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## **INFINITY LOGISTICS AND TRANSPORT VENTURES LIMITED** **鷹輝物流有限公司**

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

**(Stock Code: 1442)**

### **INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023**

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 2023 together with the comparative figures for the corresponding period in 2022 as follows:

#### **CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*For the six months ended 30 June 2023*

	<i>Notes</i>	<b>Six months ended 30 June</b>	
		<b>2023</b>	<b>2022</b>
		<b>RM’000</b>	<b>RM’000</b>
		<b>(unaudited)</b>	<b>(unaudited)</b>
<b>Revenue</b>	4	<b>181,905</b>	179,709
Cost of services and goods sold		<u>(144,656)</u>	<u>(134,484)</u>
<b>Gross profit</b>		<b>37,249</b>	45,225
Other income		<b>284</b>	1,146
Administrative and other operating expenses		<b>(12,863)</b>	(18,167)
Provision for loss allowance of trade receivables		–	(100)
Finance costs	5	<b>(5,640)</b>	(3,914)
Share of results of associates		<u>(333)</u>	<u>18</u>
<b>Profit before tax</b>	5	<b>18,697</b>	24,208
Income tax expenses	6	<u>(2,069)</u>	<u>(2,398)</u>

	<b>Six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
<i>Note</i>	<i>RM'000</i>	<i>RM'000</i>
	<b>(unaudited)</b>	<b>(unaudited)</b>
<b>Profit for the period</b>	<b>16,628</b>	21,810
<b>Other comprehensive (loss)/income</b>		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on consolidation	<b>(854)</b>	114
<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	<b>6,372</b>	5,850
	<b>5,518</b>	5,964
<b>Total comprehensive income for the financial period</b>	<b>22,146</b>	27,774
<b>Profit/(Loss) for the period attributable to:</b>		
Equity holders of the Company	<b>16,841</b>	21,762
Non-controlling interest	<b>(213)</b>	48
	<b>16,628</b>	21,810
<b>Total comprehensive income/(loss) attributable to:</b>		
Equity holders of the Company	<b>22,359</b>	27,726
Non-controlling interest	<b>(213)</b>	48
	<b>22,146</b>	27,774
<b>Earnings per share attributable to equity holders of the Company</b>		
Basic and diluted	7	
	<b>0.81 RM sen</b>	1.06 RM sen

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2023

		At 30 June 2023 <i>RM'000</i> (unaudited)	At 31 December 2022 <i>RM'000</i> (audited)
<b>Non-current assets</b>			
Property, plant and equipment		421,946	362,890
Club membership		45	90
Interest in associates		242	575
Deposits paid for acquisition of property, plant and equipment		—	4,361
		<u>422,233</u>	<u>367,916</u>
<b>Current assets</b>			
Inventories		17,917	21,193
Trade and other receivables	9	157,430	130,584
Income tax recoverable		3,527	3,609
Restricted bank balances		40	40
Bank balances and cash		38,661	39,572
		<u>217,575</u>	<u>194,998</u>
<b>Current liabilities</b>			
Trade and other payables	10	57,583	50,888
Bank overdrafts		14,560	14,776
Interest-bearing borrowings		25,176	10,646
Lease liabilities		20,667	18,166
		<u>117,986</u>	<u>94,476</u>
<b>Net current assets</b>		<u>99,589</u>	<u>100,522</u>
<b>Total assets less current liabilities</b>		<u>521,822</u>	<u>468,438</u>

		At 30 June 2023 <i>RM'000</i> (unaudited)	At 31 December 2022 <i>RM'000</i> (audited)
Interest-bearing borrowings		105,527	72,474
Lease liabilities		85,656	87,471
Deferred tax liabilities		180	180
		<u>191,363</u>	<u>160,125</u>
<b>NET ASSETS</b>		<b><u>330,459</u></b>	<b><u>308,313</u></b>
<b>Capital and reserves</b>			
Share capital	<i>11</i>	10,866	10,866
Reserves		<u>319,684</u>	<u>297,325</u>
<b>Equity attributable to equity holders of the Company</b>		<b>330,550</b>	308,191
Non-controlling interests		<u>(91)</u>	<u>122</u>
<b>TOTAL EQUITY</b>		<b><u>330,459</u></b>	<b><u>308,313</u></b>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 June 2023*

## 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 2023 (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 of Hong Kong Limited.

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 2022, 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 2022 (the “**2022 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 2022 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 2022 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, and income tax expenses. This is the measure reported to the CODM 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 2023</u>						
<u>(unaudited)</u>						
Revenue from contracts with customer within IFRS 15	41,387	39,733	37,001	54,840	6,224	179,185
Revenue from other sources	—	2,720	—	—	—	2,720
	<u>41,387</u>	<u>42,453</u>	<u>37,001</u>	<u>54,840</u>	<u>6,224</u>	<u>181,905</u>
Segment results	<u>8,412</u>	<u>12,771</u>	<u>1,906</u>	<u>11,229</u>	<u>2,931</u>	<u>37,249</u>
<i>Unallocated income and expenses</i>						
Other income						284
Administrative and other operating expenses						(12,863)
Finance costs						(5,640)
Share of results of associates						(333)
Profit before tax						18,697
Income tax expenses						(2,069)
Profit for the period						<u>16,628</u>
<i>Other information:</i>						
Depreciation ( <i>Note i</i> )	260	8,006	2,435	484	—	11,185
Provision for leakage claims	—	—	—	100	—	100
Addition to property, plant and equipment ( <i>Note ii</i> )	<u>1,210</u>	<u>2,975</u>	<u>7,003</u>	<u>587</u>	<u>—</u>	<u>11,775</u>

	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 customer within IFRS 15	56,455	32,824	27,772	45,028	13,692	175,771
Revenue from other sources	—	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>	<u>45,225</u>
<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

*Notes:*

- (i) Depreciation not included in the measure of segment results during the six months ended 30 June 2023 amounted to approximately RM1,654,000 (six months ended 30 June 2022: approximately RM3,046,000).
- (ii) Additions to property, plant and equipment not allocated to the segments during the six months ended 30 June 2023 amounted to approximately RM60,856,000 (six months ended 30 June 2022: approximately RM64,256,000).

## Geographical information

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

	Six months ended 30 June	
	2023	2022
	RM'000	RM'000
	(unaudited)	(unaudited)
<i>Revenue from external customers:</i>		
China	74	309
Indonesia	16,938	9,078
Malaysia	105,668	102,953
Netherlands	1,214	2,142
Singapore	35,270	38,195
South Korea	3,945	2,532
Thailand	7,308	11,874
Vietnam	1,361	1,403
Others	10,127	11,223
	<u>181,905</u>	<u>179,709</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 2023 and 2022.

#### 4. REVENUE

	<b>Six months ended 30 June</b>	
	<b>2023</b>	2022
	<b>RM'000</b>	RM'000
	<b>(unaudited)</b>	(unaudited)
<b><u>Revenue from contracts with customers within IFRS 15</u></b>		
<b>Integrated freight forwarding services business</b>		
Air freight services income	2,105	2,486
Ocean freight services income	19,941	26,878
Forwarding services income	9,340	9,787
NVOCC services income	<u>10,001</u>	<u>17,304</u>
	<u>41,387</u>	<u>56,455</u>
<b>Logistics centre and related services business</b>		
Warehousing and container depot services income	<u>39,733</u>	<u>32,824</u>
<b>Land transportation services business</b>		
Income from land transportation	23,932	21,093
Landbridge transportation services income	7,014	4,154
Landfeeder transportation services income	<u>6,055</u>	<u>2,525</u>
	<u>37,001</u>	<u>27,772</u>
<b>Flexitank solution and related services business</b>		
Income from flexitank solution	<u>54,840</u>	<u>45,028</u>
<b>4PL services business</b>		
4PL handling income	88	937
4PL services income	<u>6,136</u>	<u>12,755</u>
	<u>6,224</u>	<u>13,692</u>
	<u>179,185</u>	<u>175,771</u>
<b><u>Revenue from other source</u></b>		
<b>Logistics centre and related services business</b>		
Rental income from warehouses	<u>2,720</u>	<u>3,938</u>
	<u>181,905</u>	<u>179,709</u>

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

	<b>Six months ended 30 June</b>	
	<b>2023</b>	2022
	<i>RM'000</i>	<i>RM'000</i>
	<b>(unaudited)</b>	(unaudited)
<i>Timing of revenue recognition:</i>		
<b>– at a point of time</b>		
Income from flexitank solution	<b>54,840</b>	45,028
4PL handling income	<b>88</b>	937
	<u><b>54,928</b></u>	<u>45,965</u>
<b>– over time</b>		
Air freight services income	<b>2,105</b>	2,486
Ocean freight services income	<b>19,941</b>	26,878
Forwarding services income	<b>9,340</b>	9,787
NVOCC services income	<b>10,001</b>	17,304
Warehousing and container depot services income	<b>39,733</b>	32,824
Income from land transportation	<b>23,932</b>	21,093
Landbridge transportation services income	<b>7,014</b>	4,154
Landfeeder transportation services income	<b>6,055</b>	2,525
4PL services income	<b>6,136</b>	12,755
	<u><b>124,257</b></u>	<u>129,806</u>
	<u><b>179,185</b></u>	<u>175,771</u>

## 5. PROFIT BEFORE TAX

This is stated after charging (crediting):

	<b>Six months ended 30 June</b>	
	<b>2023</b>	2022
	<i>RM'000</i>	<i>RM'000</i>
	<b>(unaudited)</b>	(unaudited)
<b>Finance costs</b>		
Interest on bank overdrafts	410	291
Interest on interest-bearing borrowings	2,090	820
Interest on lease liabilities	3,140	2,803
	<u>5,640</u>	<u>3,914</u>
<b>Staff costs (including directors' emoluments)</b>		
Salaries, allowances and other benefits in kinds	22,709	17,543
Contributions to defined contribution plans	2,596	2,135
	<u>25,305</u>	<u>19,678</u>
<b>Other items</b>		
Auditors' remuneration	73	31
Cost of inventories	43,611	32,730
Depreciation (charged to "cost of services and goods sold" and "administrative and other operating expenses", as appropriate)	12,839	8,843
Exchange loss, net	2,765	1,119
Expenses recognised under short-term leases (charged to "cost of services and goods sold" and "administrative and other operating expenses", as appropriate)	1,481	1,601
Expenses recognised under leases of low-value assets (charged to "cost of services and goods sold" and "administrative and other operating expenses", as appropriate)	1,241	291
Loss/(Gain) on disposal of property, plant and equipment	32	(392)
Inventories written off	21	100
Provision for leakage claims	100	236
	<u>100</u>	<u>236</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	
	2023	2022
	<i>RM'000</i>	<i>RM'000</i>
	(unaudited)	(unaudited)
<b>Current tax</b>		
Malaysia CIT	<u>2,069</u>	<u>2,398</u>

The group entities established in the Cayman Islands and the British Virgin Islands 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 2023 and 2022.

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 offset 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% on the chargeable profits for the six months ended 30 June 2023 (six months ended 30 June 2022: charged at 3% on 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	
	2023	2022
	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	<b>16,841</b>	21,762
<i>Number of shares:</i>		
Weighted average number of ordinary shares for basic and diluted earnings per share calculation	<b>2,064,000,000</b>	2,064,000,000

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 2023 and 2022.

## 8. DIVIDENDS

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: nil).

## 9. TRADE AND OTHER RECEIVABLES

	<b>At 30 June</b>	At 31 December
	<b>2023</b>	2022
<i>Note</i>	<b>RM'000</b>	<i>RM'000</i>
	<b>(unaudited)</b>	(audited)
<b>Trade receivables</b>		
From third parties	<b>75,046</b>	70,985
<i>Less:</i> Loss allowance	<b>(1,399)</b>	(1,400)
	<u>73,647</u>	<u>69,585</u>
<i>9(a)</i>	<u><b>73,647</b></u>	<u>69,585</u>
<b>Other receivables</b>		
Deposits paid	<b>2,567</b>	2,521
Payment made on behalf of a customer in respect of 4PL services	<b>59,279</b>	50,774
Other receivables	<b>12,992</b>	2,122
Prepayments	<b>8,945</b>	5,582
	<u>83,783</u>	<u>60,999</u>
	<u><b>157,430</b></u>	<u>130,584</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 RM120,000 (31 December 2022: 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:

	<b>At 30 June 2023 RM'000 (unaudited)</b>	At 31 December 2022 RM'000 (audited)
Within 30 days	<b>39,093</b>	32,289
31 to 60 days	<b>14,622</b>	10,118
61 to 90 days	<b>6,613</b>	6,569
Over 90 days	<b>14,718</b>	22,009
	<b>75,046</b>	70,985
<i>Less: Loss allowance</i>	<b>(1,399)</b>	(1,400)
	<b>73,647</b>	69,585

## 10. TRADE AND OTHER PAYABLES

	<b>At 30 June 2023</b>	At 31 December 2022
<i>Note</i>	<b><i>RM'000</i></b>	<i>RM'000</i>
	<b>(unaudited)</b>	(audited)
<b>Trade payables</b>		
To third parties	<b>37,842</b>	25,094
To related companies	<b>148</b>	148
	<hr/>	<hr/>
<i>10(a)</i>	<b>37,990</b>	25,242
	<hr/>	<hr/>
<b>Other payables</b>		
Accruals and other payables	<b>13,268</b>	13,786
Other payables for acquisition of property, plant and equipment	<b>5,808</b>	11,004
Provision for leakage claims	<b>517</b>	856
	<hr/>	<hr/>
	<b>19,593</b>	25,646
	<hr/>	<hr/>
	<b>57,583</b>	50,888
	<hr/> <hr/>	<hr/> <hr/>

### 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:

	<b>At 30 June 2023</b>	At 31 December 2022
	<b><i>RM'000</i></b>	<i>RM'000</i>
	<b>(unaudited)</b>	(audited)
Within 30 days	<b>33,829</b>	19,752
31 to 60 days	<b>1,221</b>	2,994
61 to 90 days	<b>638</b>	439
Over 90 days	<b>2,302</b>	2,057
	<hr/>	<hr/>
	<b>37,990</b>	25,242
	<hr/> <hr/>	<hr/> <hr/>

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

## 11. SHARE CAPITAL

	Number of shares	<i>HK\$</i>	<i>Equivalent to RM</i>
Ordinary share of HK\$0.01 each			
Authorised:			
At 1 January 2022 (audited), 31 December 2022 (audited) and 30 June 2023 (unaudited)	<u>15,000,000,000</u>	<u>150,000,000</u>	<u>80,213,900</u>
Issued and fully paid:			
At 31 December 2022 (audited) and 30 June 2023 (unaudited)	<u>2,064,000,000</u>	<u>20,640,000</u>	<u>10,865,975</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL OVERVIEW

During the six months ended 30 June 2023, the Group recorded a revenue of approximately RM181,905,000 (six months ended 30 June 2022: approximately RM179,709,000), representing an increase of approximately 1.2% over the same period last year. The Group recorded a gross profit of approximately RM37,249,000 for the six months ended 30 June 2023 (six months ended 30 June 2022: approximately RM45,225,000), representing a decrease of approximately 17.6% over the same period last year. The gross profit margin of the Group decreases to approximately 20.5% for the six months ended 30 June 2023 as compared to approximately 25.2% for the six months ended 30 June 2022. The Group recorded a net profit of approximately RM16,628,000 for the six months ended 30 June 2023 (six months ended 30 June 2022: approximately RM21,810,000).

### 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) fourth-party logistics (“4PL”) 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 logistics centre and related services is approximately RM36,762,000 for the six months ended 30 June 2022, which has increased by approximately 15.5% to approximately RM42,453,000 for the six months ended 30 June 2023. The primary reason for this increase in revenue is attributable to the higher demand for depot services from customers. As a result, the gross profit contribution from this segment increased by approximately 33.2% to approximately RM12,771,000 for the six months ended 30 June 2023.

Revenue derived from land transportation services amounted to approximately RM27,772,000 for the six months ended 30 June 2022, represent an increase of approximately 33.2% to approximately RM37,001,000 for the six months ended 30 June 2023. This notable growth can be chiefly attributed to the increase in demand from our landbridge and landfeeder services. However, the gross profit contribution from this segment experienced a significant decline of approximately 37.8% to approximately RM1,906,000 for the six months ended 30 June 2023. The decrease in gross profit is attributed to increased staff cost and depreciation expenses.

Revenue from integrated freight forwarding services has experienced a notable decline of approximately 26.7% to approximately RM41,387,000 for the six months ended 30 June 2023. This decrease can be primarily attributed to a reduction in revenue stemming from the freight forwarding activities, which was influenced by a dive in freight rates that can intensify competition in the shipping industry. As companies vie for the same customers by lowering prices and focusing on price competitiveness, it becomes challenging to maintain revenue levels. Consequently, the gross profit contribution from this segment decreased by approximately 14.5% to approximately RM8,412,000 for the six months ended 30 June 2023.

Revenue from flexitank solution and related services increased by approximately 21.8% to approximately RM54,840,000 for the six months ended 30 June 2023. However, the gross profit contribution originating from this segment witnessed a decrease by approximately 8.7% to approximately RM11,229,000. The decline can be attributed to various factors, including a rise in staff costs and higher operational expenses resulting from increased material storage costs.

During the six months ended 30 June 2023, revenue from 4PL services experienced a significant decrease of approximately 54.5% to approximately RM6,224,000. The decline can be attributed to a reduction in the handling of customer shipments within this services category. Accordingly, the gross profit originated from this segment also underwent a substantial reduction of approximately 71.9% to approximately RM2,931,000 for the six months ended 30 June 2023, aligning with the downward trend observed in the segment's overall revenue.

The Group's cost of services and goods sold totalled approximately RM144,656,000 for the six months ended 30 June 2023, representing an increase of approximately RM10,172,000 or 7.6% as compared to the corresponding period in 2022. Such increase can be primarily attributed to the elevation in depreciation cost and staff expenditures during the six months ended 30 June 2023.

The Group's other income totalled approximately RM284,000 for the six months ended 30 June 2023, representing a decrease of approximately RM862,000 or 75.2% as compared to the same period last year. The decline can be attributed to the absence of any gains related to the disposal of assets recognised during the six months ended 30 June 2023, as compared to previous period.

## **PROSPECTS**

With the global trend of emphasis on Environmental, Social and Governance (ESG) principles, the Group has adopted the concept of people development, digitalization and sustainability as our core values moving forward.

Initiatives have been taken to attract the right talents whilst at the same time developing and upskilling our current workforce. We have begun developing our own in-house software using Artificial Intelligence in partnerships with esteemed universities and adopting automation in our processes and product manufacturing. The business of the Group is planned to be more sustainable with greener and environmentally-friendly practices and designed to remain resilient in times of economic slowdown.

Despite the current downturn of the economy and the dive in freight rates across the globe, we remain resilient as proven in our interim result. The Group is constantly exploring new opportunities that are in line with the Group's core strengths and principles. We have launched our new warehouse designated as Freight Village 5 and the new concept of Intermodal Terminal at Tapah that will be duplicated across the nation. These new ventures are forecasted to provide a steady stream of revenue into the Group.

We remain optimistic on the outlook of the business and will continue to build our resilience in the current economy, leveraging on all our resources 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 RM38,661,000 at 30 June 2023 (31 December 2022: approximately RM39,572,000). The Group leases various properties, lands, containers and motor vehicles with aggregate lease liabilities of approximately RM106,323,000 (31 December 2022: approximately RM105,637,000) and rental contracts typically made for fixed periods of two to thirty years (31 December 2022: two to thirty years). At 30 June 2023, the Group had interest-bearing borrowings from various banks of approximately RM130,703,000 (31 December 2022: approximately RM83,120,000) which are repayable ranging from within one year to over five years (31 December 2022: within one year to over five years) since inception. Also, the Group had other bank overdrafts of approximately RM14,560,000 at 30 June 2023 (31 December 2022: approximately RM14,776,000). The weighted average effective interest rate on interest-bearing borrowings was approximately 3.66% (31 December 2022: approximately 3.66%) per annum at 30 June 2023. The carrying amounts of interest-bearing borrowings were denominated in Ringgit Malaysia ("RM"). The Group's gearing ratio at 30 June 2023, calculated based on the total borrowings to the equity attributable to owners of the Company, was 0.76 (31 December 2022: 0.66). The Directors 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 six months ended 30 June 2023. 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 2023. 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 2023, 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 2023.

## **Charge on group assets**

At 30 June 2023, the Group's leasehold lands and buildings with a total carrying amount of approximately RM111,500,000 (31 December 2022: RM113,089,000) were pledged to secure bank facilities granted to the Group.

## **Contingent liabilities**

At 30 June 2023, the Group had no contingent liabilities.

## **Significant events after the reporting date**

Saved as disclosed elsewhere in this announcement, there are no significant events affecting the Group which have occurred after the six months ended 30 June 2023 and up to the date of this announcement.

## **Employees**

At 30 June 2023, the Group employed a total of approximately 901 employees (30 June 2022: approximately 621) in Malaysia. Staff costs (including directors' emoluments) amounted to approximately RM25,305,000 for the six months ended 30 June 2023 (six months ended 30 June 2022: approximately RM19,678,000). 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 2023.

## 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 2023 (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 2023.

## **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.

## **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, 25 August 2023

*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.*