, ensuring optimal operational efficiency and improvements, and customer relationship management, as well as overseeing and managing the operations and activities of the procurement function of Infinity Bulk Logistics Sdn. Bhd.

Ms. Kwan has over 24 years of experience in the logistics industry. From 1986 to 1997, she was employed by Tuck Sun & Co. (Malaysia) Sdn. Bhd. with her last position as warehouse executive. She joined the Group in November 2005 as a customer service manager and was promoted to her current position in July 2012.

Ms. Kwan obtained a diploma in business administration from The Association of Business Executive in June 1996. Ms. Kwan is the sister of Dato' Kwan.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Company Secretary

Mr. Lau Wai Piu, Patrick ("Mr. Lau"), aged 46, was appointed as the company secretary of the Group on 29 May 2019.

Mr. Lau has over 20 years of experience in aspect of financial reporting, accounting and auditing. He obtained a higher diploma in accountancy from the City University of Hong Kong in November 1997 and a master's degree of arts in international accounting from the same university in November 2002. He was admitted as a fellow of the Association of Chartered Certified Accountants in July 2005 and a fellow of the Hong Kong Institute of Certified Public Accountants in September 2007.

DIRECTORS' REPORT

The Directors are pleased to present to the shareholders of the Company (the "**Shareholders**") their report together with the audited consolidated financial statements of the Group for the year ended 31 December 2019 (the "**Reporting Period**").

SHARE OFFER

The Company was incorporated in the Cayman Islands on 7 March 2019 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The Company's ordinary shares (the "**Shares**") were listed on the main board (the "**Main Board**") of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 21 January 2020 (the "**Listing Date**") with issuance of 500,000,000 Shares (the "**Listing**").

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Particulars of the Company's principal subsidiaries are set out in note 13 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results for the Reporting Period are set out in the consolidated statement of profit or loss and other comprehensive income on page 41 of this annual report.

The Directors do not recommend the payment of final dividend for the Reporting Period.

BUSINESS REVIEW

A fair review of the business of the Group during the year and a discussion on the Group's future business development are set out in the section headed "Chairman's Statement" and "Management Discussion and Analysis" on pages 5 to 9 of this annual report.

The above discussions form part of this directors' report.

PRINCIPAL RISKS AND UNCERTAINTY

Risk associated with financial instruments of the Group

The financial risk management objectives and policies of the Group are set out in note 31 to the consolidated financial statements.

Key sources of estimation uncertainty

Details of the key sources of estimation uncertainty at 31 December 2019 are set out in note 2 to the consolidated financial statements.

COMPLIANCE WITH LAWS AND REGULATIONS

As far as the Board and management are aware, the Group has complied in material aspects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the Reporting Period, there was no material breach of or non-compliance with the applicable of relevant laws and regulations by the Group.

RELATIONSHIPS WITH SUPPLIERS, CUSTOMERS AND EMPLOYEES

The Group understands the importance of maintaining a good relationship with its suppliers and customers to meet its immediate and long-term goals. The Group enjoy good relationships with suppliers and customers with mutual trust. Accordingly, the management have kept good communications, promptly exchanged ideas and shares business update with them when appropriate. During the Reporting Period, there were no material and significant dispute between the Group and its suppliers and/or customers.

The employees play a pivotal role in the Group's continuous growth. The Group provides both internal and external training related to logistics knowledge, good customer service, safety and quality management and other useful topics to the employees. The Group have always maintained a good working relationship with the employees. During the Reporting Period, none of the employees had any labour dispute or claim involving and against the Group.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to long term sustainability of the environment and communities in which it operates. Acting in an environmentally responsible manner, the Group endeavors to comply with the laws and regulations regarding environmental protection and adopt effective measures to achieve efficient use of resources, energy saving and waste reduction.

RESERVES

Details of movements in the reserves of the Group during the Reporting Period are set out in the consolidated statement of changes in equity on pages 43 to 45.

DONATIONS

Charitable and other donations made by the Group during the Reporting Period amounted to approximately RM70,000.

MATERIAL INVESTMENT AND ACQUISITION

The Group had no significant investment and acquisition activities during the Reporting Period.

BANK BORROWINGS

Details of the bank borrowings of the Group at 31 December 2019 are set out in note 21 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment during the year and details of the Group's property, plant and equipment are set out in note 14 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the Reporting Period are set out in note 24 to the consolidated financial statements.

EQUITY-LINKED AGREEMENT

Save as disclosed in this annual report relating to the "Share Option Scheme", no equity-linked agreements were entered into during the Reporting Period or subsisted at the end of the Reporting Period.

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association, every director shall be entitled to be indemnified and secured harmless out of the assets and profits of the Company against all actions, costs, charges, losses, damages and expenses which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto.

The Company has an appropriate insurance cover in respect of potential legal actions against its Directors and officers since Listing.

DIRECTORS

The Directors during the Reporting Period and up to the date of this annual report were:

Executive Directors

Dato' Chan Kong Yew[1] ("**Dato' Chan**") *(Chairman and Chief Executive Officer)*
Dato' Kwan Siew Deeg[2] ("**Dato' Kwan**")
Datin Lo Shing Ping[2] ("**Datin Lo**")

Independent Non-Executive Directors

Mr. Chan Leng Wai[3]
Mr. Li Chi Keung[3]
Mr. Tan Poay Teik[3]

Notes:

1 appointed as director on 7 March 2019 and re-designated as executive director on 29 May 2019.

2 appointed on 29 May 2019.

3 appointed on 14 December 2019.

In accordance with Article 108 of the articles of association of the Company (the "**Articles of Association**"), Dato' Chan shall retire by rotation at the annual general meeting of the Company (the "**AGM**") and, being eligible, have offered himself for re-election.

In accordance with Article 112 of the Articles of Association, each of Dato' Kwan, Datin Lo, Mr. Chan Leng Wai, Mr. Li Chi Keung and Mr. Tan Poay Teik shall hold office only until the forthcoming AGM and, being eligible, have offered himself/herself for re-election.

None of the Directors offering themselves for re-election at the AGM has a service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As of the date of this annual report, the interests and short positions of each director and chief executive officer ("**CEO**") in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

(i) Interest in the shares of the Company:

Name of Directors	Capacity/Nature of interest	Number of shares interested[(1)]	Approximate percentage of the Company's issued share capital
Dato' Chan[(2)]	Interest in a controlled corporation; interest held jointly with another person	1,417,500,000	70.875%
Dato' Kwan[(2)]	Interest in a controlled corporation; interest held jointly with another person	1,417,500,000	70.875%
Datin Lo[(3)]	Interest of spouse	1,417,500,000	70.875%

Notes:

(1) Interests in shares stated above represent long positions.

(2) 2926 Holdings Limited ("**2926 Holdings**") is the registered and beneficial owner holding 70.875% of the issued Shares of the Company. The issued share capital of 2926 Holdings is owned as to 63.9% by Dato' Chan and 36.1% by Dato' Kwan. On 29 May 2019, Dato' Chan and Dato' Kwan entered into the Concert Parties Confirmatory Deed to acknowledge and confirm, among other things, that they are parties acting in concert (having the meaning ascribed to it under the Takeovers Code). By virtue of the Concert Parties Confirmatory Deed, each of Dato' Chan and Dato' Kwan is deemed to be interested in the Shares held by 2926 Holdings under the SFO.

(3) Datin Lo is the spouse of Dato' Chan and is deemed, or taken to be, interested in the Shares which Dato' Chan is interested under the SFO.

(ii) Interests in the shares of an associated corporation of the Company:

Name of Directors	Name of associated corporation	Capacity/ Nature of interest	Number of share interested[(1)]	Approximate percentage of the issued share capital of the associated corporation
Dato' Chan	2926 Holdings	Beneficial owner	604	63.9%
Dato' Kwan	2926 Holdings	Beneficial owner	341	36.1%
Datin Lo[(2)]	2926 Holdings	Interest of spouse	604	63.9%

Notes:

(1) Interests in shares stated above represent long positions.

(2) Datin Lo is the spouse of Dato' Chan and is deemed, or taken to be, interested in the shares which Dato' Chan is interested under the SFO.

Save as disclosed above, as of the date of this annual report, none of the Directors and CEO had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the Reporting Period, was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or other body corporate

SHARE OPTION SCHEME

The Company has adopted the share option scheme on 14 December 2019 (the "**Share Option Scheme**"). The terms of the Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules. The following is a summary of the principal terms of the Share Option Scheme:

(A) Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to provide an incentive or a reward to eligible persons for their contribution to the Group.

(B) Participants of the Share Option Scheme

The participants of the Share Option Scheme shall be:

(1) any employee (whether full-time or part-time) of the Company, and any of the subsidiaries;

(2) any director (including executive, non-executive and independent non-executive directors) of the Company and any of the subsidiaries; and

(3) any consultant, advisers of the Company and any of the subsidiaries.

(C) Total number of Shares available for issue under the Share Option Scheme

Under the Share Option Scheme, the total number of Shares which may be allotted and issued upon exercise of all share options to be granted under the Share Option Scheme and any other share option scheme of the Company must not in aggregate exceed 10% of the number of issued shares at 21 January 2020 unless the Company obtains a fresh approval from the Shareholders.

At the date of this annual report, a total of 200,000,000 Shares, representing 10% of the issued share capital of the Company, are available for issue under the Share Option Scheme.

(D) Maximum entitlement of each participant under the Share Option Scheme

The maximum entitlement of each participant under the Share Option Scheme in any 12-month period up to and including the date of grant of the options must not exceed 1% of the total number of Shares in issue.

Each grant of share options to a Director, chief executive or substantial shareholder of the Company or any of their respective associates, is subject to approval in advance by the independent non-executive Directors. In addition, any grant of share options to a substantial shareholder or an independent non-executive Director, or to any of their associates, resulting in the Shares issued and to be granted (including options exercised, cancelled and outstanding) to such person, in a 12-month period up to and including the date of such grant in excess of 0.1% of the Shares in issue and with an aggregate value (based on the closing price of the Shares at the date of the grant) in excess of HK$5 million, is subject to Shareholders' approval in advance in a general meeting of the Company.

(E) The period within which the Shares must be taken up under an option

The period during which an option may be exercised is determined by the Board at its discretion, save that such period shall not be longer than 10 years from the date of grant.

(F) The minimum period for which an option must be held before it can be exercised

As determined by the Board upon the grant of an option.

(G) The amount payable an acceptance of an option and the period within which payments shall be made

A consideration of HK$1 is payable on acceptance of the offer of grant of an option where the grantee should accept or decline the offer of grant of an option within the date as specified in the offer letter issued by the Company, being a date not later than five business days from the date upon which it is made.

(H) The basis of determining the exercise price

The exercise price of a share in respect of any particular option granted under the Share Option Scheme shall be a price determined by the Board in its absolute discretion and notified to an eligible person, and shall be at least the higher of: (1) the closing price of the shares as stated in the Stock Exchange's daily quotation sheet on the date of grant, (2) the average closing price of the shares as stated in the Stock Exchange's daily quotation sheets for the five consecutive business days immediately preceding the date of grant, and (3) the nominal value of a share on the date of grant.

(I) The remaining life of the Share Option Scheme

The Share Option Scheme shall be valid and effective for a period of 10 years from 21 January 2020 until 20 January 2030.

No share option has been granted, exercised, cancelled or lapsed under the Share Option Scheme since its adoption on 14 December 2019, and there is no outstanding share option at 31 December 2019 and at the date of this annual report.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As of the date of this annual report, according to the register kept by the Company under Section 336 of the SFO, the corporations or persons (other than a Director or CEO) had interests of 10% or more in the Shares or underlying Shares which fell to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO were as follows:

Name of shareholder	Capacity	Number of shares held[1]	Approximate percentage of the Company's issued share capital
2926 Holdings[2]	Beneficial owner	1,417,500,000	70.875%

Notes:

(1) Interests in shares stated above represent long positions.

(2) 2926 Holdings is the registered and beneficial owner holding 70.875% of the issued Shares of the Company. The issued share capital of 2926 Holdings is owned as to 63.9% by Dato' Chan and 36.1% by Dato' Kwan. On 29 May 2019, Dato' Chan and Dato' Kwan entered into the Concert Parties Confirmatory Deed to acknowledge and confirm, among other things, that they are parties acting in concert (having the meaning ascribed to it under the Takeovers Code). By virtue of the Concert Parties Confirmatory Deed, each of Dato' Chan and Dato' Kwan is deemed to be interested in the Shares held by 2926 Holdings under the SFO.

(3) Datin Lo is the spouse of Dato' Chan and is deemed, or taken to be, interested in the Shares which Dato' Chan is interested under the SFO.

Save as disclosed above, as of the date of this annual report, no other person (other than a Director or CEO) had registered an interest or short position in the Shares, underlying Shares and debentures of the Company which fell to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in note 8 to the consolidated financial statements and in the paragraph headed "Continuing Connected Transactions", there is no contract of significance to which the Company, its holding company, subsidiaries or fellow subsidiaries was a party and in which a director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Reporting Period.

RELATED PARTY TRANSACTIONS

Save as disclosed in the paragraph headed "Continuing Connected Transactions", the significant related party transactions that did not constitute connected transactions under the Listing Rules made during the Reporting Period were disclosed in note 28 to the consolidated financial statements.

COMPETING INTEREST

From the Listing Date and up to the date of this annual report, none of the Directors or their respective associates (as defined in the Listing Rules) had an interest in a business, which competes or may compete with the business of the Group.

REMUNERATION POLICY

During the Reporting Period, the remuneration policy of the Group to reward its employees and executives is based on their performance, qualifications, competence displayed and market comparable. Remuneration package typically comprise salary, contribution to pension schemes and discretionary bonus related to the profit of the relevant company.

Upon and after Listing, the remuneration package of the Directors and the senior management will, in addition to the above factors, be linked to the return to the Shareholders. The Remuneration Committee will review annually the remuneration of all Directors to ensure that it is attractive enough to attract and retain a competent team of executive members.

The Company has adopted a Share Option Scheme as an incentive to Directors and eligible employees, details are set out in the paragraph headed "Share Option Scheme".

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

From the Listing Date and up to the date of this annual report, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association although there is no restriction against such rights under the laws in the Cayman Islands.

CONTINUING CONNECTED TRANSACTIONS

During the Reporting Period, the Group conducted the following continuing connected transactions:

As disclosed in the prospectus of the Company dated 30 December 2019 (the "**Prospectus**"), the following transactions of the Group constituted continuing connected transactions for the Company. For further details of the continuing connected transactions, please refer to the section headed "Connected Transactions" on pages 239 to 250 of the Prospectus.

Lease of property by Infinity Shipping (MY) Sdn. Bhd. ("Infinity Shipping (MY)")

On 1 March 2019, Infinity Shipping (MY) as lessor and Infinity Logistics & Transport Sdn. Bhd., an indirectly wholly owned subsidiary of the Company, as lessee entered into a lease agreement for the leasing of a property located at No. 2 and 4 Jalan Kasuarina 8, Bandar Botanic, 41200 Klang, Selangor Darul Ehsan, Malaysia for a term commencing from 1 January 2019 to 31 December 2021 at a monthly rent of RM15,000 (the "**Lease Agreement**"). The property is used as an administrative and operational headquarter for logistics and transport services.

The annual caps for the transactions contemplated under the Lease Agreement will be RM180,000, RM180,000 and RM180,000 for each of the three financial year ended 31 December 2019 and years ending 31 December 2020 and 2021.

During the Reporting Period, the amount of transaction conducted under the Lease Agreement was RM180,000.

Purchase of cardboard containers from Lite Bulk Sdn. Bhd. ("Lite Bulk")

On 14 December 2019, the Company (for itself and on behalf of other Group companies) entered into a master purchase agreement with Lite Bulk, pursuant to which the Company (for itself and on behalf of other Group companies) agreed to purchase cardboard containers on a non-exclusive basis from Lite Bulk (the "**Master Purchase Agreement**"). Under the Master Purchase Agreement, the Company (for itself and on behalf of other Group companies) can from time to time place purchase order with Lite Bulk, which shall set out, inter alia, the quantity, description of products and the purchase price.

The terms of the Master Purchase Agreement with Lite Bulk shall commence on the Listing Date and will expire on 31 December 2021. Either party may terminate the Master Purchase Agreement by serving a notice of not less than three months to the other.

The annual caps for the transactions contemplated under the Master Purchase Agreement will not exceed RM45,000, RM49,000 and RM54,000 respectively for each of the three financial year ended 31 December 2019 and years ending 31 December 2020 and 2021.

During the Reporting Period, the amount of transaction conducted under the Master Purchase Agreement was RM40,223.

Supply of freight forward services to Lite Bulk

On 14 December 2019, the Company (for itself and on behalf of other Group companies) entered into a master supply agreement with Lite Bulk, pursuant to which the Company (for itself and on behalf of other Group companies) agreed to provide freight forwarding services on a non-exclusive basis to Lite Bulk (the "**Master Supply Agreement**"). Under the Master Supply Agreement, Lite Bulk shall from time to time place service order to the Group, which shall set out, inter alia, description of the service required, term of payment and the service fee.

The terms of the Master Supply Agreement with Lite Bulk shall commence on the Listing Date and will expire on 31 December 2021. Either party may terminate the Master Supply Agreement by serving a notice of not less than three months to the other.

The annual caps for the transactions contemplated under the Master Supply Agreement will not exceed RM96,000, RM106,000 and RM116,000 respectively for each of the three financial year ended 31 December 2019 and years ending 31 December 2020 and 2021.

During the Reporting Period, the amount of transaction conducted under the Master Supply Agreement was RM20,858.

As each of Dato' Chan and Dato' Kwan is holding more than 30% shareholding interest in Infinity Shipping (MY) and Lite Bulk, Infinity Shipping (MY) and Lite Bulk are therefore considered as an associate of each of Dato' Chan and Dato' Kwan and a connected person of the Company under Chapter 14A of the Listing Rules.

Purchase of freight forward services from Qingdao Infinity Supply Chain Management Co., Ltd ("Qingdao Infinity")

On 14 December 2019, the Company (for itself and on behalf of other Group companies) entered into a master purchase agreement with Qingdao Infinity, pursuant to which the Company (for itself and on behalf of other Group companies) agreed to engage Qingdao Infinity for the provision of freight forwarding services in the People's Republic of China on a non-exclusive basis (the "**Master Purchase Agreement**"). Under the Master Purchase Agreement, 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 the Listing Date and will expire on 31 December 2021. Either party may terminate the Master Purchase Agreement by serving a notice of not less than three months to the other.

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 three financial year ended 31 December 2019 and years ending 31 December 2020 and 2021.

During the Reporting Period, the amount of transaction conducted under the Master Purchase Agreement was RM976,458.

Sales of packaging materials to Qingdao Infinity

On 14 December 2019, the Company (for itself and on behalf of other Group companies) entered into a master supply agreement with Qingdao Infinity, pursuant to which the Company (for itself and on behalf of other Group companies) agreed to supply packaging material on a non-exclusive basis to Qingdao Infinity (the "**Master Supply Agreement**"). Under the Master Supply Agreement, Qingdao Infinity can from time to time place purchase order to the Group, which shall set out, inter alia, the quantity, description of the product and the purchase price.

The terms of the Master Supply Agreement with Qingdao Infinity shall commence on the Listing Date and will expire on 31 December 2021. Either party may terminate the Master Supply Agreement by serving a notice of not less than three months to the other.

The annual caps for the transactions contemplated under the Master Supply Agreement will not exceed RM641,000, RM705,000 and RM776,000 for each of the three financial year ended 31 December 2019 and years ending 31 December 2020 and 2021.

During the Reporting Period, the amount of transaction conducted under the Master Supply Agreement was RM37,080.

Mr. Teo Guan Kee ("**Mr. Teo**") is a director of four of the subsidiaries of the Group and hence a connected person of the Company at 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.

DIRECTORS' REPORT

Save as the continuing connected transactions of 1) lease of property; 2) purchase of cardboard containers; and 3) supply of freight forward services which are exempt from the annual review under Listing Rules. the Board engaged the joint auditors of the Company to perform certain agreed upon procedures in respect of the continuing connected transactions of i) purchase of freight froward services; and ii) sales of packaging materials (the "**Disclosed CCTs**") pursuant to Rule 14A.56 of Listing Rules. The joint auditors have confirmed that nothing has come to the joint auditors' attention that causes them to believe that:

1. the Disclosed CCTs have not been approved by the Board;

2. the transactions were not conducted, in all material respects, in accordance with the pricing policies of the Group (as applicable);

3. the transactions were not conducted, in all material respects, in accordance with the relevant agreements governing such transactions; and

4. the Disclosed CCTs have exceeded the relevant maximum aggregate annual cap amount disclosed in the previous announcements of the Company respect of each of the disclosed continuing connected transactions.

The independent non-executive directors had reviewed the above continuing connected transactions and confirmed that the transactions had been entered into:

(i) in the ordinary and usual course of business of the Group;

(ii) on normal commercial terms or better; and

(iii) according to the agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

MAJOR CUSTOMERS AND SUPPLIERS

During the Reporting Period, the Group's largest supplier accounted for approximately 15.7% of the Group's total cost of services and goods sold. The Group's five largest suppliers accounted for approximately 43.9% of the Group's total cost of services and goods sold.

During the Reporting Period, the Group's largest customer accounted for approximately 5.6% of the Group's total revenue. The Group's five largest customers accounted for approximately 19.3% of the Group's total revenue.

None of the Directors, their associate or any Shareholder (which to the knowledge of the Directors own more than 5% of the Company's share capital) had an interest in the major customers or suppliers noted above.

FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last four financial years is set out on page 112 of this annual report. This summary does not form part of the audited consolidated financial statements.

USE OF PROCEEDS FROM LISTING

The Company was successfully listed on the Main Board of the Stock Exchange on the Listing Date with net proceeds received by the Company from the Listing in the amount of approximately HK$137 million after deducting underwriting commissions and all related expenses.

Since the Listing Date, the Group will gradually utilize the net proceeds in accordance with the intended purposes as stated in the Prospectus. Please refer to the section headed "Future Plans and Use of Proceeds" in the Prospectus for details.

PUBLIC FLOAT

At the date of this report, the Company has maintained the prescribed public float under the Listing Rules, based on the information that is publicly available to the Company and within the knowledge of the Directors.

JOINT AUDITORS

The consolidated financial statements for the year ended 31 December 2019 have been audited by Mazars CPA Limited, *Certified Public Accountants, Hong Kong* ("**Mazars HK**") and Mazars LLP, *Public Accountants and Chartered Accountants, Singapore* ("**Mazars SG**"). Mazars HK and Mazars SG will retire, and being eligible, offer themselves for re-appointment. A resolution for their re-appointment as the joint auditors of the Company will be proposed at the forthcoming annual general meeting of the Company.

From the incorporation of the Company and up to the date of this annual report, there has been no change in the Company's joint auditors.

On behalf of the Board

Dato' Chan Kong Yew
Chairman and Chief Executive Officer

Hong Kong, 27 March 2020

INDEPENDENT JOINT AUDITORS' REPORT

MAZARS

To the members of
Infinity Logistics and Transport Ventures Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Infinity Logistics and Transport Ventures Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") set out on pages 41 to 111, which comprise the consolidated statement of financial position at 31 December 2019, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group at 31 December 2019, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). Our responsibilities under those standards are further described in the "Joint Auditors' Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Expected credit loss ("ECL") assessment of trade receivables	
At 31 December 2019, the gross amount of trade receivables and its related allowance for ECL amounted to approximately RM43,756,000 (2018: approximately RM51,379,000) and approximately RM1,427,000 (2018: approximately RM2,966,000), respectively. At each reporting date, the management of the Group estimates the amount of lifetime ECL of trade receivables based on provision matrix that is based on historical data and is adjusted for forward-looking information of respective trade receivables. The management of the Group believes that they have considered reasonable and supportable information that is relevant and available without undue cost and effort for this purpose. Such assessment has taken the quantitative and qualitative historical information and also, the forward-looking analysis. We have identified the management's ECL assessment of trade receivables as a key audit matter because the carrying amount of trade receivables was significant to the consolidated financial statements and the ECL assessment of these balances required significant judgement and involved high level of uncertainty. Related disclosures are included in Notes 2, 18 and 31 to the consolidated financial statements.	Our procedures, among others, included: a) understanding of the Group's credit risk management and practices and assessing the Group's impairment provisioning policy in accordance with the requirements of applicable accounting standards; b) assessing the application of impairment methodology of ECL, and checking the assumptions and key parameters to external data sources where available; c) assessing the reasonableness and relevancy of the external information used by the Group as the forward-looking information; d) testing, on a sample basis, the accuracy of ageing categories of trade receivables based on relevant delivery notes, sales invoices and sales contracts; and e) checking the calculation of ECL based on the methodology adopted by the Group and adequacy of the Group's disclosures in relation to credit risk exposed by the Group in the consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Recognition of expenses for the initial listing of the Group	
Relevant costs incurred for the initial listing of the shares of the Company are allocated and classified among (i) profit or loss as listing expenses, and (ii) equity as a reduction of share premium upon the capitalisation issue, on the basis that whether the costs are (a) costs for the Company to obtain the listing status, or (b) incremental costs for the Company to raise additional funds from the issue of new shares. Such allocation of costs involved significant judgement of the management of the Group. During the year ended 31 December 2019, costs attributable to obtain the listing status of approximately RM8,338,000 (2018: approximately RM1,859,000) were charged to profit or loss. We have identified the above matter as a key audit matter because the amounts involved are significant and the classification and allocation of relevant costs incurred involves a significant degree of management judgement and therefore is subject to an inherent risk of error. Related disclosure is included in Note 2 to the consolidated financial statements.	Our procedures, among others, included: a) obtaining an understanding of and enquiring of the management of the Group on the bases of classification and allocation of the relevant costs and assessing the reasonableness of these bases with reference to the applicable accounting standards and guidelines; and b) checking samples of items that made up the total costs incurred for the initial listing of the shares of the Company to invoices and agreements to confirm the nature of the items and checking whether these items have been correctly classified and allocated according to the bases determined by the management of the Group.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the 2019 annual report of the Company, but does not include the consolidated financial statements and our joint auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGE WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB, and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

JOINT AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a joint auditors' report that includes our opinion. This report is made solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Company.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our joint auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our joint auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our joint auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Mazars CPA Limited
Certified Public Accountants, Hong Kong

42nd Floor, Central Plaza
18 Harbour Road, Wanchai
Hong Kong

27 March 2020

The engagement director of Mazars CPA Limited on the audit jointly resulting in this independent joint auditors' report is:

She Shing Pang
Practising Certificate number: P05510

Mazars LLP
Public Accountants and Chartered Accountants of Singapore
135 Cecil Street
#10-01 MYP Plaza
Singapore 069536

27 March 2020

The engagement partner of Mazars LLP on the audit jointly resulting in this independent joint auditors' report is:

Chan Hock Leong

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2019

	Notes	2019 RM'000	2018 RM'000
Revenue	5	209,432	201,183
Cost of services and goods sold		(155,525)	(156,908)
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	31	1,447	516
Finance costs	7	(4,418)	(2,726)
Gain on disposal of subsidiaries	30	—	27
Share of results of associates	16	(32)	33
Listing expenses		(8,338)	(1,859)
Profit before tax	7	25,058	26,179
Income tax expenses	10	(5,578)	(3,676)
Profit for the year		19,480	22,503
Other comprehensive (loss) income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on combination/consolidation		(390)	109
Total comprehensive income for the year		19,090	22,612
Profit for the year attributable to:			
Equity holders of the Company		19,480	22,529
Non-controlling interests		—	(26)
		19,480	22,503
Total comprehensive income attributable to:			
Equity holders of the Company		19,090	22,638
Non-controlling interests		—	(26)
		19,090	22,612
Earnings per share attributable to equity holders of the Company			
Basic and diluted	11	1.30 RM sen	1.50 RM sen

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2019

	Notes	2019 RM'000	2018 RM'000
Non-current assets			
Property, plant and equipment	14	**144,570**	103,204
Club membership		**123**	123
Goodwill	15	**—**	—
Interest in associates	16	**1**	33
		144,694	103,360
Current assets			
Inventories	17	**8,376**	7,761
Trade and other receivables	18	**47,823**	59,218
Restricted bank balances	19	**35**	31
Bank balances and cash		**17,180**	24,682
		73,414	91,692
Current liabilities			
Trade and other payables	20	**33,006**	40,082
Bank overdrafts	21	**9,358**	8,695
Interest-bearing borrowings	21	**9,193**	2,540
Lease liabilities	22	**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	21	**50,778**	32,275
Lease liabilities	22	**19,754**	19,681
Deferred tax liabilities	23	**99**	544
		70,631	52,500
NET ASSETS		**83,297**	82,743
Capital and reserves			
Share capital	24	**—***	—
Reserves	26	**83,297**	82,743
TOTAL EQUITY		**83,297**	82,743

* *Represents amount less than RM1,000.*

These consolidated financial statements on pages 41 to 111 were approved and authorised for issue by the Board of Directors on 27 March 2020 and signed on its behalf by

Dato' Chan Kong Yew
Director

Dato' Kwan Siew Deeg
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2019

	Attributable to equity holders of the Company						
	Share capital *RM'000* *(Note 24)*	**Capital reserve** *RM'000* *(Note 26(a))*	**Exchange reserve** *RM'000* *(Note 26(b))*	**Accumulated profits** *RM'000*	**Total** *RM'000*	**Non-controlling interests** *RM'000*	**Total equity** *RM'000*
Year ended 31 December 2018							
At 1 January 2018	—	6,681	1,103	55,954	63,738	—	63,738
Profit for the year	—	—	—	22,529	22,529	(26)	22,503
Other comprehensive income							
Item that may be reclassified subsequently to profit or loss:							
Exchange differences on combination/ consolidation	—	—	109	—	109	—	109
Total comprehensive income for the year	—	—	109	22,529	22,638	(26)	22,612
Transactions with owners							
Contributions and distributions							
Dividends *(Note 12)*	—	—	—	(3,633)	(3,633)	—	(3,633)
Changes in ownership interests							
Non-controlling interests arising from acquisition of a subsidiary *(Note 29(a))*	—	—	—	—	—	(802)	(802)
Non-controlling interests arising from step acquisition of a subsidiary *(Note 29(b))*	—	—	—	—	—	22	22
Derecognition of non-controlling interests upon disposal of subsidiaries *(Note 30)*	—	—	—	—	—	806	806
	—	—	—	—	—	26	26
At 31 December 2018	—	6,681	1,212	74,850	82,743	—	82,743

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2019

	Attributable to equity holders of the Company						
	Share capital *RM'000* *(Note 24)*	**Capital reserve** *RM'000* *(Note 26(a))*	**Exchange reserve** *RM'000* *(Note 26(b))*	**Accumulated profits** *RM'000*	**Total** *RM'000*	**Non-controlling interests** *RM'000*	**Total equity** *RM'000*
Year ended 31 December 2019							
At 1 January 2019	—	6,681	1,212	74,850	82,743	—	82,743
Profit for the year	—	—	—	19,480	19,480	—	19,480
Other comprehensive loss							
Item that may be reclassified subsequently to profit or loss:							
Exchange differences on combination/ consolidation	—	—	(390)	—	(390)	—	(390)
Total comprehensive income for the year	—	—	(390)	19,480	19,090	—	19,090
Transactions with owners							
Contributions and distributions							
Issue of share capital	—*	—	—	—	—*	—	—*
Contributions made by the Ultimate Controlling Parties (as defined in Note 1) *(Note i)*	—	8	—	—	8	—	8
Arising from the Reorganisation *(Note ii)*	—*	—	—	—	—*	—	—*
Dividends *(Note 12)*	—	—	—	(18,544)	(18,544)	—	(18,544)
	—*	8	—	(18,544)	(18,536)	—	(18,536)
At 31 December 2019	—*	6,689	822	75,786	83,297	—	83,297

* *Represents amount less than RM1,000.*

Notes:

(i) On 19 February 2019, ILNT 2926 (as defined in Note 1) was incorporated and 1 ordinary share was allotted and issued to Dato' Chan Kong Yew at a consideration of US$1. On 3 June 2019, Dato' Chan Kong Yew transferred the 1 ordinary share of ILNT 2926 to 2926 Holdings (as defined in Note 1) at a consideration of US$1. On the same date, 944 ordinary shares were allotted and issued to 2926 Holdings at a consideration of US$944 and were fully paid during the year ended 31 December 2019.

On 19 February 2019, IBL 2926 (as defined in Note 1) was incorporated and 1 ordinary share was allotted and issued to Dato' Chan Kong Yew at a consideration of US$1. On 3 June 2019, Dato' Chan Kong Yew transferred the 1 ordinary share of IBL 2926 to 2926 Holdings at a consideration of US$1. On the same date, 944 ordinary shares were allotted and issued to 2926 Holdings at a consideration of US$944 and were fully paid during the year ended 31 December 2019.

On 25 January 2019, ILNT Holding (MY) (as defined in Note 1) was incorporated and 2 ordinary shares were allotted and issued to Dato' Chan Kong Yew and Dato' Kwan Siew Deeg at considerations of RM1 and RM1, respectively, and were fully paid during the year ended 31 December 2019. On 19 June 2019, Dato' Chan Kong Yew and Dato' Kwan Siew Deeg transferred 2 ordinary shares to ILNT 2926.

On 19 February 2019, Infinity Flexitank Holding (MY) (as defined in Note 1) was incorporated and 2 ordinary shares were allotted and issued to Dato' Chan Kong Yew and Mr. Teo Guan Kee at considerations of RM1 and RM1, respectively, and were fully paid during the year ended 31 December 2019. On 17 June 2019, Dato' Chan Kong Yew and Mr. Teo Guan Kee transferred 2 ordinary shares to IBL 2926.

(ii) As part of the Reorganisation (as defined in Note 1), 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 to acquire all the issued shares of ILNT 2926 and IBL 2926 from 2926 Holdings.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2019

	Notes	2019 RM'000	2018 RM'000
OPERATING ACTIVITIES			
Profit before tax		**25,058**	26,179
Adjustments for:			
Depreciation		**12,219**	11,694
Gain on disposal of property, plant and equipment		**(1,823)**	(557)
Fair value loss on financial assets measured at FVPL		**—**	89
Reversal of loss allowance of trade receivables	31	**(1,447)**	(516)
Share of results of associates	16	**32**	(33)
Gain on disposal of subsidiaries	30	**—**	(27)
Bank interest income		**(7)**	(19)
Investment income arising from financial assets measured at FVPL		**—**	(111)
Finance costs		**4,418**	2,726
Exchange differences		**(403)**	193
Cash flows from operations before movements in working capital		**38,047**	39,618
Changes in working capital:			
Inventories		**(615)**	159
Restricted bank balances		**(4)**	180
Trade and other receivables		**11,331**	4,624
Trade and other payables		**(8,631)**	(6,671)
Cash generated from operations		**40,128**	37,910
Income tax paid		**(4,003)**	(1,394)
Interest paid		**(4,418)**	(2,726)
Net cash from operating activities		**31,707**	33,790
INVESTING ACTIVITIES			
Interest received		**7**	19
Investment income received from financial assets measured at FVPL		**—**	111
Net inflow from acquisition of subsidiaries	29	**—**	73
Net outflow from disposal of subsidiaries	30	**—**	(25)
Purchases of property, plant and equipment		**(34,914)**	(14,411)
Proceeds from disposal of property, plant and equipment		**3,640**	2,396
Purchases of financial assets measured at FVPL		**—**	(35,300)
Redemption of financial assets measured at FVPL		**—**	35,211
Net cash used in investing activities		**(31,267)**	(11,926)

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2019

	Notes	2019 RM'000	2018 RM'000
FINANCING ACTIVITIES			
Inception of interest-bearing borrowings		**27,520**	5,823
Repayment of interest-bearing borrowings		**(2,364)**	(2,225)
Repayment of lease liabilities		**(11,967)**	(7,851)
Dividends paid	12	**(18,544)**	(3,633)
Repayment from associates, net		**—**	2
Repayment from (Advance to) related companies, net		**1,346**	(263)
Advance to the Ultimate Controlling Parties, net		**(4,579)**	(3,712)
Contributions made by the Ultimate Controlling Parties		**8**	—
Net cash used in financing activities		**(8,580)**	(11,859)
Net (decrease) increase in cash and cash equivalents		**(8,140)**	10,005
Cash and cash equivalents at beginning of the reporting period		**15,987**	5,974
Effect on exchange rate changes		**(25)**	8
Cash and cash equivalents at end of the reporting period		**7,822**	15,987
Analysis of the balances of cash and cash equivalents			
Bank balances and cash		**17,180**	24,682
Bank overdrafts		**(9,358)**	(8,695)
		7,822	15,987

1. CORPORATE INFORMATION AND BASIS OF PREPARATION

Infinity Logistics and Transport Ventures Limited (the "Company", together with its subsidiaries are collectively referred to as the "Group") was incorporated as an exempted company with limited liability in the Cayman Islands on 7 March 2019. The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 21 January 2020 (the "Listing"). In the opinion of the directors of the Company, the immediate and ultimate holding company is 2926 Holdings Limited ("2926 Holdings"), which is incorporated in the British Virgin Islands. The 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.

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

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

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

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

Accordingly, for the purpose of this report, except for the acquisition of BLS Infinity Sdn. Bhd. ("BLS Infinity (MY)") which was completed on 29 January 2018 as detailed in Note 29(a) and the step acquisition of AWH Infinity Logistics Sdn. Bhd. ("AWH Infinity (MY)") which was completed on 16 May 2018 as detailed in Note 29(b) for which acquisition method of accounting was adopted in accordance with the accounting policy as set out in paragraph headed "Basis of combinations – acquisition method of accounting" in Note 2, the consolidated financial statements have been prepared on a combined basis under merger accounting principles, as further explained in the paragraph headed "Merger accounting for business combination involving entities under common control" in Note 2, which presents the combined financial position, combined financial performance, combined changes in equity and combined cash flows of the entities now comprising the Group as if the combination had occurred from the date when the combining entities or business first came under control of the Ultimate Controlling Parties.

2. PRINCIPAL ACCOUNTING POLICIES

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.

Basis of measurement

The measurement basis used in the preparation of the consolidated financial statements is historical cost basis, except for the unlisted investments in money market funds, which are classified as financial assets measured at fair value through profit or loss ("FVPL") and measured at fair value as explained in the accounting policy set out below.

Basis of combinations

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company using consistent accounting policies.

All intra-group balance, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full. Unrealised losses are also eliminated unless the transactions provide evidence of an impairment of the asset transferred.

The acquisition method is used to account for the acquisition of subsidiaries of the Group, except for those acquisitions which qualify as business combination under common control which are accounted for using merger accounting.

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Basis of combinations *(continued)*

(a) Acquisition method of accounting

The acquisition method of accounting involves allocating cost of the business combination to the identifiable assets acquired, and liabilities and contingent liabilities incurred or assumed at the date of acquisition. The cost of the acquisition is measured at the aggregate of the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date where appropriate.

Acquisition-related costs are expensed as incurred.

Non-controlling interests are presented, separately from equity holders of the Company, in the combined statements of profit or loss and other comprehensive income and within equity in the combined statements of financial position. The non-controlling interests in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in event of liquidation, are measured initially either at fair value or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. This choice of measurement basis is made on an acquisition-by-acquisition basis. Other types of non-controlling interests are initially measured at fair value, unless another measurement basis is required by IFRSs.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the Company and to the non-controlling interests. Total comprehensive income is attributed to the equity holders of the Company and the non-controlling interest even if this results in the non-controlling interest having a deficit balance.

The results of subsidiaries are consolidated from the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the equity holders of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest determined at the date when control is lost and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests at the date when control is lost. The amounts previously recognised in other comprehensive income in relation to the disposed subsidiary are accounted for on the same basis as would be required if the parent had directly disposed of the related assets or liabilities. Any investment retained in the former subsidiary and any amounts owed by or to the former subsidiary are accounted for as a financial asset, associate, joint venture or others as appropriate from the date when control is lost.

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Basis of combinations *(continued)*

(b) Merger accounting for business combination involving entities under common control

The consolidated financial statements incorporate the financial statements of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the Ultimate Controlling Parties.

The net assets of the combining entities or businesses are combined using the existing carrying values from the Ultimate Controlling Parties' perspective. No amount is recognised as consideration for goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the Ultimate Controlling Parties' interest. All differences between the cost of acquisition (fair value of consideration paid) and the amounts at which the assets and liabilities, arising from the Reorganisation, are recorded have been recognised directly in equity as part of the capital reserve. The combined statements of profit or loss and other comprehensive income include the results of each of the combining entities or businesses from the earliest date presented or, since the date when the combining entities or businesses first came under the common control, regardless of the date of the common control combination.

Transaction costs, including professional fees, registration fees, costs of furnishing information to shareholders, costs or losses incurred in combining operations of the previously separate businesses, etc., incurred in relation to the common control combination that is to be accounted for by using merger accounting, are recognised as an expense in the period in which they are incurred.

Subsidiaries

A subsidiary is an entity that is controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control.

In the Company's statement of financial position as set out in Note 25, an investment in a subsidiary is stated at cost less impairment loss. The carrying amount of the investments is reduced to its recoverable amount on an individual basis, if it is higher than the recoverable amount. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

Associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Associates *(continued)*

The Group's investments in associates are accounted for under the equity method of accounting, except when the investment or a portion thereof is classified as held for sale. Under the equity method, the investment is initially recorded at cost and adjusted thereafter for the post-acquisition changes in the Group's share of the investee's net assets and any impairment loss relating to the investment. Except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee, the Group discontinues recognising its share of further losses when the Group's share of losses of the investee equals or exceeds the carrying amount of its interest in the investee, which includes any long term interests that, in substance, form part of the Group's net investment in the investee.

Goodwill

Goodwill arising on an acquisition of a business is measured at the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previously held equity interest in the acquiree over the acquisition date amounts of the identifiable assets acquired and the liabilities assumed of the acquired business.

Goodwill on acquisition of business is recognised as a separate asset and is carried at cost less accumulated impairment losses, which is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For the purpose of impairment test and determination of gain or loss on disposal, goodwill is allocated to cash-generating units. An impairment loss on goodwill is not reversed.

On the other hand, any excess of the acquisition date amounts of identifiable assets acquired and the liabilities assumed of the acquired business over the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree, if any, after reassessment, is recognised immediately in profit or loss as an income from bargain purchase.

Property, plant and equipment

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Property, plant and equipment *(continued)*

Depreciation is provided to write off the cost less accumulated impairment losses of property, plant and equipment, over their estimated useful lives at the annual rate/useful lives as set out below from the date on which they are available for use and after taking into account their estimated residual values, using the straight-line method. Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis and depreciated separately:

Right-of-use assets	Shorter of assets useful lives or over the unexpired term of lease
Buildings	3%
Containers and tanks	20% — 50%
Furniture and fittings	20% — 50%
Computer and office equipment	20% — 50%
Motor vehicles	20%

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period in which the item is derecognised.

Construction in progress represents buildings under construction. It is stated at cost less any accumulated impairment losses, and is not depreciated. Cost comprises the direct costs of construction during the period of construction. Construction-in-progress is reclassified to the appropriate category of property, plant and equipment when the construction is completed and the asset is ready for use.

Club membership

The initial cost of acquiring club membership is capitalised. Club membership with indefinite useful lives is carried at cost less any accumulated impairment losses.

Financial instruments

Financial assets

Recognition and derecognition

Financial assets are recognised when and only when the Group becomes a party to the contractual provisions of the instruments and on a trade date basis.

A financial asset is derecognised when and only when (i) the Group's contractual rights to future cash flows from the financial asset expire or (ii) the Group transfers the financial asset and either (a) it transfers substantially all the risks and rewards of ownership of the financial asset, or (b) it neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but it does not retain control of the financial asset.

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Classification and measurement

Financial assets (except for trade receivables without a significant financing component) are initially recognised at their fair value plus, in the case of financial assets not carried at FVPL, transaction costs that are directly attributable to the acquisition of the financial assets. Such trade receivables are initially measured at their transaction price.

On initial recognition, a financial asset is classified as (i) measured at amortised cost; (ii) debt investment measured at fair value through other comprehensive income; (iii) equity investment measured at fair value through other comprehensive income; or (iv) measured at FVPL.

The classification of financial assets at initial recognition depends on the Group's business model for managing the financial assets and the financial asset's contractual cash flow characteristics. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing them, in which case all affected financial assets are reclassified on the first day of the first annual reporting period following the change in the business model.

1) *Financial assets measured at amortised cost*

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVPL:

(i) it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

(ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses arising from impairment, derecognition or through the amortisation process are recognised in profit or loss.

The Group's financial assets at amortised cost include trade and other receivables, restricted bank balances and bank balances and cash.

2) *Financial assets measured at FVPL*

These investments include financial assets held for trading, financial assets designated upon initial recognition as at FVPL, financial assets resulting from a contingent consideration arrangement in a business combination to which IFRS 3 applies and financial assets that are otherwise required to be measured at FVPL. They are carried at fair value, with any resultant gain and loss recognised in profit or loss, which does not include any dividend or interest earned on the financial assets. Dividend or interest income is presented separately from fair value gain or loss.

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Classification and measurement (continued)

2) Financial assets measured at FVPL (continued)

A financial asset is classified as held for trading if it is:

(i) acquired principally for the purpose of selling it in the near term;

(ii) part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking on initial recognition; or

(iii) a derivative that is not a financial guarantee contract or not a designated and effective hedging instrument.

Derivatives embedded in a hybrid contract in which a host is an asset within the scope of IFRS 9 are not separated from the host. Instead, the entire hybrid contract is assessed for classification.

Financial assets are designated at initial recognition as at FVPL only if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains or losses on them on different bases.

The Group's financial assets mandatorily measured at FVPL include the unlisted investments in money market funds.

Financial liabilities

Recognition and derecognition

Financial liabilities are recognised when and only when the Group becomes a party to the contractual provisions of the instruments.

A financial liability is derecognised when and only when the liability is extinguished, that is, when the obligation specified in the relevant contract is discharged, cancelled or expires.

Classification and measurement

Financial liabilities are initially recognised at their fair value plus, in the case of financial liabilities not carried at FVPL, transaction costs that are direct attributable to the issue of the financial liabilities.

The Group's financial liabilities include trade and other payables, bank overdrafts, interest-bearing borrowings and lease liabilities. All financial liabilities, except for financial liabilities at FVPL, are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method, unless the effect of discounting would be insignificant, in which case they are stated at cost.

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Impairment of financial assets and other items under IFRS 9

The Group recognises loss allowances for expected credit losses ("ECL") on financial assets that are measured at amortised cost which the impairment requirements apply in accordance with IFRS 9. Except for the specific treatments as detailed below, at each reporting date, the Group measures a loss allowance for a financial asset at an amount equal to the lifetime ECL if the credit risk on that financial asset has increased significantly since initial recognition. If the credit risk on a financial asset has not increased significantly since initial recognition, the Group measures the loss allowance for that financial asset at an amount equal to 12-month ECL.

Measurement of ECL

ECL is a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument.

For financial assets, a credit loss is the present value of the difference between the contractual cash flows that are due to an entity under the contract and the cash flows that the entity expects to receive.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument while 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Where ECL is measured on a collective basis, the financial instruments are grouped based on the past due information of shared credit risk.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that the Group may not receive the outstanding contractual amounts in full if the financial instrument that meets any of the following criteria:

(i) information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group); or

(ii) there is a breach of financial covenants by the counterparty.

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Impairment of financial assets and other items under IFRS 9 *(continued)*

Assessment of significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial instrument has increased significantly since initial recognition when contractual payments are more than 30 days past due, except for the trade receivables from associates and related companies for which the Group has reasonable and supportable information to demonstrate.

Low credit risk

A financial instrument is determined to have low credit risk if:

(i) it has a low risk of default;

(ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and

(iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

As detailed in Note 31, the following financial instruments are determined to have low credit risk:

(i) Amounts due from an associate and related companies; and

(ii) Restricted bank balances and bank balances and cash.

Simplified approach of ECL

For trade receivables, the Group applies a simplified approach in calculating ECL. The Group recognises a loss allowance based on lifetime ECL at each reporting date and has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Impairment of financial assets and other items under IFRS 9 *(continued)*

Credit-impaired financial asset

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidences that a financial asset is credit-impaired include observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower.

(b) a breach of contract, such as a default or past due event.

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider.

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(e) the disappearance of an active market for that financial asset because of financial difficulties.

(f) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Write-off

The Group writes off a financial asset when the Group has no reasonable expectations of recovering the contractual cash flows on a financial asset in its entirety or a portion thereof. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities under the Group's procedures for recovery of amounts due, taking into account legal advice if appropriate. Any subsequent recovery is recognised in profit or loss.

Cash equivalents

For the purpose of the consolidated statements of cash flows, cash equivalents represent short-term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts.

Revenue recognition

Rental income

Rental income from properties is recognised on the straight-line basis over the lease term.

Dividend income

Dividend income from financial assets is recognised when the Group's rights to receive dividend is established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Revenue recognition *(continued)*

Interest income

Interest income from financial assets is recognised using the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the assets while it is applied to the amortised cost (i.e. the gross carrying amount net of loss allowance) in case of credit-impaired financial assets.

Revenue from contracts with customers within IFRS 15

The Group adopts a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in contract

Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation

Nature of goods or services

The nature of the goods or services provided by the Group is as follows:

(i) Integrated freight forwarding services

(ii) Logistics centre and related services

(iii) Railroad transportation services

(iv) Flexitank solution and related services

Identification of performance obligations

At contract inception, the Group assesses the goods or services promised in a contract with a customer and identifies as a performance obligation each promise to transfer to the customer either:

(a) a good or service (or a bundle of goods or services) that is distinct; or

(b) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Revenue recognition *(continued)*

Revenue from contracts with customers within IFRS 15 *(continued)*

Identification of performance obligations (continued)

A good or service that is promised to a customer is distinct if both of the following criteria are met:

(a) the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer (i.e. the good or service is capable of being distinct); and

(b) the Group's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (i.e. the promise to transfer the good or service is distinct within the context of the contract).

Timing of revenue recognition

Revenue is recognised when (or as) the Group satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

The Group transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

(a) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

(b) the Group's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or

(c) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If a performance obligation is not satisfied over time, the Group satisfies the performance obligation at a point in time when the customer obtains control of the promised asset. In determining when the transfer of control occurs, the Group considers the concept of control and such indicators as legal title, physical possession, right to payment, significant risks and rewards of ownership of the asset, and customer acceptance.

Integrated freight forwarding services, logistics centre and related services and railroad transportation services income are recognised over time when services are rendered.

Income from flexitank solution is recognised at a point in time at which the customer obtains the control of the promised asset, which generally coincides with the time when the goods are delivered to customers and the title is passed.

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Revenue recognition *(continued)*

Revenue from contracts with customers within IFRS 15 *(continued)*

Timing of revenue recognition (continued)

For revenue recognised over time under IFRS 15, provided the outcome of the performance obligation can be reasonably measured, the Group applies the input method (i.e. based on the proportion of the actual inputs deployed to date as compared to the estimated total inputs) to measure the progress towards complete satisfaction of the performance obligation because there is a direct relationship between the Group's inputs and the transfer of control of goods or services to the customers and reliable information is available to the Group to apply the method. Otherwise, revenue is recognised only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation.

The principal input applied in the input method for integrated freight forwarding services, logistics centre and related services and railroad transportation services is cost incurred.

Transaction price: significant financing components

When the contract contains a significant financing component (i.e. the customer or the Group is provided with a significant benefit of financing the transfer of goods or services to the customer), in determining the transaction price, the Group adjusts the promised consideration for the effects of the time value of money. The effect of the significant financing component is recognised as an interest income or interest expense separately from revenue from contracts with customers in profit or loss.

The Group determines the interest rate that is commensurate with the rate that would be reflected in a separate financing transaction between the Group and its customer at contract inception by reference to, where appropriate, the interest rate implicit in the contract (i.e. the interest rate that discounts the cash selling price of the goods or services to the amount paid in advance or arrears), the prevailing market interest rates, the Group's borrowing rates and other relevant creditworthiness information of the customer of the Group.

The Group has applied the practical expedient in paragraph 63 of IFRS 15 and does not adjust the consideration for the effect of the significant financing component if the period of financing is one year or less.

Performance obligation: warranties

Warranties associated with the provision of flexitank solution cannot be purchased separately and they serve as an assurance that the flexitank solution provided comply with agreed-upon specifications. Accordingly, the Group accounts for the warranties in accordance with IAS 37.

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Contract assets and contract liabilities

If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, the contract is presented as a contract asset, excluding any amounts presented as a receivable. Conversely, if a customer pays consideration, or the Group has a right to an amount of consideration that is unconditional, before the Group transfers a good or service to the customer, the contract is presented as a contract liability when the payment is made or the payment is due (whichever is earlier). A receivable is the Group's right to consideration that is unconditional or only the passage of time is required before payment of that consideration is due.

For a single contract or a single set of related contracts, either a net contract asset or a net contract liability is presented. Contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

For the Group's businesses, it is common for the Group to receive from the customer the whole or some of the contractual payments before the services are completed or when the goods are delivered (i.e. the timing of revenue recognition for such transactions). The Group recognises a contract liability until it is recognised as revenue. During that period, any significant financing components, if applicable, will be included in the contract liability and will be expensed as accrued unless the interest expense is eligible for capitalisation.

The Group's billing to its customers which are largely in line with the timing of revenue recognition and no significant contract assets are recognised. Contract liabilities in relation to advances from customers are recognised under "Other payables".

Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in the currency of RM, which is also the functional currency of the operating subsidiaries of the Group in Malaysia, and rounded to the nearest thousands unless otherwise indicated. The Company's functional currency is Hong Kong Dollars ("HK$").

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

The results and financial position of all the group entities that have a functional currency different from the presentation currency ("foreign operations") are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented, are translated at the closing rate at the end of each reporting period;

- income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rate;

- all resulting exchange differences arising from the above translation and exchange differences arising from a monetary item that forms part of the Group's net investment in a foreign operation are recognised as a separate component of equity;

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Foreign currency translation *(continued)*

- on the disposal of a foreign operation, which includes a disposal of the Group's entire interest in a foreign operation and a disposal involving the loss of control over a subsidiary that includes a foreign operation, the cumulative amount of the exchange differences relating to the foreign operation that is recognised in other comprehensive income and accumulated in the separate component of equity is reclassified from equity to profit or loss when the gain or loss on disposal is recognised;

- on the partial disposal of the Group's interest in a subsidiary that includes a foreign operation which does not result in the Group losing control over the subsidiary, the proportionate share of the cumulative amount of the exchange differences recognised in the separate component of equity is re-attributed to the non-controlling interests in that foreign operation and are not reclassified to profit or loss; and

- On all other partial disposals, which includes partial disposal of associates that do not result in the Group losing significant influence or joint control, the proportionate share of the cumulative amount of exchange differences recognised in the separate component of equity is reclassified to profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, which comprises all costs of purchase and, where applicable, other costs that have been incurred in bringing the inventories to their present location and condition, is calculated using the weighted average cost method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

When inventories are sold/utilised, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period of the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Impairment of other assets, other than goodwill

At the end of each reporting period, the Group reviews internal and external sources of information to determine whether there is any indication that its property, plant and equipment, club membership and the Company's investments in a subsidiary and associates may be impaired or impairment loss previously recognised no longer exists or may be reduced. If any such indication exists, the recoverable amount of the asset is estimated, based on the higher of its fair value less costs of disposal and value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the smallest group of assets that generates cash flows independently (i.e. cash-generating unit).

If the recoverable amount of an asset or a cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognised as an expense in profit or loss immediately.

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Impairment of other assets, other than goodwill *(continued)*

A reversal of impairment loss is limited to the carrying amount of the asset or cash-generating unit that would have been determined had no impairment loss been recognised in prior periods. Reversal of impairment loss is recognised as income in profit or loss immediately.

The accounting policy for recognition and reversal of the impairment loss for goodwill is stated in the accounting policy for goodwill in the earlier part of this note.

Borrowing costs

Borrowing costs incurred, net of any investment income on the temporary investment of the specific borrowings, that are directly attributable to the acquisition, construction or production of qualifying assets, i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised as an expense in the period in which they are incurred.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount of obligation can be made. Expenditures for which a provision has been recognised are charged against the related provision in the year in which the expenditures are incurred. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount provided is the present value of the expenditures expected to be required to settle the obligation. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

Leases

The Group as lessee

The Group leases various properties, containers and motor vehicles. Rental contracts are typically made for fixed periods of 2 to 30 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset (included in property, plant and equipment) and corresponding liability at the date of which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Leases *(continued)*

The Group as lessee *(continued)*

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments that are not paid:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease if the lease term reflects the Group exercising an option to terminate the lease.

Right-of-use assets are measured at cost comprising the followings:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentive received;
- any initial direct costs; and
- restoration costs unless those costs are incurred to produce inventories.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis over the lease term as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture with individual value below RM20,000.

The Group as lessor

The Group enters into lease agreements as a lessor with respect to certain of its property, plant and equipment, comprising warehouses, to other parties.

Rental income from leases is recognised in revenue on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging a lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Employee benefits

Short term employee benefits

Salaries, annual bonuses, paid annual leave and the cost of non-monetary benefits are accrued in the period in which the associated services are rendered by employees.

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Employee benefits *(continued)*

Defined contribution plans

The obligations for contributions to defined contribution retirement scheme are recognised as an expense in profit or loss as incurred. The assets of the scheme are held separately from those of the Group in an independently administered fund.

Taxation

The charge for current income tax is based on the results for the period as adjusted for items that are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each reporting period between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, any deferred tax arising from initial recognition of goodwill; or other asset or liability in a transaction other than a business combination that at the time of the transaction affects neither the accounting profit nor taxable profit or loss is not recognised.

The deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is recovered or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, tax losses and credits can be utilised.

Deferred tax is provided on temporary differences arising on investment in subsidiaries and associates, except where the timing of the reversal of the temporary differences is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Related parties

A related party is a person or entity that is related to the Group, that is defined as:

(a) A person or a close member of that person's family is related to the Group if that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a holding company of the Group.

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Related parties *(continued)*

(b) An entity is related to the Group if any of the following conditions applies:

(i) the entity and the Group are members of the same group (which means that each holding company, subsidiary and fellow subsidiary is related to the others).

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) both entities are joint ventures of the same third party.

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.

(vi) the entity is controlled or jointly controlled by a person identified in (a).

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a holding company of the entity).

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to a holding company of the Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(a) that person's children and spouse or domestic partner;

(b) children of that person's spouse or domestic partner; and

(c) dependants of that person or that person's spouse or domestic partner.

In the definition of a related party, an associate includes subsidiaries of the associate and a joint venture includes subsidiaries of the joint venture.

Segment reporting

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.

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Segment reporting *(continued)*

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.

Critical accounting estimates and judgements

Estimates and assumptions concerning the future and judgements are made by the management of the Group in the preparation of the consolidated financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Where appropriate, revisions to accounting estimates are recognised in the period of revision and future periods, in case the revision also affects future periods.

Key sources of estimation uncertainty

(i) *Useful lives of property, plant and equipment*

The management of the Group determines the estimated useful lives of the Group's property, plant and equipment based on the historical experience of the actual useful lives of the relevant assets of similar nature and functions. The estimated useful lives could be different as a result of technical innovations which could affect the related depreciation charges included in profit or loss.

(ii) *Impairment of property, plant and equipment*

The management of the Group determines whether the Group's property, plant and equipment are impaired when an indication of impairment exists. This requires an estimation of the recoverable amount of the property, plant and equipment, which is equal to the higher of fair value less costs of disposal and value in use. Estimating the value in use requires the management of the Group to make an estimate of the expected future cash flows from the property, plant and equipment and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Any impairment will be charged to profit or loss.

(iii) *Loss allowance for ECL*

The management of the Group estimates the loss allowance for trade receivables by using various inputs and assumptions including risk of a default and expected loss rate. The estimation involves high degree of uncertainty which is based on the Group's historical information, existing market conditions as well as forward-looking estimates at the end of each reporting period. Where the expectation is different from the original estimate, such difference will impact the carrying amount of trade receivables.

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Critical accounting estimates and judgements *(continued)*

Key sources of estimation uncertainty *(continued)*

(iv) Allowance for inventories

The management of the Group reviews the condition of inventories at the end of each reporting period and makes allowance for inventories that are identified as obsolete, slow-moving or no longer recoverable. The management of the Group carries out the inventory review on a product-by-product basis and makes allowances by reference to the latest market prices and current market conditions.

(v) Provision for leakage claims

The Group makes provisions under the leakage claims on the income from flexitank solution, under which faulty flexitanks are repaired, replaced or the leakage loss are claimed. The amount of provisions is estimated based on the past claims experience of the level of repairs, returns and leakage claims. The estimation basis is reviewed on an ongoing basis and revised where appropriate.

(vi) Income taxes

Significant estimates are required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain where the final tax outcome of these matters may be different from the amounts that were initially recorded and such differences will affect the income tax and deferred tax provision in the period in which such determination is made.

(vii) Recognition of expenses for the initial listing

The management of the Group determines the allocation and classification of relevant costs incurred for Listing among (i) profit or loss as listing expenses and (ii) equity as a reduction of share premium upon the capitalisation issue based on its judgement on whether such costs are (i) costs for the Company to obtain the listing status or (ii) incremental costs for the Company to raise additional funds from the issue of new shares, respectively. During the year ended 31 December 2019, costs attributable to obtaining the listing status of approximately RM8,338,000 were charged to profit or loss.

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.

4. SEGMENT INFORMATION *(continued)*

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.

4. SEGMENT INFORMATION *(continued)*

Segment revenue and results *(continued)*

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*
Year ended 31 December 2019					
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
	73,088	54,882	19,103	62,359	209,432
Segment results	15,329	10,000	5,990	22,588	53,907
Unallocated income and expenses					
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					19,480
Other information:					
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)*	500	14,897	10,669	324	26,390

4. SEGMENT INFORMATION *(continued)*

Segment revenue and results *(continued)*

	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*
Year ended 31 December 2018					
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
	68,288	53,798	15,599	63,498	201,183
Segment results	13,025	3,970	4,736	22,544	44,275
Unallocated income and expenses					
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					22,503
Other information:					
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)*	2,370	220	—	1,666	4,256

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).

4. SEGMENT INFORMATION *(continued)*

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	2018
	RM'000	*RM'000*
Revenue from external customers:		
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
	209,432	201,183

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 RM'000	2018 RM'000
Revenue from contracts with customers within IFRS 15		
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
	73,088	68,288
Logistics centre and related services business		
Warehousing and container depot services income	**51,841**	52,077
Railroad transportation services business		
Landbridge transportation services income	**17,658**	13,327
Landfeeder transportation services income	**1,445**	2,272
	19,103	15,599
Flexitank solution and related services business		
Income from flexitank solution	**62,359**	63,498
	206,391	199,462
Revenue from other source		
Logistics centre and related services business		
Rental income from warehouses	**3,041**	1,721
	209,432	201,183

5. REVENUE *(continued)*

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

	2019	2018
	RM'000	*RM'000*
Timing of revenue recognition:		
— at a point of time		
Income from flexitank solution	**62,359**	63,498
— 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	**1,445**	2,272
	144,032	135,964
	206,391	199,462

6. OTHER INCOME

	2019	2018
	RM'000	*RM'000*
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
	2,258	1,275

7. PROFIT BEFORE TAX

This is stated after charging (crediting):

	2019 *RM'000*	2018 *RM'000*
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
	4,418	2,726
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
Total staff costs (charged to "cost of services and goods sold" and "administrative and other operating expenses" and included in "inventories", as appropriate)	23,320	22,709
Other items		
Auditors' 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)

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

8. DIRECTORS' REMUNERATION

The Company was incorporated in the Cayman Islands on 7 March 2019. Dato' Chan Kong Yew was appointed as an executive director of the Company on 7 March 2019. Dato' Kwan Siew Deeg and Datin Lo Shing Ping were appointed as executive directors of the Company on 29 May 2019. Mr. Chan Leng Wai, Mr. Li Chi Keung and Mr. Tan Poay Teik were appointed as independent non-executive directors of the Company on 14 December 2019.

Certain directors of the Company received remuneration from the entities now comprising the Group during the years ended 31 December 2019 and 2018 for their appointment as employees of these entities. The aggregate amounts of remuneration received and receivable by the directors of the Company are set out below.

Year ended 31 December 2019

	Directors' fees	Salaries, allowances and other benefits in kinds	Discretionary bonus	Contributions to defined contribution plans	Total
	RM'000	*RM'000*	*RM'000*	*RM'000*	*RM'000*
Executive directors					
Dato' Chan Kong Yew	—	476	—	52	528
Dato' Kwan Siew Deeg	—	451	—	52	503
Datin Lo Shing Ping	—	253	—	21	274
Independent non-executive directors					
Mr. Chan Leng Wai	—	—	—	—	—
Mr. Li Chi Keung	—	—	—	—	—
Mr. Tan Poay Teik	—	—	—	—	—
	—	1,180	—	125	1,305

Year ended 31 December 2018

	Directors' fees	Salaries, allowances and other benefits in kinds	Discretionary bonus	Contributions to defined contribution plans	Total
	RM'000	*RM'000*	*RM'000*	*RM'000*	*RM'000*
Executive directors					
Dato' Chan Kong Yew	—	471	—	56	527
Dato' Kwan Siew Deeg	—	397	—	68	465
Datin Lo Shing Ping	—	229	—	21	250
	—	1,097	—	145	1,242

8. DIRECTORS' REMUNERATION *(continued)*

During the years ended 31 December 2019 and 2018, no emoluments were paid by the Group to any of these directors as an inducement to join or upon joining the Group, or as a compensation for loss of office. There was no arrangement under which a director waived or agreed to waive any remuneration during the years ended 31 December 2019 and 2018.

9. FIVE HIGHEST PAID INDIVIDUALS

An analysis of the five highest paid individuals during the years ended 31 December 2019 and 2018 is as follows:

	Number of individuals	
	2019	2018
Director	**3**	2
Non-director	**2**	3
	5	5

Details of the remuneration of the above highest paid non-director individuals are as follows:

	2019	2018
	RM'000	*RM'000*
Salaries, allowances and other benefits in kinds	**607**	632
Discretionary bonus	**—**	—
Contributions to defined contribution plans	**69**	71
	676	703

The number of these non-director individuals whose emoluments fell within the following emoluments band is as follows:

	Number of individuals	
	2019	2018
Nil to HK$1,000,000	**2**	3

During the years ended 31 December 2019 and 2018, no remuneration was paid by the Group to any of these highest paid non-director individuals as an inducement to join or upon joining the Group, or as a compensation for loss of office. There was no arrangement under which any of these highest paid non-director individuals waived or has agreed to waive any emoluments during the years ended 31 December 2019 and 2018.

10. INCOME TAX EXPENSES

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

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.

10. INCOME TAX EXPENSES *(continued)*

Reconciliation of income tax expenses

	2019	2018
	RM'000	*RM'000*
Profit before tax	**25,058**	26,179
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	**(1,402)**	(2,072)
Income tax expenses	**5,578**	3,676

11. 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	2018
	RM'000	*RM'000*
Profit for the year attributable to the owners of the Company, used in basic and diluted earnings per share calculation	**19,480**	22,529

	Number of shares	
	2019	2018
Weighted average number of ordinary shares for basic and diluted earnings per share calculation	**1,500,000,000**	1,500,000,000

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.

12. DIVIDENDS

	2019	2018
	RM'000	*RM'000*
Dividends declared to the then equity owners of the entities now comprising the Group	**18,544**	3,633

13. SUBSIDIARIES

Details of the subsidiaries at the end of each reporting period are as follows:

Name of subsidiaries	Place and date of incorporation	Particulars of paid up capital/ registered capital	Attributable equity interest held by the Company 2019	2018	Principal activities and place of operation
Directly held by the Company:					
ILNT 2926	The BVI, 19 February 2019	United States Dollars ("US$") 950	100%	—	Investment holding, Malaysia
IBL 2926	The BVI, 19 February 2019	US$950	100%	—	Investment holding, Malaysia
Indirectly held by the Company:					
ILNT Holding (MY)	Malaysia, 25 January 2019	RM2	100%	—	Investment holding, Malaysia
Infinity L&T (MY)	Malaysia, 7 November 2000	RM4,940,001	100%	100%	Integrated freight forwarding services, logistics centre and related services, railroad transportation services and investment holding, Malaysia
Infinity Lines (MY)	Malaysia, 3 October 2003	RM500,000	100%	100%	Freight forwarder and shipping agent services, Malaysia
Supply Stream Management (MY)	Malaysia, 18 September 2001	RM300,000	100%	100%	Freight forwarder and depot services, Malaysia
Infinity L&T (SG)	Singapore, 8 November 2010	SGD 2	100%	100%	Freight forwarder, packing and crating services, Singapore
KNS Infinity (MY)	Malaysia, 28 March 2011	RM300,000	100%	100%	Holding property for own use, Malaysia
Infinity L&T (Labuan)	Labuan, 9 May 2014	US$2	100%	100%	Sales of containers, Labuan
Infinity Flexitank Holding (MY)	Malaysia, 19 February 2019	RM2	100%	—	Investment holding, Malaysia
Infinity Bulk Logistics (MY)	Malaysia, 24 March 2003	RM1,000,000	100%	100%	Flexitank solution and related services and bulk logistics services, Malaysia
Infinity Bulk Logistics (Labuan)	Labuan, 12 May 2014	US$10,000	100%	100%	Flexitank solution and related services, Labuan
Optimus Flexitank (MY)	Malaysia, 7 January 2004	RM100,000	100%	100%	Freight forwarder and haulage services, Malaysia

14. PROPERTY, PLANT AND EQUIPMENT

	Right-of-use assets RM'000 (Note 22)	Buildings RM'000	Containers and tanks RM'000	Furniture and fittings RM'000	Computer and office equipment RM'000	Motor vehicles RM'000	Construction-in-progress RM'000	Total RM'000
Reconciliation of carrying amounts – year ended 31 December 2018								
At 1 January 2018	30,006	7,360	1,780	460	2,595	1,983	45,348	89,532
Additions	13,074	8,592	656	1,512	1,215	76	2,002	27,127
Transfers	32,051	10,949	105	—	(97)	2,340	(45,348)	—
Depreciation	(8,494)	(745)	(810)	(429)	(1,121)	(95)	—	(11,694)
Disposals	(35)	—	(84)	—	—	(1,720)	—	(1,839)
Exchange realignments	76	—	2	—	—	—	—	78
At 31 December 2018	66,678	26,156	1,649	1,543	2,592	2,584	2,002	103,204
Reconciliation of carrying amounts – year ended 31 December 2019								
At 1 January 2019	**66,678**	**26,156**	**1,649**	**1,543**	**2,592**	**2,584**	**2,002**	**103,204**
Additions	**14,431**	**27,617**	**1,171**	**315**	**994**	**10,751**	**150**	**55,429**
Transfers	**(4,007)**	**1,134**	**1,848**	**—**	**1,017**	**2,160**	**(2,152)**	**—**
Depreciation	**(6,706)**	**(1,433)**	**(106)**	**(490)**	**(1,330)**	**(2,154)**	**—**	**(12,219)**
Disposals	**—**	**—**	**(1,755)**	**—**	**(5)**	**(57)**	**—**	**(1,817)**
Exchange realignments	**(21)**	**—**	**(6)**	**—**	**—**	**—**	**—**	**(27)**
At 31 December 2019	**70,375**	**53,474**	**2,801**	**1,368**	**3,268**	**13,284**	**—**	**144,570**
At 31 December 2018								
Cost	84,672	30,111	6,737	2,783	9,764	17,010	2,002	153,079
Accumulated depreciation	(17,994)	(3,955)	(5,088)	(1,240)	(7,172)	(14,426)	—	(49,875)
Net carrying amounts	66,678	26,156	1,649	1,543	2,592	2,584	2,002	103,204
At 31 December 2019								
Cost	**88,616**	**58,862**	**10,789**	**3,098**	**11,770**	**28,259**	**—**	**201,394**
Accumulated depreciation	**(18,241)**	**(5,388)**	**(7,988)**	**(1,730)**	**(8,502)**	**(14,975)**	**—**	**(56,824)**
Net carrying amounts	**70,375**	**53,474**	**2,801**	**1,368**	**3,268**	**13,284**	**—**	**144,570**

At 31 December 2019, the Group's leasehold lands (included in right-of-use assets) and construction-in-progress with aggregate net carrying amount of approximately RM33,799,000 (2018: approximately RM34,148,000) were pledged to secure bank facilities granted to the Group *(Note 21)*.

At 31 December 2019, the Group's buildings with a total carrying amount of approximately RM38,429,000 (2018: approximately RM9,324,000) were pledged to secure bank facilities granted to the Group *(Note 21)*.

15. GOODWILL

	Integrated Freight Forwarding Services CGU *RM'000*
Reconciliation of carrying amounts	
At 1 January 2018	—
Acquisition of subsidiaries *(Note 29(a)&(b))*	904
Disposal of subsidiaries *(Note 30(a)&(b))*	(904)
At 31 December 2018, 1 January 2019 and 31 December 2019	—
Cost	286
Accumulated impairment loss	(286)
At 31 December 2018 and 2019	—

Goodwill of RM286,000 (gross amount) arising from the integrated freight forwarding services business (the "Integrated Freight Forwarding Services CGU") represented the acquisition of 100% equity interests in Infinity Lines (MY) at an aggregated consideration of RM1,025,000 in November 2007. The excess of fair value of the consideration transferred over the acquisition date fair value of the identifiable assets acquired and the liabilities assumed of approximately RM286,000 is recognised as goodwill, and was fully impaired in prior years.

16. INTEREST IN ASSOCIATES

	2019 *RM'000*	2018 *RM'000*
Share of net assets	**1**	33

Details of the associates at the end of each reporting period are as follows:

Name of the associates	Principal place of business and place of incorporation	Registered and paid-up capital	Proportion of value of registered and paid-up capital indirectly held by the Company **2019**	2018	Principal activities
AWH Infinity (MY)	Malaysia	RM2	**—**	*Note (a)*	Not yet commenced business
Asia Global Connection NP Sdn. Bhd.	Malaysia	RM100,000	**40%**	40%	Depot and transport handling services
Emirates Supply Chain Services Sdn. Bhd.	Malaysia	RM10	**30%**	—	Not yet commenced business

16. INTEREST IN ASSOCIATES *(continued)*

Note:

(a) During the year ended 31 December 2018, 99,998 ordinary shares were allotted by AWH Infinity (MY), in which 69,999 ordinary shares were issued to Infinity L&T (MY) at a consideration of approximately RM70,000, and was fully paid during the year. Upon completion of the allotment of shares, Infinity L&T (MY) held 70% equity interest in AWH Infinity (MY), AWH Infinity (MY) ceased to be an associate of the Group and became a non-wholly owned subsidiary of the Group. The transaction constituted a step acquisition as defined in IFRS 3. Further details of the step acquisition are set out in Note 29(b).

Subsequent to the step acquisition on 16 May 2018, the Group disposed of its entire interest in AWH Infinity (MY) to an independent third party on 26 December 2018, details of the disposal are set out in Note 30(b).

All of the above associates are accounted for using the equity method. There are no capital commitment and contingent liabilities in relation to the associates themselves.

Relationship with associates

The associates are principally engaged in logistic related business and do not directly and significantly compete with the Group's business.

Fair value of investments

All of the above associates are private companies and there is no quoted market price available for the investments.

Financial information of individually immaterial associates

The table below shows, in aggregate, the carrying amount and the Group's share of results of associates that are not individually material and accounted for using the equity method.

	2019	2018
	RM'000	*RM'000*
Carrying amount of interests	**1**	33

	2019	2018
	RM'000	*RM'000*
Group's share of:		
(Loss) Profit	**(32)**	33

17. INVENTORIES

	2019 RM'000	2018 RM'000
Raw materials	**4,124**	4,107
Finished goods	**4,252**	3,654
	8,376	7,761

18. TRADE AND OTHER RECEIVABLES

	Notes	2019 RM'000	2018 RM'000
Trade receivables			
From third parties		**43,734**	50,108
From related companies		**22**	1,271
		43,756	51,379
Less: Loss allowance	*31*	**(1,427)**	(2,966)
	18(a)	**42,329**	48,413
Other receivables			
Deposits paid		**2,099**	2,098
Other receivables		**605**	1,011
Prepayments		**2,790**	6,140
Due from related companies	*18(c)*	**—**	1,556
		5,494	10,805
		47,823	59,218

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.

18. TRADE AND OTHER RECEIVABLES *(continued)*

18(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 *RM'000*	2018 *RM'000*
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
	43,756	51,379
Less: Loss allowance	**(1,427)**	(2,966)
	42,329	48,413

Information about the Group's exposure to credit risks and loss allowance for trade and other receivables is included in Note 31.

18. TRADE AND OTHER RECEIVABLES *(continued)*

18(b) Due from an associate

The amount due is non-trade in nature, unsecured, interest-free and repayable on demand. No provision has been made for non-repayment of the amount due during the years ended 31 December 2019 and 2018.

The Group does not hold any collateral over these balances.

Details of the amount due from an associate are as follows:

	Year ended 31 December 2019		
	Greatest outstanding amount during the year	**Balance at 31.12.2019**	**Balance at 1.1.2019**
	RM'000	***RM'000***	***RM'000***
AWH Infinity (MY)	**—**	**—**	**—**

	Year ended 31 December 2018		
	Greatest outstanding amount during the year	Balance at 31.12.2018	Balance at 1.1.2018
	RM'000	*RM'000*	*RM'000*
AWH Infinity (MY)	5	—	2

18(c) Due from related companies

The amounts due are non-trade in nature, unsecured, interest-free and repayable on demand. No provision has been made for non-repayment of the amounts due during the years ended 31 December 2019 and 2018.

The Group does not hold any collateral over these balances.

18. TRADE AND OTHER RECEIVABLES *(continued)*

18(c) Due from related companies *(continued)*

Details of the amounts due from related companies ultimately controlled by the Ultimate Controlling Parties are as follows:

	Year ended 31 December 2019		
	Greatest outstanding amount during the year	**Balance at 31.12.2019**	**Balance at 1.1.2019**
	RM'000	***RM'000***	***RM'000***
Infinity Shipping Sdn. Bhd. ("Infinity Shipping")	**781**	**—**	**781**
Lite Bulk Sdn. Bhd. ("Lite Bulk")	**510**	**—**	**510**
Qingdao Infinity Supply Chain Management Sdn. Bhd. ("Qingdao Infinity")	**265**	**—**	**265**
		—	**1,556**

	Year ended 31 December 2018		
	Greatest outstanding amount during the year	Balance at 31.12.2018	Balance at 1.1.2018
	RM'000	*RM'000*	*RM'000*
Infinity Shipping	781	781	665
Lite Bulk	610	510	569
Qingdao Infinity	265	265	265
		1,556	1,499

19. RESTRICTED BANK BALANCES

Pursuant to the bank guarantee agreements signed with a bank in Malaysia, the amounts represent deposits in the bank in Malaysia maintained solely for the issuance of bank guarantee to the extent of approximately RM35,000 and RM31,000 at 31 December 2019 and 2018, respectively, to suppliers and are restricted for use by the Group for any other purposes. The restricted bank balances are denominated in RM. None of the bank guarantee was utilised by the Group at 31 December 2019 and 2018.

20. TRADE AND OTHER PAYABLES

	Notes	2019 RM'000	2018 RM'000
Trade payables			
To third parties		18,089	24,235
To related companies		1,081	2,258
	20(a)	19,170	26,493
Other payables			
Accruals and other payables *(Note)*		7,038	5,569
Other payables for acquisition of property, plant and equipment		6,354	—
Provision for leakage claims	20(b)	213	2,392
Contract liabilities	20(c)	231	839
Due to the Ultimate Controlling Parties	20(d)	—	4,579
Due to related companies	20(d)	—	210
		13,836	13,589
		33,006	40,082

Note:

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

20(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 RM'000	2018 RM'000
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
	19,170	26,493

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

20. TRADE AND OTHER PAYABLES *(continued)*

20(b) Provision for leakage claims

	2019 RM'000	2018 RM'000
At the beginning of the reporting period	**2,392**	4,451
Reversal	**(506)**	(1,684)
Utilisation	**(1,673)**	(375)
At the end of the reporting period	**213**	2,392

In the ordinary course of business, the Group will rectify any defects arising within two years from the date of provision of flexitank solution and related services. Provision is therefore made for the best estimate of the expected settlement under these agreements in respect of provision of flexitank solution and related services made within two years prior to the end of the reporting period. The amount of provision takes into account the Group's recent claims experience.

20(c) Contract liabilities

The movements (excluding those arising from increases and decreases both occurred within the same year) of contract liabilities from contracts with customers within IFRS 15 during the years ended 31 December 2019 and 2018 are as follows:

	2019 RM'000	2018 RM'000
At the beginning of the reporting period	**839**	44
Receipt of advances	**231**	839
Recognised as revenue	**(839)**	(44)
At the end of the reporting period	**231**	839

For the year ended 31 December 2019, there is a decrease in contract activities which involve negotiation of prepayments, thereby decreasing the amount arising from the receipt of advances or recognition of receivables.

The Group applies the practical expedient and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

20(d) Due to the Ultimate Controlling Parties/related companies

The amounts due are non-trade in nature, unsecured, interest-free and repayable on demand. The related companies are ultimately controlled by the Ultimate Controlling Parties.

21. BANK OVERDRAFTS AND INTEREST-BEARING BORROWINGS

At the end of the reporting period, the details of the bank overdrafts and interest-bearing borrowings of the Group are as follows:

	Notes	2019 RM'000	2018 RM'000
Bank overdrafts — secured	21(a)	**9,358**	8,695
Interest-bearing borrowings — secured	21(b)	**59,971**	34,815
		69,329	43,510

21(a) Bank overdrafts – secured

	2019		2018	
	Interest rate (%)	RM'000	Interest rate (%)	RM'000
Bank overdrafts – secured	**Base financing rate + 4% per annum**	**9,358**	Base financing rate + 4% per annum	8,695

21(b) Interest-bearing borrowings

At 31 December 2019, the interest-bearing borrowings represent amounts due to various banks which are repayable ranging from within one year to over five years (2018: within one year to over five years) since its inception.

At 31 December 2019, the weighted average effective interest rate on interest-bearing borrowings was 4.85% (2018: 4.85%) per annum.

At the end of each reporting period, details of the interest-bearing borrowings of the Group are as follows:

	2019 RM'000	2018 RM'000
Secured bank borrowings		
— Current portion	**9,193**	2,540
— Non-current portion	**50,778**	32,275
	59,971	34,815

21. BANK OVERDRAFTS AND INTEREST-BEARING BORROWINGS *(continued)*

21(b) Interest-bearing borrowings *(continued)*

	2019 *RM'000*	2018 *RM'000*
Carrying amounts of the above borrowings are repayable:		
Within one year	**9,193**	2,540
More than one year, but not exceeding two years	**5,004**	2,659
More than two years, but not exceeding five years	**15,055**	8,012
Over five years	**30,719**	21,604
	59,971	34,815
Less: amounts shown under current liabilities	**(9,193)**	(2,540)
Amounts shown under non-current liabilities	**50,778**	32,275

At 31 December 2019 and 2018, the bank overdrafts and interest-bearing borrowings are secured by:

(i) leasehold lands and construction-in-progress owned by the Group with aggregate net carrying amount of approximately RM33,799,000 (2018: approximately RM34,148,000), as set out in Note 14;

(ii) buildings owned by the Group with aggregate net carrying amount of approximately RM38,429,000 (2018: approximately RM9,324,000), as set out in Note 14;

(iii) a building owned by a related company ultimately controlled by the Ultimate Controlling Parties; and

(iv) guarantees provided by the Ultimate Controlling Parties.

All of the banking facilities are subject to the fulfilment of covenants relating to certain subsidiaries' financial ratios based on their statements of financial position, as are commonly found in lending arrangements with financial institutions. If the subsidiaries were to breach the covenants, the drawn down facilities would become repayable on demand. At 31 December 2019 and 2018, none of the covenants relating to drawn down facilities had been breached.

The collaterals and guarantees provided by the Ultimate Controlling Parties and/or the related company were released and replaced by a corporate guarantee to be given by the Group upon the Listing.

22. LEASES

	2019 RM'000	2018 RM'000
Right-of-use assets *(Note 14)*		
Leased properties	**29,194**	19,340
Leasehold lands	**37,509**	38,023
Containers	**3,672**	6,974
Motor vehicles	**—**	2,341
	70,375	66,678

	2019 RM'000	2018 RM'000
Lease liabilities		
Current	**7,471**	5,360
Non-current	**19,754**	19,681
	27,225	25,041

In addition to the information disclosed in Notes 7 and 14, the Group had the following amounts relating to leases during the years ended 31 December 2019 and 2018:

	2019 RM'000	2018 RM'000
Depreciation charge of right-of-use assets		
Leased properties	**3,650**	2,689
Leasehold lands	**514**	398
Containers	**2,023**	1,655
Motor vehicles	**519**	3,752
	6,706	8,494

The total cash outflow for leases was approximately RM13,596,000 (2018: RM11,695,000) for the year ended 31 December 2019.

22. LEASES *(continued)*

Lease liabilities:

	Lease payments		Present value of lease payments	
	2019	2018	**2019**	2018
	RM'000	*RM'000*	***RM'000***	*RM'000*
Amount payable:				
Within one year	**9,016**	6,884	**7,471**	5,360
More than one year, but not exceeding two years	**6,289**	4,324	**5,162**	3,425
More than two years, but not exceeding five years	**6,501**	7,642	**4,101**	4,947
After five years	**20,192**	21,739	**10,491**	11,309
	41,998	40,589	**27,225**	25,041
Less: future finance charges	**(14,773)**	(15,548)	**—**	—
Total lease liabilities	**27,225**	25,041	**27,225**	25,041

23. DEFERRED TAXATION

The movement in the Group's deferred tax liabilities arising from depreciation allowance for the years ended 31 December 2019 and 2018 was as follows:

	2019	2018
	RM'000	*RM'000*
At the beginning of the reporting period	**544**	960
Credited to profit or loss *(Note 10)*	**(445)**	(416)
At the end of the reporting period	**99**	544

24. 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)*	14,962,000,000	149,620,000	80,010,700
At 31 December 2019		**15,000,000,000**	**150,000,000**	**80,213,900**
Issued and fully paid:				
At 7 March 2019 (date of incorporation)	*(i)*	1	0.01	—*
Issuance of shares under the Reorganisation	*(ii)*	1,999	19.99	11
At 31 December 2019		**2,000**	**20.00**	**11**

* *Represents amount less than RM1.*

Notes:

(i) Upon incorporation, 1 ordinary share was allotted and issued to Dato' Chan Kong Yew at par value.

(ii) On 13 December 2019, the Company acquired all the issued shares of ILNT 2926 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.

25. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Pursuant to the disclosure requirement of the Hong Kong Companies Ordinance, the statement of financial position of the Company and the movement in its reserves is set out below:

	Notes	2019 RM'000
Non-current assets		
Investment in subsidiaries		—*
Current liabilities		
Amount due to subsidiaries		(34)
NET LIABILITIES		(34)
Capital and reserves		
Share capital	24	—*
Reserves	26(c)	(34)
TOTAL DEFICIT		(34)

* *Represents amount less than RM1,000.*

The statement of financial positon of the Company was approved and authorised for issue by the Board of Directors on 27 March 2020 and signed on its behalf by

Dato' Chan Kong Yew
Director

Dato' Kwan Siew Deeg
Director

26. RESERVES

26(a) Capital reserve

Capital reserve of the Group represents the aggregate amount of the paid-up share capital of the entities now comprising the Group before completion of the Reorganisation less consideration paid to acquire the relevant interests (if any) in relation to the Reorganisation.

26(b) Exchange reserve

The translation reserve comprises all foreign exchange differences arising from the translation of foreign operations for combinations.

26(c) Movements of reserves of the Company

The movement in reserves of the Company from 7 March 2019 (date of incorporation) to 31 December 2019 represents the corporate administrative costs of the Company.

27. ADDITIONAL INFORMATION ON CASH FLOWS

(a) Major non-cash transactions

In addition to the information disclosed elsewhere in the consolidated financial statements, the Group had the following major non-cash transactions:

(i) During the year ended 31 December 2019, the Group entered into lease arrangements in respect of right-of-use assets with a total capital value at the inception of the leases of approximately RM14,161,000 (2018: approximately RM12,716,000).

(ii) During the year ended 31 December 2019, the Group incurred payables of approximately RM6,354,000 (2018: Nil) to the constructors for the addition of property, plants and equipment.

27. ADDITIONAL INFORMATION ON CASH FLOWS *(continued)*

(b) Reconciliation of liabilities arising from financing activities

The movements during the years ended 31 December 2019 and 2018 in the Group's liabilities arising from financing activities are as follows:

	At 1 January 2019	Net cash flows	Non-cash changes: Additions to property, plant and equipment	Non-cash changes: Declaration of dividends	Non-cash changes: Exchange differences	At 31 December 2019
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Year ended 31 December 2019						
Dividends payables	—	(18,544)	—	18,544	—	—
Due from related companies, net	(1,346)	1,346	—	—	—	—
Due to the Ultimate Controlling Parties	4,579	(4,579)	—	—	—	—
Interest-bearing borrowings	34,815	25,156	—	—	—	59,971
Lease liabilities	25,041	(11,967)	14,161	—	(10)	27,225
	63,089	(8,588)	14,161	18,544	(10)	87,196

	At 1 January 2018	Net cash flows	Non-cash changes: Additions to property, plant and equipment	Non-cash changes: Declaration of dividends	Non-cash changes: Exchange differences	At 31 December 2018
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Year ended 31 December 2018						
Dividends payables	—	(3,633)	—	3,633	—	—
Due from an associate	(2)	2	—	—	—	—
Due from related companies, net	(1,083)	(263)	—	—	—	(1,346)
Due to the Ultimate Controlling Parties	8,291	(3,712)	—	—	—	4,579
Interest-bearing borrowings	31,217	3,598	—	—	—	34,815
Lease liabilities	20,137	(7,851)	12,716	—	39	25,041
	58,560	(11,859)	12,716	3,633	39	63,089

28. RELATED/CONNECTED PARTY TRANSACTIONS

In addition to the transactions/information disclosed elsewhere in the consolidated financial statements, the Group had the following related/connected party transactions during the years ended 31 December 2019 and 2018:

(a) Transaction between the group entities have been eliminated on consolidation/combination and are not disclosed. During the years ended 31 December 2019 and 2018, the Group had the following significant transactions with an associate and related companies. In the opinion of the management of the Group, they are under normal commercial terms that are fair and reasonable and in the best interests of the Group.

Related party relationship	Nature of transaction	2019 RM'000	2018 RM'000
An associate	Logistics and related services income	—	4
	Logistics and related services costs	71	88
Related companies controlled by the Ultimate Controlling Parties	Logistics and related services income	58	1,564
	Logistics and related services costs	1,197	2,000

(b) Remuneration for key management personnel (including directors) of the Group:

	2019 RM'000	2018 RM'000
Salaries, allowances and other benefits in kinds	1,428	1,341
Discretionary bonus	—	—
Contributions to defined contribution plans	151	166
	1,579	1,507

Further details of the directors' remuneration are set out in Note 8.

29. ACQUISITION OF SUBSIDIARIES

(a) Acquisition of BLS Infinity (MY)

On 29 January 2018, the Group acquired 51% equity interest in BLS Infinity (MY), which principally engaged in the provision of trucking services in Malaysia. The Group has selected to measure the non-controlling interest at its proportionate interest in the identifiable assets and liabilities of the acquiree.

The following summarises the consideration paid and the assets acquired and liabilities assumed, as well as the amount of non-controlling interest and goodwill recognised at the date of acquisition:

	RM'000
Recognised amounts of the identifiable assets acquired and liabilities assumed:	
Bank balances and cash	97
Trade and other receivables	500
Trade and other payables	(2,233)
Total identifiable net liabilities	(1,636)
Non-controlling interests	802
Goodwill arising on acquisition	885
Total consideration	51
Satisfied by:	
Cash	51

Analysis of the net inflow of bank balances and cash in respect of the acquisition of BLS Infinity (MY) is as follows:

	RM'000
Net cash acquired from the subsidiary	97
Consideration paid	(51)
	46

Since acquisition and until disposal as set out in Note 30(a), the acquired business has contributed revenue of approximate RM2,946,000 and contributed a loss of approximately RM51,000 to the Group included in profit or loss for the year ended 31 December 2018.

If the business combinations effected during the year ended 31 December 2018 had been taken place at 1 January 2018, the revenue and profits of the Group would be increased by approximately RM173,000 and decreased by approximately RM4,000, respectively.

29. ACQUISITION OF SUBSIDIARIES *(continued)*

(b) Step acquisition of AWH Infinity (MY)

On 16 May 2018, AWH Infinity (MY) completed the allotment of 99,998 ordinary shares, in which 69,999 ordinary shares were issued to the Group. Upon completion of the allotment, the Group held 70% equity interest in AWH Infinity (MY). Prior to the business combination, the Group already held 50% equity interest in AWH Infinity (MY). The Group has selected to measure the non-controlling interest at its proportionate interest in the identifiable assets and liabilities of the acquiree.

Details of the carrying amount and fair value of the Group's equity interest held in AWH Infinity (MY) before business combination on 16 May 2018 are summarised as follows:

	RM'000
Carrying amount of equity interest held before the business combination	—

The following summarises the fair value of the consideration paid and the assets acquired and liabilities assumed, as well as the amount of non-controlling interest and goodwill recognised at the date of acquisition:

	RM'000
Recognised amounts of the identifiable assets acquired and liabilities assumed:	
Bank balances and cash	97
Trade and other payables	(24)
Total identifiable net assets	73
Non-controlling interest	(22)
Goodwill arising on acquisition	19
Total consideration	70
Satisfied by:	
Cash	70

29. ACQUISITION OF SUBSIDIARIES *(continued)*

(b) Step acquisition of AWH Infinity (MY) *(continued)*

Analysis of the net inflow of bank balances and cash in respect of the acquisition of AWH Infinity (MY) is as follows:

	RM'000
Net cash acquired from the subsidiary	97
Consideration paid	(70)
	27

Since acquisition and until disposal set out in Note 30(b), the acquired business made no significant contribution to revenue and results of the Group.

The acquired business made no significant contribution to revenue and results of the Group for the year ended 31 December 2018 if the above acquisition had been taken place at 1 January 2018.

30. DISPOSAL OF SUBSIDIARIES

(a) Disposal of BLS Infinity (MY)

Following the acquisition of 51% equity interest as detailed in Note 29(a), the Group agreed with an independent third party to dispose of its entire equity interest in BLS Infinity (MY) which engaged in trucking services at a consideration of RM51,000. The disposal was completed on 29 December 2018. The net liabilities of BLS Infinity (MY) at the date of the disposal were as follows:

	RM'000
Trade and other receivables	816
Bank balances and cash	51
Trade and other payables	(2,554)
Total identifiable net liabilities	(1,687)
Non-controlling interests	827
Goodwill	885
Gain on disposal of BLS Infinity (MY)	26
Total consideration	51
Satisfied by:	
Cash	51

30. DISPOSAL OF SUBSIDIARIES *(continued)*

(a) Disposal of BLS Infinity (MY) *(continued)*

Analysis of the net cash flow of bank balances and cash in respect of the disposal of BLS Infinity (MY) is as follows:

	RM'000
Cash consideration	51
Bank balances and cash disposed of	(51)
Net cash flow of bank balances and cash on disposal	—

(b) Disposal of AWH Infinity (MY)

Following the step acquisition as detailed in Note 29(b), the Group agreed with an independent third party to dispose of its entire equity interest in AWH Infinity (MY) at a consideration of RM70,000. The disposal was completed on 26 December 2018. The net assets of AWH Infinity (MY) at the date of the disposal were as follows:

	RM'000
Bank balances and cash	95
Trade and other payables	(24)
Total identifiable net assets	71
Non-controlling interests	(21)
Goodwill	19
Gain on disposal of AWH Infinity (MY)	1
Total consideration	70
Satisfied by:	
Cash	70

Analysis of the net outflow of bank balances and cash in respect of the disposal of AWH Infinity (MY) is as follows:

	RM'000
Cash consideration	70
Bank balances and cash disposed of	(95)
Net outflow of bank balances and cash on disposal	(25)

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise of trade and other receivables, current accounts with an associate, related companies and the Ultimate Controlling Parties, restricted bank balances, bank balances and cash, trade and other payables, bank overdrafts, interest-bearing borrowings and lease liabilities. Details of these financial instruments are disclosed in respective notes.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Group generally adopts conservative strategies on its risk management and limits the Group's exposure to these risks to a minimum level as follows:

Interest rate risk

At 31 December 2019, the Group's exposure to market risk for changes in interest rates relates primarily to the Group's bank overdrafts and interest-bearing borrowings of approximately RM69,329,000 (2018: approximately RM43,510,000) with floating interest rate. The Group currently does not have a policy to hedge against the interest rate risk as the management of the Group does not expect any significant interest rate risk at the end of each reporting period.

At the end of the reporting period, if interest rate has been 100 (2018: 100) basis points higher/lower and all other variables were held constant, the Group's pre-tax results would decrease/increase by approximately RM693,000 (2018: approximately RM435,000) for the year ended 31 December 2019.

The sensitivity analysis above has been determined assuming that the change in interest rate had occurred throughout the year and had been applied to the exposure to interest rate risk for the closing balance of bank overdrafts and interest-bearing borrowings in existence at the end of each reporting period. The stated changes represent management's assessment of a reasonably possible change in interest rates over the next twelve months after the end of reporting period.

In the opinion of the management of the Group, the sensitivity analysis is unrepresentative of the inherent interest rate risk because the exposure at the end of each reporting period does not reflect the exposure during the years ended 31 December 2019 and 2018.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Foreign currency risk

The Group's transactions are mainly denominated in RM, SGD and US$.

Certain financial assets and financial liabilities of the Group are denominated in currencies other than the functional currency of the respective group entities and therefore exposed to foreign currency risk. The carrying amounts of those financial assets and liabilities are analysed as follows:

	Financial assets		Financial liabilities	
	2019	2018	**2019**	2018
	RM'000	*RM'000*	***RM'000***	*RM'000*
SGD	**1,356**	1,529	**707**	548
US$	**29,161**	36,045	**6,328**	8,755

The following table indicates the approximate change in the Group's pre-tax results if exchange rates of SGD and US$ had changed against the functional currencies of the respective group entities by 5% and all other variables were held constant at the end of each reporting period.

	2019		2018	
	Increase (decrease) in foreign exchange rates	**Effect on profit before tax**	Increase (decrease) in foreign exchange rates	Effect on profit before tax
		RM'000		*RM'000*
SGD	**5%**	**32**	5%	49
	(5%)	**(32)**	(5%)	(49)
US$	**5%**	**1,142**	5%	1,365
	(5%)	**(1,142)**	(5%)	(1,365)

The sensitivity analysis has been determined assuming that the changes in foreign exchange rates had occurred at the end of each reporting period and had been applied to the Group's exposure to currency risk for financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant.

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the next 12 months after the end of each reporting period.

In the opinion of the management of the Group, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of each reporting period does not reflect the exposure during the years ended 31 December 2019 and 2018.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Credit risk

Credit risk refers to the risk that debtors will default on their obligations to repay the amounts due to the Group, resulting in a loss to the Group. The Group's credit risk is mainly attributable to trade and other receivables, restricted bank balances and bank balances and cash. The Group limits its exposure to credit risk by selecting the counterparties with reference to their past credit history and/or market reputation. The Group's maximum exposure to the credit risk is summarised as follows:

	2019	2018
	RM'000	*RM'000*
Trade and other receivables	45,033	53,078
Restricted bank balances	35	31
Bank balances and cash	17,180	24,682
	62,248	77,791

Trade receivables

The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The Group limits its exposure to credit risk from trade receivables by establishing a maximum payment period of two months.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate also has an influence on credit risk but to a lesser extent. Credit quality of a customer is assessed based on an extensive credit rating and individual credit limit assessment which is mainly based on the Group's own trading records.

At 31 December 2019, the Group had a concentration of credit risk as approximately 7% (2018: 15%) of the total trade receivables was due from the Group's largest trade debtor, and approximately 20% (2018: 37%) of the total trade receivables was due from the Group's five largest trade debtors, respectively.

The Group's customer base consists of a wide range of clients and the trade receivables are categorised by common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The Group applies a simplified approach in calculating ECL of trade receivables and recognises a loss allowance based on lifetime ECL at each reporting date and has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The expected loss rate used in the provision matrix is calculated for each category based on historical observed loss rates over the expected life of the trade receivables and adjusted for current and forward-looking factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's estimate on future economic conditions over the expected lives of the receivables.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Credit risk *(continued)*

Trade receivables *(continued)*

There was no change in the estimation techniques or significant assumptions made during the years ended 31 December 2019 and 2018.

At the end of each reporting period, the ageing analysis of the trade receivables of by due date is as follow:

	2019 RM'000	2018 RM'000
Not yet due	19,081	17,345
Past due:		
Within 30 days	11,191	10,842
31 to 60 days	5,930	7,334
61 to 90 days	3,119	6,628
Over 90 days	4,435	9,230
	24,675	34,034
	43,756	51,379
Less: Loss allowance	(1,427)	(2,966)
	42,329	48,413

The information about the exposure to credit risk and ECL for trade receivables using a provision matrix is as follows:

	Expected loss rate %	Gross carrying amounts RM'000	Loss allowance RM'000	Net carrying amounts RM'000
At 31 December 2019				
Not past due	2%	19,081	(396)	18,685
1-30 days past due	1%	11,191	(155)	11,036
31-60 days past due	1%	5,930	(67)	5,863
61-90 days past due	7%	3,119	(36)	3,083
Over 90 days past due	12%	4,144	(482)	3,662
Individually impaired	100%	291	(291)	—
		43,756	(1,427)	42,329

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Credit risk *(continued)*

Trade receivables *(continued)*

	Expected loss rate %	Gross carrying amounts *RM'000*	Loss allowance *RM'000*	Net carrying amounts *RM'000*
At 31 December 2018				
Not past due	1%	17,345	(181)	17,164
1-30 days past due	3%	10,842	(323)	10,519
31-60 days past due	3%	7,334	(247)	7,087
61-90 days past due	4%	6,628	(175)	6,453
Over 90 days past due	9%	8,125	(935)	7,190
Individually impaired	100%	1,105	(1,105)	—
		51,379	(2,966)	48,413

Included in the loss allowance at 31 December 2019, was provision for doubtful debts for specific unsecured trade receivables with balances of approximately RM291,000 (2018: approximately RM1,105,000), which the debtors have no recent business relationship with the Group and the Group expects the outstanding amounts could not be recovered in a foreseeable future.

The Group does not hold any collateral over trade receivables at 31 December 2019 and 2018.

The movement in the loss allowance for trade receivables is as follows:

	2019 ***RM'000***	2018 *RM'000*
At the beginning of the reporting period	**2,966**	3,836
Reversal of loss allowance	**(1,447)**	(516)
Write off	**(92)**	(354)
At the end of the reporting period	**1,427**	2,966

At 31 December 2019, mainly due to a decrease in days past due over 60 days resulted in a reversal in loss allowance. Trade receivables of approximately RM92,000 (2018: approximately RM354,000) written off during the year ended 31 December 2019, are still subject to enforcement activities.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Credit risk *(continued)*

Amounts due from an associate, related companies and other receivables

The Group considers that the amounts due from an associate, related companies and other receivables have low credit risk based on the borrowers' strong capacity to meet its contractual cash flow obligations in the near term and low risk of default.

Restricted bank balances and bank balances and cash

The management of the Group considers the credit risk in respect of restricted bank balances and bank balances and cash is minimal because the counter-parties are authorised financial institutions with high credit ratings.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility. The Group has no specific policy for managing its liquidity. The undiscounted contractual maturity profile of the Group's financial liabilities at the end of each reporting period, based on the contractual undiscounted payments, is summarised below:

	Total carrying amounts	Total contractual undiscounted cash flows	Less than 1 year or on demand	1 to 2 years	2 to 5 years	Over 5 years
	RM'000	*RM'000*	*RM'000*	*RM'000*	*RM'000*	*RM'000*
At 31 December 2019						
Trade and other payables	**32,562**	**32,562**	**32,562**	**—**	**—**	**—**
Bank overdrafts	**9,358**	**9,358**	**9,358**	**—**	**—**	**—**
Interest-bearing borrowings	**59,971**	**75,414**	**11,804**	**7,369**	**20,661**	**35,580**
Lease liabilities	**27,225**	**41,998**	**9,016**	**6,289**	**6,501**	**20,192**
	129,116	**159,332**	**62,740**	**13,658**	**27,162**	**55,772**
At 31 December 2018						
Trade and other payables	36,851	36,851	36,851	—	—	—
Bank overdrafts	8,695	8,695	8,695	—	—	—
Interest-bearing borrowings	34,815	46,084	4,164	4,152	11,734	26,034
Lease liabilities	25,041	40,589	6,884	4,324	7,642	21,739
	105,402	132,219	56,594	8,476	19,376	47,773

Fair value

All financial assets and liabilities are carried at amounts not materially different from their fair values at 31 December 2019 and 2018.

32. COMMITMENTS

(a) Lease commitments

The Group as lessor

The Group leases out its warehouses under operating leases with average lease terms of 2 years and with options to renew the leases upon expiry at new terms. The future aggregate minimum rental receivables under non-cancellable operating leases are as follows:

	2019 RM'000	2018 RM'000
Within one year	5,929	1,794
Over one year but within two years	6,008	1,409
Over two years but within three years	1,517	72
	13,454	3,275

The unguaranteed residual value risk from the Group's warehouses under operating lease is not significant, as the warehouses located in a location with a constant increase in value over prior years.

(b) Capital expenditure commitments

	2019 RM'000	2018 RM'000
Contracted but not provided for acquisition of property, plant and equipment	576	23,620

33. CAPITAL MANAGEMENT

The objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to provide returns for equity owners. The Group manages its capital structure and makes adjustments, including payment of dividend to equity owners, call for additional capital from equity owners or sale of assets to reduce debts. No changes were made in the objectives, policies or processes during the years ended 31 December 2019 and 2018.

FINANCIAL SUMMARY

The following is a summary of the published results and assets and liabilities of the Group for the last four financial years. The financial information for the year ended 31 December 2018 and 2019 is extracted from the consolidated financial statement in this annual report while such for the years ended 31 December 2016 and 2017 is extracted from the prospectus of the Company dated 30 December 2019.

RESULTS

	FY2016 *(RM'000)*	FY2017 *(RM'000)*	FY2018 *(RM'000)*	**FY2019** ***(RM'000)***
Revenue	189,253	188,613	201,183	**209,432**
Profit before tax	12,723	10,649	26,179	**25,058**
Income tax expenses	(906)	(1,716)	(3,676)	**(5,578)**
Profit for the year	11,817	8,933	22,503	**19,480**
Profit for the year attributable to:				
Equity holders of the Company	11,817	8,933	22,529	**19,480**
Non-controlling interest	—	—	(26)	**—**
	11,817	8,933	22,503	**19,480**

ASSETS AND LIABILITIES

	FY2016 *(RM'000)*	FY2017 *(RM'000)*	FY2018 *(RM'000)*	**FY2019** ***(RM'000)***
Total assets	136,633	170,769	195,052	**218,108**
Total liabilities	80,694	107,031	112,309	**134,811**
	55,939	63,738	82,743	**83,297**
Equity attributable to:				
Equity holders of the Company	55,939	63,738	82,743	**83,297**
Non-controlling interest	—	—	—	**—**
	55,939	63,738	82,743	**83,297**