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INFINITY LOGISTICS AND TRANSPORT VENTURES LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1442)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

The board (the “**Board**”) of directors (the “**Directors**”) of Infinity Logistics and Transport Ventures Limited (the “**Company**”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2022 together with the comparative figures for the corresponding period in 2021.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	<i>Notes</i>	Six months ended 30 June	
		2022	2021
		<i>RM’000</i>	<i>RM’000</i>
		(unaudited)	(unaudited)
Revenue	4	179,709	128,032
Cost of services and goods sold		<u>(134,484)</u>	<u>(97,318)</u>
Gross profit		45,225	30,714
Other income		1,146	1,789
Administrative and other operating expenses		(18,167)	(9,614)
Provision for loss allowance of trade receivables		(100)	(248)
Finance costs		(3,914)	(1,752)
Share of results of associates		<u>18</u>	<u>(150)</u>
Profit before tax	5	24,208	20,739
Income tax expenses	6	<u>(2,398)</u>	<u>(3,019)</u>

	Six months ended 30 June	
	2022	2021
	<i>Notes</i> RM'000 (unaudited)	RM'000 (unaudited)
Profit for the period	21,810	17,720
Other comprehensive income		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on consolidation	114	911
<i>Item that will not be reclassified to profit or loss:</i>		
Exchange differences on translation of the Company's financial statements to presentation currency	5,850	1,383
	5,964	2,294
Total comprehensive income for the financial period	27,774	20,014
Profit for the period attributable to:		
Equity holders of the Company	21,762	17,720
Non-controlling interest	48	—
	21,810	17,720
Total comprehensive income attributable to:		
Equity holders of the Company	27,726	20,014
Non-controlling interest	48	—
	27,774	20,014
Earnings per share attributable to equity holders of the Company		
Basic and diluted	7	7
	1.06 RM sen	0.89 RM sen

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2022

		At 30 June 2022 <i>RM'000</i> (unaudited)	At 31 December 2021 <i>RM'000</i> (audited)
Non-current assets			
Property, plant and equipment		324,376	220,197
Club membership		90	90
Goodwill		311	–
Interest in associates		546	559
Deposits paid for acquisition of property, plant and equipment		–	6,576
		<u>325,323</u>	<u>227,422</u>
Current assets			
Inventories		17,413	15,741
Trade and other receivables	9	140,999	114,067
Income tax recoverable		2,120	2,085
Restricted bank balances		37	35
Bank balances and cash		33,125	53,684
		<u>193,694</u>	<u>185,612</u>
Current liabilities			
Trade and other payables	10	57,149	45,036
Bank overdrafts		15,426	12,674
Interest-bearing borrowings		10,703	5,037
Lease liabilities		15,344	5,537
		<u>98,622</u>	<u>68,284</u>
Net current assets		<u>95,072</u>	<u>117,328</u>
Total assets less current liabilities		<u>420,395</u>	<u>344,750</u>

		At 30 June 2022 <i>RM'000</i> (unaudited)	At 31 December 2021 <i>RM'000</i> (audited)
Non-current liabilities			
Interest-bearing borrowings		38,087	40,650
Lease liabilities		84,005	33,438
Deferred tax liabilities		5,163	5,163
		<u>127,255</u>	<u>79,251</u>
NET ASSETS		<u><u>293,140</u></u>	<u><u>265,499</u></u>
Capital and reserves			
Share capital	<i>11</i>	10,866	10,866
Reserves		282,359	254,633
		<u>293,225</u>	265,499
Non-controlling interest		<u>(85)</u>	<u>—</u>
TOTAL EQUITY		<u><u>293,140</u></u>	<u><u>265,499</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

1. BASIS OF PREPARATION

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

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2022 (the “**Interim Financial Statements**”) have been prepared in accordance with International Accounting Standard (“**IAS**”) 34 “Interim Financial Reporting” issued by International Accounting Standard Board (the “**IASB**”) and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

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

The Interim Financial Statements include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since 31 December 2021, and therefore, do not include all of the information required for full set of financial statements prepared in accordance with the International Financial Reporting Standards (“**IFRSs**”), which collective term includes all applicable individual IFRSs, IASs and Interpretations issued by the IASB. They shall be read in conjunction with the audited consolidated financial statements of the Group for the year ended 31 December 2021 (the “**2021 Financial Statements**”).

In preparing the Interim Financial Statements, significant judgements made by the management of the Group in applying the Group’s accounting policies and the key sources of estimation uncertainty are the same as those that applied in the 2021 Financial Statements.

2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies and methods of computation used in the Interim Financial Statements are consistent with those followed in the preparation of the 2021 Financial Statements.

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

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

3. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being identified as the chief operating decision makers (“CODM”), for the purposes of resource allocation and assessment of segment performance focuses on types of goods delivered or services rendered. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group’s reportable and operating segments are as follows:

1. Integrated freight forwarding services segment: provision of non-vessel operating common carriers (“NVOCC”) and freight forwarding services;
2. Logistics centre and related services segment: provision of warehousing and container depot services;
3. Land transportation services segment: provision of land transportation services;
4. Flexitank solution and related services segment: provision of flexitank solution and related services; and
5. Fourth-party logistics (“4PL”) services segment: provision of 4PL services and 4PL handling services

Segment revenue and results

Segment revenue represents revenue derived from the provision of (i) integrated freight forwarding services; (ii) logistics centre and related services; (iii) land transportation services; (iv) flexitank solution and related services; and (v) 4PL services.

Segment results represent the gross profit incurred by each segment without allocation of other income, administrative and other operating expenses, provision for loss allowance of trade receivables, finance costs, share of results of associates, listing expenses and income tax expenses. This is the measure reported to the CODM of the Group for the purposes of resource allocation and performance assessment.

No analysis of the Group’s assets and liabilities by operating segments is presented as it is not regularly provided to the CODM for review.

In addition, the Group’s place of domicile is Malaysia, where the central management and control is located.

The followings are analysis of the Group's revenue and results by reportable and operating segments:

	Integrated freight forwarding services <i>RM'000</i>	Logistics centre and related services <i>RM'000</i>	Land transportation services <i>RM'000</i>	Flexitank solution and related services <i>RM'000</i>	4PL services <i>RM'000</i>	Total <i>RM'000</i>
<u>Six months ended 30 June 2022</u>						
<u>(unaudited)</u>						
Revenue from contracts with customers within IFRS 15	56,455	32,824	27,772	45,028	13,692	175,771
Revenue from other source	–	3,938	–	–	–	3,938
	<u>56,455</u>	<u>36,762</u>	<u>27,772</u>	<u>45,028</u>	<u>13,692</u>	<u>179,709</u>
Segment results	<u>9,835</u>	<u>9,588</u>	<u>3,066</u>	<u>12,298</u>	<u>10,438</u>	45,225
<i>Unallocated income and expenses</i>						
Other income						1,146
Administrative and other operating expenses						(18,167)
Provision for loss allowance of trade receivables						(100)
Finance costs						(3,914)
Share of results of associates						18
Profit before tax						24,208
Income tax expenses						(2,398)
Profit for the period						<u>21,810</u>
<i>Other information:</i>						
Depreciation (<i>Note i</i>)	488	3,707	1,238	364	–	5,797
Provision for leakage claims	–	–	–	236	–	236
Addition to property, plant and equipment (<i>Note ii</i>)	–	20,451	27,187	610	–	48,248

	Integrated freight forwarding services RM'000	Logistics centre and related services RM'000 (Restated) (Note iii)	Land transportation services RM'000 (Restated) (Note iii)	Flexitank solution and related services RM'000	4PL services RM'000	Total RM'000
<u>Six months ended 30 June 2021</u> (unaudited)						
Revenue from contracts with customers within IFRS 15	41,430	19,388	21,628	41,434	–	123,880
Revenue from other source	–	4,152	–	–	–	4,152
	<u>41,430</u>	<u>23,540</u>	<u>21,628</u>	<u>41,434</u>	<u>–</u>	<u>128,032</u>
Segment results	<u>9,305</u>	<u>7,187</u>	<u>2,417</u>	<u>11,805</u>	<u>–</u>	<u>30,714</u>
<i>Unallocated income and expenses</i>						
Other income						1,789
Administrative and other operating expenses						(9,614)
Provision for loss allowance of trade receivables						(248)
Finance costs						(1,752)
Share of results of associates						(150)
Profit before tax						20,739
Income tax expenses						(3,019)
Profit for the period						<u>17,720</u>
<i>Other information:</i>						
Depreciation (Note i)	660	2,014	1,025	195	–	3,894
Provision for leakage claims	–	–	–	50	–	50
Addition to property, plant and equipment (Note ii)	–	1,090	3,895	414	–	5,399

Note:

- (i) Depreciation not included in the measure of segment results during the six months ended 30 June 2022 amounted to approximately RM3,046,000 (six months ended 30 June 2021: approximately RM2,695,000).
- (ii) Additions to property, plant and equipment not allocated to the segments during the six months ended 30 June 2022 amounted to approximately RM64,256,000 (six months ended 30 June 2021: approximately RM14,427,000).
- (iii) During the six months ended 30 June 2022, the management of the Group reclassified the business segments by presenting the land transportation services (included in the logistics centre and related services segment for the six months ended 30 June 2021) with the landbridge transportation services and landfeeder transportation services (included in the railroad transportation services segment for the six months ended 30 June 2021) as land transportation services segment (the “**Reclassification**”). In the opinion of the management of the Group, the land transportation services segment can reflect the Group’s future business development plan and prospect. In order to reflect the effect of the Reclassification, the comparative figures have been restated.

Geographical information

The following table sets out information about the geographical location of the Group's revenue from external customers which are based on the location of customers.

	Six months ended 30 June	
	2022	2021
	RM'000	RM'000
	(unaudited)	(unaudited)
<i>Revenue from external customers:</i>		
China	309	1,559
Indonesia	9,078	9,983
Malaysia	102,953	73,801
Netherlands	2,142	2,088
Singapore	38,195	18,688
South Korea	2,532	2,967
Thailand	11,874	9,961
Vietnam	1,403	1,228
Others	11,223	7,757
	<u>179,709</u>	<u>128,032</u>

No geographical analysis on segment assets is provided as substantially all of the Group's assets were located at Malaysia.

Information about major customers

No external customers individually contributed 10% or more of the total revenue during the six months ended 30 June 2022 and 2021.

4. REVENUE

	Six months ended 30 June	
	2022	2021
	RM'000	RM'000
	(unaudited)	(unaudited)
		(Restated)
<u>Revenue from contracts with customers within IFRS 15</u>		
Integrated freight forwarding services business		
Air freight services income	2,486	916
Ocean freight services income	26,878	12,563
Forwarding services income	9,787	8,129
NVOCC services income	17,304	19,822
	<u>56,455</u>	<u>41,430</u>
Logistics centre and related services business		
Warehousing and container depot services income	32,824	19,388
Land transportation services business		
Income from land transportation	21,093	15,826
Landbridge transportation services income	4,154	4,213
Landfeeder transportation services income	2,525	1,589
	<u>27,772</u>	<u>21,628</u>
Flexitank solution and related services business		
Income from flexitank solution	45,028	41,434
4PL services business		
4PL handling income	937	—
4PL services income	12,755	—
	<u>13,692</u>	<u>—</u>
	<u>175,771</u>	<u>123,880</u>
<u>Revenue from other source</u>		
Logistics centre and related services business		
Rental income from warehouse	3,938	4,152
	<u>179,709</u>	<u>128,032</u>

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

	Six months ended 30 June	
	2022	2021
	RM'000	RM'000
	(unaudited)	(unaudited)
		(Restated)
<i>Timing of revenue recognition:</i>		
– at a point of time		
Income from flexitank solution	45,028	41,434
4PL handling income	937	–
	<u>45,965</u>	<u>41,434</u>
– over time		
Air freight services income	2,486	916
Ocean freight services income	26,878	12,563
Forwarding services income	9,787	8,129
NVOCC services income	17,304	19,822
Warehousing and container depot services income	32,824	19,388
Income from land transportation	21,093	15,826
Landbridge transportation services income	4,154	4,213
Landfeeder transportation services income	2,525	1,589
4PL services income	12,755	–
	<u>129,806</u>	<u>82,446</u>
	<u>175,771</u>	<u>123,880</u>

5. PROFIT BEFORE TAX

This is stated after charging (crediting):

	Six months ended 30 June	
	2022	2021
	RM'000	RM'000
	(unaudited)	(unaudited)
Finance costs		
Interest on bank overdrafts	291	31
Interest on interest-bearing borrowings	820	808
Interest on lease liabilities	2,803	913
	<u>3,914</u>	<u>1,752</u>
Staff costs (including directors' emoluments)		
Salaries, allowances and other benefits in kinds	17,543	12,885
Contributions to defined contribution plans	2,135	1,522
	<u>19,678</u>	<u>14,407</u>
Other items		
Auditors' remuneration	31	25
Cost of inventories	32,730	29,629
Depreciation (charged to "cost of services and goods sold" and "administrative and other operating expenses", as appropriate)	8,843	6,588
Exchange loss (gain), net	1,119	959
Expenses recognised under short-term leases (charged to "cost of services and goods sold" and "administrative and other operating expenses", as appropriate)	1,601	2,070
Expenses recognised under leases of low-value assets (charged to "cost of services and goods sold" and "administrative and other operating expenses", as appropriate)	291	442
Gain on disposal of property, plant and equipment	(391)	(1,172)
Gain on early termination of lease	–	(191)
Inventories written off	100	–
Provision for leakage claims	236	50
	<u>236</u>	<u>50</u>

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

6. INCOME TAX EXPENSES

	Six months ended 30 June	
	2022	2021
	<i>RM'000</i>	<i>RM'000</i>
	(unaudited)	(unaudited)
Current tax		
Malaysia CIT	2,398	3,019

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

Subject to tax incentive described below, Malaysia CIT is calculated at the rate of 24% (the “standard rate” in Malaysia) on the Group’s estimated assessable profits arising from Malaysia (except for Labuan) during the six months ended 30 June 2022 and 2021.

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 and investment tax allowance (the “ITA”). 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. Malaysian (except for Labuan) subsidiaries under ITA were granted an allowance of 60% on its qualifying capital expenditures incurred within five years from the date the first qualifying capital expenditure is incurred and such allowance is allowed to offset against 70% of the statutory income until the allowance is fully utilised. Upon the time of the allowance is utilised, the balance 30% of the statutory income will be taxed at the standard rate as detailed above.

Infinity Bulk Logistics Sdn. Bhd. (MY) (“**Infinity Bulk Logistics (MY)**”) obtained the pioneer status effective from 5 January 2018. A pioneers status company is eligible for exemption from Malaysia CIT on eligible activities and products for 5 years since the effective date.

Infinity Logistics & Transport Sdn. Bhd. (MY) (“**Infinity L&T (MY)**”) has obtained the ITA effective from 9 September 2021. An ITA company is eligible for offsetting the allowance from the qualifying capital expenditures with 70% of the statutory income since the effective date until the allowance is fully utilised.

For the group entities incorporated in Labuan of Malaysia, CIT shall be charged at the rate of 3% for a year of assessment on the chargeable profits for the six months ended 30 June 2022 (six months ended 30 June 2021: charged at 3% of chargeable profits).

7. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2022	2021
	RM'000	RM'000
	(unaudited)	(unaudited)
<i>Profit:</i>		
Profit for the period attributable to the owners of the Company, used in basic and diluted earnings per share calculation	21,762	17,720
<i>Number of shares:</i>		
Weighted average number of ordinary shares for basic and diluted earnings per share calculation	2,064,000,000	2,000,000,000

Diluted earnings per share are the same as the basic earnings per share as there are no dilutive potential ordinary shares in existence during the six months ended 30 June 2022 and 2021.

8. DIVIDENDS

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: nil).

9. TRADE AND OTHER RECEIVABLES

	At 30 June 2022 <i>RM'000</i> (unaudited)	At 31 December 2021 <i>RM'000</i> (audited)
Trade receivables		
From third parties	82,651	59,066
From related companies	—	25
	<u>82,651</u>	<u>59,091</u>
<i>Less: Loss allowance</i>	<u>(357)</u>	<u>(478)</u>
	<i>9(a)</i> <u>82,294</u>	<u>58,613</u>
Other receivables		
Deposits paid	3,823	2,496
Payment made on behalf of a customer in respect of 4PL services	48,504	47,184
Other receivables	120	1,445
Prepayments	6,258	4,329
	<u>58,705</u>	<u>55,454</u>
	<u><u>140,999</u></u>	<u><u>114,067</u></u>

All of the trade and other receivables that are classified as current assets are expected to be recovered or recognised as expense within one year.

Included in other receivables is an amount of RM120,000 (31 December 2021: RM120,000) due from an associated company in which certain Directors have interests and are also common Directors of the Company.

9(a) Trade receivables

The trade receivables from related parties are unsecured, interest-free and with credit period ranged from 30 to 60 days.

The Group grants credit period ranged from 7 to 60 days from the date of issuance of invoices to its customers.

The ageing analysis of trade receivables based on invoice date at the end of each reporting period is as follows:

	At 30 June 2022 <i>RM'000</i> (unaudited)	At 31 December 2021 <i>RM'000</i> (audited)
Within 30 days	41,819	28,987
31 to 60 days	677	12,434
61 to 90 days	6,617	6,441
Over 90 days	<u>33,538</u>	<u>11,229</u>
	82,651	59,091
<i>Less: Loss allowance</i>	<u>(357)</u>	<u>(478)</u>
	<u><u>82,294</u></u>	<u><u>58,613</u></u>

10. TRADE AND OTHER PAYABLES

	At 30 June 2022 <i>RM'000</i> (unaudited)	At 31 December 2021 <i>RM'000</i> (audited)
Trade payables		
To third parties	40,760	30,736
To related companies	<u>154</u>	<u>284</u>
	<i>10(a)</i> <u>40,914</u>	<u>31,020</u>
Other payables		
Accruals and other payables	13,334	4,957
Other payables for acquisition of property, plant and equipment	2,384	8,534
Provision for leakage claims	<u>517</u>	<u>525</u>
	<u>16,235</u>	<u>14,016</u>
	<u>57,149</u>	<u>45,036</u>

10(a) Trade payables

The trade payables to related parties are unsecured, interest-free and with credit period of 30 days.

At the end of each reporting period, the ageing analysis of the trade payables based on invoice date is as follows:

	At 30 June 2022 <i>RM'000</i> (unaudited)	At 31 December 2021 <i>RM'000</i> (audited)
Within 30 days	19,598	21,848
31 to 60 days	17,150	4,049
61 to 90 days	1,331	1,630
Over 90 days	<u>2,835</u>	<u>3,493</u>
	<u>40,914</u>	<u>31,020</u>

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

11. SHARE CAPITAL

	<i>Note</i>	Number of shares	HK\$	<i>Equivalent to RM</i>
Ordinary share of HK\$0.01 each				
Authorised:				
At 1 January 2021 (audited)				
31 December 2021 (audited) and				
30 June 2022 (unaudited)				
		15,000,000,000	150,000,000	80,213,900
Issued and fully paid:				
At 1 January 2021 (audited)				
Placing of shares under general mandate	<i>(i)</i>	2,000,000,000	20,000,000	10,518,000
		64,000,000	640,000	349,975
At 31 December 2021 (audited) and				
30 June 2022 (unaudited)				
		2,064,000,000	20,640,000	10,867,975

Note:

- (i) On 29 June 2021, the Company entered into four subscription agreements (the “**Subscription Agreements**”) with four independent third parties to subscribe for 64,000,000 subscription shares at the subscriptions price of HK\$1.38 per subscription share (the “**Subscriptions**”). The new shares were issued under the general mandate granted to the directors of the Company pursuant to an ordinary resolution of the Company passed at the annual general meeting held on 29 May 2020. All the conditions precedent to the Subscription Agreements have been fulfilled and completion of the Subscriptions took place on 3 August 2021. The gross proceeds from the Subscriptions amounted to HK\$88,320,000 (equivalent to approximately RM48,020,000). The premium on the issue and allotment of 64,000,000 subscription shares with par value of HK\$0.01 per share of approximately HK\$87,357,000 (equivalent to approximately RM47,497,000), net of shares issue expenses of approximately HK\$323,000 (equivalent to approximately RM175,000), was credited to the Company’s share premium accounts.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL OVERVIEW

During the six months ended 30 June 2022, the Group recorded a revenue of approximately RM179,709,000 (six months ended 30 June 2021: approximately RM128,032,000), representing an increase of approximately 40.4% over the same period last year. The Group recorded a gross profit of approximately RM45,225,000 for the six months ended 30 June 2022 (six months ended 30 June 2021: approximately RM30,714,000), representing an increase of approximately 47.2% over the same period last year. The gross profit margin of the Group increases marginally to approximately 25.2% for the six months ended 30 June 2022 as compared to approximately 24.0% for the six months ended 30 June 2021. The Group recorded a net profit of approximately RM21,810,000 for the six months ended 30 June 2022 (six months ended 30 June 2021: approximately RM17,720,000).

BUSINESS OVERVIEW

The Group generated revenue from the provision of (i) integrated freight forwarding services; (ii) logistics centre and related services; (iii) land transportation services (renamed from railroad transportation services); (iv) flexitank solution and related services; and (v) 4PL services. The sustained performance due to strategic portfolios of integrated logistics services offered to varied mix of customers and industries across Malaysia and neighboring countries.

Effective from year 2021, railroad transportation services segment, which previously included the railroad business, is renamed as land transportation services segment by including entire land transportation business of the Group. The Group is expanding its own fleets of haulage vehicles to support the growth of the land transportation business. Based on the aforesaid reason, the Group expects the land transportation services business to become one of the core business segments, therefore land transportation services business under the logistics centre and related services segment was reclassified to the land transportation services segment (the “**Reclassification**”). In order to reflect the effect of the Reclassification, the comparative figures of the segment revenue and results as set out in the “Note 3 Segment Information” to the consolidated financial statements has been restated.

After the Reclassification, revenue from logistics centre and related services is approximately RM23,540,000 for the six months ended 30 June 2021, which has increased by approximately 56.2% to approximately RM36,762,000 for the six months ended 30 June 2022 primarily due to the increase in revenue from warehouse services. As the economy gradually recovers from COVID-19 pandemic, demand on warehouse and depot services increases. As a result, the gross profit contribution from this segment increased by approximately 33.4% to approximately RM9,588,000 for the six months ended 30 June 2022.

After the Reclassification, revenue from land transportation services is approximately RM21,628,000 for the six months ended 30 June 2021, which has increased by approximately 28.4% to approximately RM27,772,000 for the six months ended 30 June 2022 mainly due to the Group's acquisition of a subsidiary company in February 2022 which is principally engaged in the business of transportation services. The gross profit contribution from this segment increased by approximately 26.9% to approximately RM3,066,000 for the six months ended 30 June 2022.

Revenue from integrated freight forwarding services increased by approximately 36.3% to approximately RM56,455,000 for the six months ended 30 June 2022 due to increase in revenue from freight forwarding activities. The steady recovery in market conditions underpinned by reopening of international borders and normalization of economic activity leads to an increase in customer demand on freight forwarding services. Besides, strengthening of the United States dollars in year 2022 as compared to year 2021 is another factor that caused increase in revenue from this segment. The gross profit contribution from this segment increased by approximately 5.7% to approximately RM9,835,000 for the six months ended 30 June 2022.

Revenue from flexitank solution and related services increased by approximately 8.7% to approximately RM45,028,000 for the six months ended 30 June 2022. The gross profit contribution from this segment increased by approximately 4.2% to approximately RM12,298,000 for the six months ended 30 June 2022.

4PL services, which started operations since July 2021, contributed a revenue of approximately RM13,692,000 for the six months ended 30 June 2022. The gross profit contribution from 4PL services is approximately RM10,438,000 for the six months ended 30 June 2022.

The Group's operational costs totalled approximately RM134,484,000 for the six months ended 30 June 2022, representing an increase of approximately RM37,166,000 or 38.2% as compared to the corresponding period in 2021. Such increase was in line with the increase in the Group's revenue.

The Group's other income totalled approximately RM1,146,000 for the six months ended 30 June 2022, representing a decrease of approximately RM643,000 or 35.9% as compared to the corresponding period in 2021.

PROSPECTS

There are indications of a global recession looming as inflation is hitting the key economies such as the United States, Euro Zone due to the Ukraine War and coupled with a slowdown in the economy of China amidst rising Covid cases have pushed the economic growth downwards.

Despite the ongoing uncertainties and gloomy outlook, we still manage to maintain our interim result compared to the preceding period. As countries are easing restrictions and opening up, supply chain disruptions are tapering off resulting in trade volume picking up pace. The Group will be focusing on growing our topline, exploiting every single opportunity in sight, as well as investing in logistics infrastructure, beefing up our human resources and processes to capitalize on the next wave once the market fully opens up.

We will continue to build our resilience to face any unforeseen events or crises, leveraging on all our resources to forge forward to deliver sustainable results and enhance shareholder value.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group generally finances its operations with internally generated cash flows and banking facilities provided by its principal bankers in Malaysia. The Group held bank balances and cash of approximately RM33,125,000 at 30 June 2022 (31 December 2021: approximately RM53,684,000). The Group leases various properties, lands, containers and motor vehicles with aggregate lease liabilities of approximately RM99,349,000 (31 December 2021: approximately RM38,975,000) and rental contracts typically made for fixed periods of two to thirty years (31 December 2021: two to thirty years). At 30 June 2022, the Group had interest-bearing borrowings from various banks of approximately RM48,790,000 (31 December 2021: approximately RM45,687,000) which are repayable ranging from within one year to over five years (31 December 2021: within one year to over five years) since inception. Also, the Group had other bank overdrafts of approximately RM15,426,000 at 30 June 2022 (31 December 2021: approximately RM12,674,000). The weighted average effective interest rate on interest-bearing borrowings was 3.52% (31 December 2021: 3.52%) per annum at 30 June 2022. The carrying amounts of interest-bearing borrowings were denominated in Ringgit Malaysia (“**RM**”). The Group’s gearing ratio at 30 June 2022, calculated based on the total borrowings to the equity attributable to owners of the Company, was 0.56 (31 December 2021: 0.37). The Directors believe that the Group’s cash position, liquid asset value, future revenue and available banking facilities will be sufficient to fulfil the working capital requirements of the Group. There has been no material change in the capital structure of the Company during the six months ended 30 June 2022. The capital of the Company comprises the shares and other reserves.

Treasury policies

The Group has adopted a prudent financial and surplus funds management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the six months ended 30 June 2022. 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 in order to meet its funding requirements and commitment timely.

Hedging and exchange rate exposure

The majority of the transactions, assets and liabilities on the Group was made in RM, United States dollars and Hong Kong dollars. During the six months ended 30 June 2022, no financial instruments were used for hedging purposes, and the Group did not commit to any financial instruments to hedge its exposure to exchange rate risk, as the expected exchange rate risk is not significant. The Directors and senior management will continue to monitor the foreign exchange exposure and will consider applicable derivatives when necessary. The Group did not have any derivatives for hedging against the foreign exchange rate risk at 30 June 2022.

Charge on group assets

At 30 June 2022, the Group's leasehold lands and buildings with a total carrying amount of approximately RM68,300,000 (31 December 2021: RM69,113,000) were pledged to secure bank facilities granted to the Group.

Contingent liabilities

At 30 June 2022, the Group had no contingent liabilities.

Significant events after the reporting date

On 8 July 2022, Solution Global Holdings Limited (an indirect wholly-owned subsidiary of the Company and the "**Purchaser**") together with the Company (as guarantor for the Purchaser's obligations) entered into a deed of termination (the "**Deed of Termination**") with Finges Investment B.V. (the "**Seller**"), pursuant to which the Purchaser, the Company and the Seller mutually agreed to terminate the conditional share purchase agreement dated 31 January 2022 (the "**Share Purchase Agreement**") entered into among the Purchaser, the Seller and the Company in relation to the proposed acquisition of 18,000 shares in Access World Group Holdings B.V. immediately. Upon the execution of the Deed of Termination, the duties and obligations of the Purchaser, the Company and the Seller under the Share Purchase Agreement have been released and discharged. Details of the above were disclosed in the announcement of the Company dated 8 July 2022.

Employees

At 30 June 2022, the Group employed a total of approximately 621 employees (30 June 2021: approximately 494) in Malaysia. Staff costs (including directors' emoluments) amounted to approximately RM19,678,000 during the six months ended 30 June 2022 (six months ended 30 June 2021: approximately RM14,407,000). The Group recruits and selects applicants for employment on the basis of their qualifications and suitability for the position. It is the Group's policy to recruit the most capable person available for each position. The Group continues to offer competitive remuneration package and bonuses to eligible staff, based on the performance of the Group and the individual employee.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2022.

CORPORATE GOVERNANCE

Compliance with the Code on Corporate Governance Practices

The Company devotes to the best practices on corporate governance, and has complied with the code provisions of the Code on Corporate Governance Practices (the "**Code**") as set out in Part 2 of Appendix 14 to the Rules Governing the Listing (the "**Listing Rules**") of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") for the six months ended 30 June 2022 (the "**Relevant Period**"), except for the following deviation:

Pursuant to code provision C.5.1 of the Code, the board of directors of the Company (the "**Board**") should meet regularly and board meeting should be held at least four times a year at approximately quarterly intervals. During the Relevant Period, only one regular board meeting was held to review and discuss the annual results. The Company does not announce its quarterly results and hence does not consider the holding of quarterly meetings as necessary.

Pursuant to code provision C.6.1 of the Code, the Company can engage an external service provider as its company secretary, provided that the Company should disclose the identity of a person with sufficient seniority at the Company whom the external provider can contact. Mr. Lau Wai Piu Patrick ("**Mr. Lau**") does not act as an individual employee of the Company, but as an external service provider in respect of the appointment of Mr. Lau as the company secretary of the Company. In this respect, the Company has nominated Dato' Seri Chan Kong Yew 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 support for fulfilment of the company secretary requirements of the Company.

In view of Mr. Lau's experience in accounting and company secretarial functions and with stock exchange rules and regulations, the Directors believe that Mr. Lau has the appropriate accounting and company secretarial expertise for the purposes of Rule 8.17 of the Listing Rules.

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

Compliance with the Model Code

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, all the Directors have confirmed that they have fully complied with the required standards set out in the Model Code throughout the Relevant Period.

Audit Committee

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

The Audit Committee, together with management of the Group, have reviewed the unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2022.

Purchase, Sale or Redemption of Shares

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

USE OF PROCEEDS

The shares of the Company were listed on the Stock Exchange on 21 January 2020 with net proceeds received by the Company from the share offer in the amount of approximately RM62.7 million after deducting underwriting commissions and other related expenses (the “Net Proceeds”). The Company had fully utilised the Net Proceeds as follows:

	Net Proceeds <i>RM' million</i>	Amount utilised <i>RM' million</i>	Amount unutilised <i>RM' million</i>	Expected timeline for utilising the unutilised net proceeds
Construction of warehouse in Westport Free Zone in Port Klang	46.0	46.0	–	Not applicable
Purchase of haulage prime movers & trailers	8.0	8.0	–	Not applicable
Replaced aged and acquire additional forklifts	3.0	3.0	–	Not applicable
Upgrade of IT System	2.0	2.0	–	Not applicable
General working capital purpose	3.7	3.7	–	Not applicable
	<u>62.7</u>	<u>62.7</u>	<u>–</u>	

ACKNOWLEDGEMENT

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

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

Hong Kong, 29 August 2022

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