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INFINITY LOGISTICS AND TRANSPORT VENTURES LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1442)

FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

The board (the “**Board**”) of directors (the “**Directors**”) of Infinity Logistics and Transport Ventures Limited (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2022 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2022

	<i>Notes</i>	2022 <i>RM’000</i>	2021 <i>RM’000</i>
Revenue	5	356,870	275,561
Cost of services and goods sold		<u>(280,234)</u>	<u>(205,519)</u>
Gross profit		76,636	70,042
Other income	6	3,473	1,574
Administrative and other operating expenses		(36,530)	(19,186)
(Provision for) Reversal of loss allowance of trade receivables, net		(922)	596
Finance costs	7	(8,800)	(4,418)
Share of results of associates		<u>16</u>	<u>58</u>
Profit before tax	7	33,873	48,666
Income tax credit (expenses)	8	<u>2,009</u>	<u>(6,150)</u>
Profit for the year		<u>35,882</u>	<u>42,516</u>

	<i>Notes</i>	2022 RM'000	2021 RM'000
Other comprehensive income			
<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		6,331	484
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on consolidation		<u>343</u>	<u>770</u>
Other comprehensive income for the year		<u>6,674</u>	<u>1,254</u>
Total comprehensive income for the year		<u>42,556</u>	<u>43,770</u>
Profit (Loss) for the year attributable to:			
Owners of the Company		36,018	42,516
Non-controlling interests		<u>(136)</u>	<u>—</u>
		<u>35,882</u>	<u>42,516</u>
Total comprehensive income (loss) for the year attributable to:			
Owners of the Company		42,692	43,770
Non-controlling interests		<u>(136)</u>	<u>—</u>
		<u>42,556</u>	<u>43,770</u>
Earnings per share attributable to equity holders of the Company			
Basic and diluted	9	<u>1.75 RM sen</u>	<u>2.10 RM sen</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2022

	Notes	2022 RM'000	2021 RM'000
Non-current assets			
Property, plant and equipment		362,890	220,197
Club membership		90	90
Goodwill		—	—
Interest in associates		575	559
Deposits paid for acquisition of property, plant and equipment		4,361	6,576
		<u>367,916</u>	<u>227,422</u>
Current assets			
Inventories		21,193	15,741
Trade and other receivables	11	130,584	114,067
Income tax recoverable		3,609	2,085
Restricted bank balances		40	35
Bank balances and cash		39,572	53,684
		<u>194,998</u>	<u>185,612</u>
Current liabilities			
Trade and other payables	12	50,888	45,036
Bank overdrafts		14,776	12,674
Interest-bearing borrowings		10,646	5,037
Lease liabilities		18,166	5,537
		<u>94,476</u>	<u>68,284</u>
Net current assets		<u>100,522</u>	<u>117,328</u>
Total assets less current liabilities		<u>468,438</u>	<u>344,750</u>
Non-current liabilities			
Interest-bearing borrowings		72,474	40,650
Lease liabilities		87,471	33,438
Deferred tax liabilities		180	5,163
		<u>160,125</u>	<u>79,251</u>
NET ASSETS		<u><u>308,313</u></u>	<u><u>265,499</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2022

	<i>Notes</i>	2022 <i>RM'000</i>	2021 <i>RM'000</i>
Capital and reserves			
Share capital	13	10,866	10,866
Reserves		<u>297,325</u>	<u>254,633</u>
Equity attributable to equity holders of the Company		308,191	265,499
Non-controlling interests		<u>122</u>	<u>—</u>
TOTAL EQUITY		<u>308,313</u>	<u>265,499</u>

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 “**BVI**”). The ultimate controlling parties of the Group are Dato’ Seri 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 Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman, KY1-1108, Cayman Islands. The Company’s principal place of business is situated at Room 1910, 19th Floor, C C Wu Building, 302-308 Hennessy Road, Wan Chai, Hong Kong and the Group’s headquarter 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 and the subsidiaries of the Company are principally engaged in 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) fourth-party Logistics (“**4PL**”) services.

2. 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 consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2021 consolidated financial statements except for the adoption of the new/ revised IFRSs that are relevant to the Group and effective from the current year as set out below.

Adoption of new/revised IFRSs

The Group has applied, for the first time, the following new/revised IFRSs:

Amendments to IFRS 16	Covid-19-Related Rent Concessions Beyond 30 June 2021
Amendments to IAS 16	Proceeds before Intended Use
Amendments to IAS 37	Cost of Fulfilling a Contract
Amendments to IFRS 3	Reference to the Conceptual Framework
Annual Improvements to IFRSs	2018-2020 Cycle

Amendments to IFRS 16: Covid-19-Related Rent Concessions Beyond 30 June 2021

The amendments exempt lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the covid-19 pandemic are lease modifications and allow lessees to account for such rent concessions as if they were not lease modifications. It applies to covid-19-related rent concessions that reduce lease payments due on or before 30 June 2022. The amendments do not affect lessors.

Amendments to IAS 16: Proceeds before Intended Use

The amendments clarify the accounting requirements for proceeds received by an entity from selling items produced while testing an item of property, plant or equipment before it is used for its intended purpose. An entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss and measures the cost of those items applying the measurement requirements of IAS 2.

Amendments to IAS 37: Cost of Fulfilling a Contract

The amendments clarify that for the purpose of assessing whether a contract is onerous under IAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (for example, direct labour and materials) and an allocation of other costs that relate directly to fulfilling contracts (for example, an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

Amendments to IFRS 3: Reference to the Conceptual Framework

The amendments update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting issued in 2018. The amendments also add to IFRS 3 an exception to its requirement for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying IFRS 3 should instead refer to IAS 37. The exception has been added to avoid an unintended consequence of updating the reference.

Annual Improvements Project – 2018-2020 Cycle

IFRS 1: Subsidiary as a First-time Adopter

This amendment simplifies the application of IFRS 1 for a subsidiary that becomes a first-time adopter of IFRSs later than its parent – i.e if a subsidiary adopts IFRSs later than its parent and applies IFRS 1.D16(a), then a subsidiary may elect to measure cumulative translation differences for all foreign operations at amounts included in the consolidated financial statements of the parent, based on the parent’s date of transition to IFRSs.

IFRS 9: Fees in the “10 per cent” Test for Derecognition of Financial Liabilities

This amendment clarifies that – for the purpose of performing the “10 per cent test” for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf.

IFRS 16: Lease Incentives

The amendment removes the illustration of payments from the lessor relating to leasehold improvements. As currently drafted, Example 13 is not clear as to why such payments are not a lease incentive.

The adoption of the above new/revised IFRSs that are relevant to the Group and effective from the current year had no significant effects on the results and financial position of the Group for the current and prior years.

3. FUTURE CHANGES IN IFRSs

At the date of authorisation of these consolidated financial statements, the IASB has issued the following new/revised IFRSs that are not yet effective for the current year, which the Group has not early adopted:

Amendments to IAS 1	Disclosure of Accounting Policies ^[1]
Amendments to IAS 8	Definition of Accounting Estimates ^[1]
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ^[1]
IFRS 17	Insurance Contracts ^[1]
Amendment to IFRS 17	Initial Application of IFRS 17 and IFRS 9 – Comparative Information ^[1]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current ^[2]
Amendments to IAS 1	Non-current Liabilities with Covenants ^[2]
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback ^[2]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ^[3]

^[1] Effective for annual periods beginning on or after 1 January 2023

^[2] Effective for annual periods beginning on or after 1 January 2024

^[3] The effective date to be determined

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 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) 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) 4PL services segment: provision of 4PL services and 4PL handling services.

Segment revenue and results

Segment revenue represents revenue derived from provision of (i) integrated freight forwarding services; (ii) logistics centre and related services; (iii) 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, reversal of loss allowance of trade receivables, finance costs, share of results of associates 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>
<i>Year ended 31 December 2022</i>						
Revenue from contracts with customers within IFRS 15	109,068	63,587	62,940	93,690	20,374	349,659
Revenue from other source	—	7,211	—	—	—	7,211
	<u>109,068</u>	<u>70,798</u>	<u>62,940</u>	<u>93,690</u>	<u>20,374</u>	<u>356,870</u>
Segment results	<u>16,840</u>	<u>15,467</u>	<u>6,560</u>	<u>23,789</u>	<u>13,980</u>	76,636
<i>Unallocated income and expenses</i>						
Other income						3,473
Administrative and other operating expenses						(36,530)
Provision for loss allowance of trade receivables, net						(922)
Finance costs						(8,800)
Share of results of associates						16
Profit before tax						33,873
Income tax credit						2,009
Profit for the year						<u>35,882</u>
<i>Other information:</i>						
Depreciation (<i>Note i</i>)	873	12,156	3,614	858	—	17,501
Provision for leakage claims	—	—	—	824	—	824
Additions to property, plant and equipment (<i>Note ii</i>)	—	131,216	25,811	993	—	158,020
Payments made on behalf of a customer in respect of 4PL services (<i>Note 11(b)</i>)	—	—	—	—	50,774	50,774

	Integrated freight forwarding services RM'000	Logistics centre and related services RM'000	Land transportation services RM'000	Flexitank solution and related services RM'000	4PL services RM'000	Total RM'000
<u>Year ended 31 December 2021</u>						
Revenue from contracts with customers within IFRS 15	85,772	39,037	47,127	84,880	9,566	266,382
Revenue from other source	—	9,179	—	—	—	9,179
	<u>85,772</u>	<u>48,216</u>	<u>47,127</u>	<u>84,880</u>	<u>9,566</u>	<u>275,561</u>
Segment results	<u>17,183</u>	<u>17,276</u>	<u>6,090</u>	<u>22,421</u>	<u>7,072</u>	<u>70,042</u>
<i>Unallocated income and expenses</i>						
Other income						1,574
Administrative and other operating expenses						(19,186)
Reversal of loss allowance of trade receivables, net						596
Finance costs						(4,418)
Share of results of associates						58
Profit before tax						48,666
Income tax expenses						(6,150)
Profit for the year						<u>42,516</u>
<i>Other information:</i>						
Depreciation (Note i)	1,320	5,802	1,724	448	—	9,294
Provision for leakage claims	—	—	—	643	—	643
Additions to property, plant and equipment (Note ii)	—	21,985	10,003	1,474	—	33,462
Payments made on behalf of a customer in respect of 4PL services (Note 11(b))	—	—	—	—	47,184	47,184

Notes:

- (i) Depreciation not included in the measure of segment results during the year ended 31 December 2022 amounted to approximately RM3,075,000 (2021: RM5,203,000).
- (ii) Additions to property, plant and equipment not allocated to the segments during the year ended 31 December 2022 amounted to approximately RM7,131,000 (2021: RM47,109,000).

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.

	2022	2021
	<i>RM'000</i>	<i>RM'000</i>
<i>Revenue from external customers:</i>		
China	369	1,715
Indonesia	27,492	19,275
Malaysia	208,826	157,190
Netherlands	3,967	3,173
Singapore	65,476	46,302
South Korea	4,010	7,259
Thailand	23,860	22,334
Vietnam	2,990	2,319
Others	19,880	15,994
	<u>356,870</u>	<u>275,561</u>

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

Information about major customers

No external customers individually contributing 10% or more of the total revenue during the years ended 31 December 2022 and 2021.

5. REVENUE

	2022 <i>RM'000</i>	2021 <i>RM'000</i>
<u>Revenue from contracts with customers within IFRS 15</u>		
Integrated freight forwarding services business		
Air freight services income	3,145	2,802
Ocean freight services income	49,109	30,256
Forwarding services income	20,023	16,015
NVOCC services income	36,791	36,699
	<u>109,068</u>	<u>85,772</u>
Logistics centre and related services business		
Warehousing and container depot services income	<u>63,587</u>	<u>39,037</u>
Land transportation services business		
Income from land transportation	47,426	34,624
Landbridge transportation services income	8,901	8,786
Landfeeder transportation services income	6,613	3,717
	<u>62,940</u>	<u>47,127</u>
Flexitank solution and related services business		
Income from flexitank solution	<u>93,690</u>	<u>84,880</u>
4PL services business		
4PL handling income	1,065	1,495
4PL services income	19,309	8,071
	<u>20,374</u>	<u>9,566</u>
	<u>349,659</u>	<u>266,382</u>
<u>Revenue from other source</u>		
Logistics centre and related services business		
Rental income from warehouses	<u>7,211</u>	<u>9,179</u>
	<u>356,870</u>	<u>275,561</u>

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

	2022 <i>RM'000</i>	2021 <i>RM'000</i>
<i>Timing of revenue recognition:</i>		
– at a point in time		
Income from flexitank solution	93,690	84,880
4PL handling income	<u>1,065</u>	<u>1,495</u>
	<u>94,755</u>	<u>86,375</u>
– over time		
Air freight services income	3,145	2,802
Ocean freight services income	49,109	30,256
Forwarding services income	20,023	16,015
NVOCC services income	36,791	36,699
Warehousing and container depot services income	63,587	39,037
Income from land transportation	47,426	34,624
Landbridge transportation services income	8,901	8,786
Landfeeder transportation services income	6,613	3,717
4PL services income	<u>19,309</u>	<u>8,071</u>
	<u>254,904</u>	<u>180,007</u>
	<u><u>349,659</u></u>	<u><u>266,382</u></u>

6. OTHER INCOME

	2022 <i>RM'000</i>	2021 <i>RM'000</i>
Bank interest income	34	292
Gain on disposal of property, plant and equipment, net	1,627	417
Gain on early termination of a lease	–	191
Gain on lease modification	847	–
Sundry income	<u>965</u>	<u>674</u>
	<u>3,473</u>	<u>1,574</u>
	<u><u>3,473</u></u>	<u><u>1,574</u></u>

7. PROFIT BEFORE TAX

This is stated after charging (crediting):

	2022 <i>RM'000</i>	2021 <i>RM'000</i>
Finance costs		
Interest on bank overdrafts	708	75
Interest on interest-bearing borrowings	1,975	1,636
Interest on lease liabilities	<u>6,117</u>	<u>3,498</u>
Total borrowing costs	8,800	5,209
Less: Borrowings costs capitalised into construction-in-progress (<i>Note (a)</i>)	<u>—</u>	<u>(791)</u>
	<u>8,800</u>	<u>4,418</u>
Staff costs (including directors' emoluments)		
Salaries, allowances, bonus and other benefits in kinds	43,498	27,691
Contributions to defined contribution plans	<u>4,649</u>	<u>3,251</u>
Total staff costs (charged to “cost of services and goods sold” and “administrative and other operating expenses” and included in “inventories”, as appropriate)	<u>48,147</u>	<u>30,942</u>
Other items		
Auditors' remuneration		
– Audit services	534	443
– Non-audit services	129	177
Cost of inventories	69,901	62,493
Depreciation (charged to “cost of services and goods sold” and “administrative and other operating expenses”, as appropriate)	20,576	14,497
Exchange loss, net	2,320	559
Expenses recognised under short-term leases (charged to “cost of services and goods sold” and “administrative and other operating expenses”, as appropriate) (<i>Note (b)</i>)	2,252	2,004
Expenses recognised under leases of low-value assets (charged to “cost of services and goods sold” and “administrative and other operating expenses”, as appropriate) (<i>Note (b)</i>)	308	471
Write-off of property, plant and equipment	—	264
Legal and professional fees for a potential acquisition of a company	1,043	—
Provision for leakage claims	<u>824</u>	<u>643</u>

Notes:

- (a) During the year ended 31 December 2021, the weighted average capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is approximately 3.52%.
- (b) The Group does not recognise right-of-use assets and corresponding lease liabilities under short term lease and lease of low-value assets during the years ended 31 December 2022 and 2021.

8. INCOME TAX (CREDIT) EXPENSES

	2022 <i>RM'000</i>	2021 <i>RM'000</i>
Current tax		
Malaysia CIT		
Current year	3,152	3,366
Over-provision in prior years	<u>(70)</u>	<u>(532)</u>
	<u>3,082</u>	<u>2,834</u>
Labuan CIT		
Current year	–	20
Over-provision in prior years	<u>(108)</u>	<u>(152)</u>
	<u>(108)</u>	<u>(132)</u>
Deferred tax		
Changes in temporary differences	<u>(4,983)</u>	<u>3,448</u>
	<u><u>(2,009)</u></u>	<u><u>6,150</u></u>

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

Hong Kong Profits Tax has not been provided as the Group had no assessable profits in Hong Kong for the years ended 31 December 2022 and 2021.

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 2022 and 2021.

During the years ended 31 December 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.

During the years ended 31 December 2022 and 2021, 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.

CIT has not been provided for group entities incorporated in Labuan of Malaysia which had no chargeable profits for the year ended 31 December 2022 (*2021: CIT was charged at 3% on the chargeable profits*).

Singapore CIT is calculated at 17% of the assessable profits in Singapore for the years ended 31 December 2022 and 2021. The Group’s entities incorporated in Singapore can also enjoy 75% tax exemption on the first Singapore Dollars (“**SGD**”) 10,000 of normal chargeable income and a further 50% tax exemption on the next SGD190,000 of normal chargeable income for the years ended 31 December 2022 and 2021. Singapore CIT has not been provided as the Group had no assessable profits in Singapore for the years ended 31 December 2022 and 2021.

Reconciliation of income tax (credit) expenses

	2022 <i>RM'000</i>	2021 <i>RM'000</i>
Profit before tax	<u>33,873</u>	<u>48,666</u>
Income tax at applicable tax rate	9,079	11,763
Non-deductible expenses	4,712	2,522
Tax exempt revenue	(314)	(289)
Tax incentive	(15,308)	(7,162)
Over-provision in prior years	<u>(178)</u>	<u>(684)</u>
Income tax (credit) expenses	<u>(2,009)</u>	<u>6,150</u>

9. EARNINGS PER SHARE

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

	2022 <i>RM'000</i>	2021 <i>RM'000</i>
Profit for the year attributable to the owners of the Company, used in basic and diluted earnings per share calculation	<u>36,018</u>	<u>42,516</u>
	Number of shares	
	2022	2021
Weighted average number of ordinary shares for basic and diluted earnings per share calculation (<i>Note</i>)	<u>2,064,000,000</u>	<u>2,026,301,370</u>

Note:

The weighted average number of ordinary shares of 2,026,301,370 for the year ended 31 December 2021 is derived after taking into account the effect of placing of shares under general mandate on 3 August 2021 (*Note 13(i)*).

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 2022 and 2021.

10. DIVIDENDS

The directors of the Company do not recommend the payment of a final dividend for the year ended 31 December 2022 (2021: Nil).

11. TRADE AND OTHER RECEIVABLES

	<i>Notes</i>	2022 <i>RM'000</i>	2021 <i>RM'000</i>
Trade receivables			
From third parties		70,840	59,066
From related companies		145	25
		70,985	59,091
Less: Loss allowance		(1,400)	(478)
	<i>11(a)</i>	69,585	58,613
Other receivables			
Deposits paid		2,521	2,496
Payments made on behalf of a customer in respect of 4PL services	<i>11(b)</i>	50,774	47,184
Other receivables		2,122	1,445
Prepayments		5,582	4,329
		60,999	55,454
		130,584	114,067

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.

11(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:

	2022	2021
	<i>RM'000</i>	<i>RM'000</i>
Within 30 days	32,289	28,987
31 to 60 days	10,118	12,434
61 to 90 days	6,569	6,441
Over 90 days	22,009	11,229
	70,985	59,091
Less: Loss allowance	(1,400)	(478)
	69,585	58,613

11(b) Payments made on behalf of a customer in respect of 4PL services

At 31 December 2022 and 2021, the amounts represented the payments specifically made on behalf of a customer under 4PL services business for the purchase of certain commodities by the customer in the ordinary course of 4PL services business. The amounts are repayable from the customer within the credit period of 14 days and are collateralised and secured by the commodities with market value which is not materially different from the payments made on behalf of a customer. In the opinion of the management of the Group, the Group did not entitle to the commodities as the Group solely acts as an agent on behalf of the customer and has no rights of direction to the commodities.

The management of the Group expected the credit risk in respect of the payments is minimal after taking into account the value of collaterals held. In the event of default, the Group retrieves the collaterals. Besides, the management of the Group closely monitors the payments and considers no forward-looking factors that give rise to significant default risk on the payments at the end of the reporting period. Save as aforementioned, the management of the Group estimates that any ECL against for these amounts is considered to be insignificant at the end of the reporting period.

The management of the Group assessed that the payments contain no significant financing component which the customer is provided with no significant benefit of financing the transfer of goods and services provided. As of the period of financing is less than one year and the payment is collateralised and secured, 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.

12. TRADE AND OTHER PAYABLES

	<i>Notes</i>	2022 <i>RM'000</i>	2021 <i>RM'000</i>
Trade payables			
To third parties		25,094	30,736
To related companies		148	284
	<i>12(a)</i>	25,242	31,020
Other payables			
Accruals and other payables			
– Salary and other benefit payable		1,883	210
– Bonus payable		6,537	968
– Other accruals and other payable		5,366	3,779
Other payables for acquisition of property, plant and equipment		11,004	8,534
Provision for leakage claims	<i>12(b)</i>	856	525
		25,646	14,016
		50,888	45,036

12(a) Trade payables

The trade payables to third parties are interest free with normal credit terms up to 30 days.

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:

	2022	2021
	<i>RM'000</i>	<i>RM'000</i>
Within 30 days	19,752	21,848
31 to 60 days	2,994	4,049
61 to 90 days	439	1,630
Over 90 days	2,057	3,493
	<u>25,242</u>	<u>31,020</u>

12(b) Provision for leakage claims

	2022	2021
	<i>RM'000</i>	<i>RM'000</i>
At the beginning of the reporting period	525	152
Provision	824	643
Utilisation	(493)	(270)
At the end of the reporting period	<u>856</u>	<u>525</u>

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 each reporting period. The amount of provision takes into account the Group's recent claims experience.

13. SHARE CAPITAL

	<i>Note</i>	Number of shares	HK\$	Equivalent to RM
Ordinary share of HK\$0.01 each				
Authorised:				
At 1 January 2021, 31 December 2021 and 31 December 2022		15,000,000,000	150,000,000	80,213,900
Issued and fully paid:				
At 1 January 2021		2,000,000,000	20,000,000	10,518,000
Placing of shares under general mandate	<i>(i)</i>	64,000,000	640,000	347,975
At 31 December 2021 and 31 December 2022		2,064,000,000	20,640,000	10,865,975

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 subscribed share (the “**Subscription**”). 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 23 April 2021. 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 subscription 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

The Group is pleased to report the results for the year ended 31 December 2022. During the year ended 31 December 2022, the Group recorded a revenue of approximately RM356,870,000 (2021: approximately RM275,561,000), representing an increase of approximately 29.5% over the same period last year. The Group recorded a gross profit of approximately RM76,636,000 for the year ended 31 December 2022 (2021: approximately RM70,042,000), representing an increase of approximately 9.4% over the same period last year. The gross profit margin of the Group decreased from approximately 25.4% for the year ended 31 December 2021 to approximately 21.5% for the year ended 31 December 2022. The Group recorded a net profit of approximately RM35,882,000 for the year ended 31 December 2022 (2021: approximately RM42,516,000).

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 of the Group is attributable to strategic portfolios of integrated logistics services offered to varied customers and industries across Malaysia and neighboring countries.

Revenue from integrated freight forwarding services increased by approximately 27.2% to approximately RM109,068,000 for the year ended 31 December 2022, mainly driven by revenue generated from freight forwarding activities. The gross profit contribution from this segment decreased by approximately 2.0% to approximately RM16,840,000 for the year ended 31 December 2022. The decrease in gross profit is due to China's container shipping and foreign trade activities truly recovering as the freight rate begins to return to normality whilst there has been a decline as COVID-19 restrictions in China ease.

Revenue from logistics centre and related services increased by approximately 46.8% to approximately RM70,798,000 for the year ended 31 December 2022, primarily due to an increase in revenue from warehouse and ancillary services. However, the gross profit contribution from this segment decreased by approximately 10.5% to approximately RM15,467,000 for the year ended 31 December 2022, due to higher depreciation in year 2022.

Revenue from land transportation services increased by approximately 33.6% to approximately RM62,940,000 for the year ended 31 December 2022, primarily due to the consolidation of result from a newly acquired subsidiary in February 2022 and the purchase of new fleets during the year. However, the gross profit contribution from this segment only increased slightly by approximately 7.7% to approximately RM6,560,000 for the year ended 31 December 2022, mainly due to an increase in depreciation and staff costs.

Revenue from flexitank solution and related services increased by approximately 10.4% to approximately RM93,690,000 for the year ended 31 December 2022. This increase was mainly attributable to the strengthening of the United States Dollars in year 2022 compared to year 2021. The gross profit contribution from this segment also increased by approximately 6.1% to approximately RM23,789,000 for the year ended 31 December 2022.

4PL services, which started operations since July 2021, contributed a revenue of approximately RM20,374,000 for the year ended 31 December 2022. The gross profit contribution from 4PL services for the year ended 31 December 2022 is approximately RM13,980,000.

The Group's operational costs totalled approximately RM280,234,000 for the year ended 31 December 2022, representing an increase of approximately RM74,715,000 or 36.4% as compared to the same period last year.

The Group's other income amounted to approximately RM3,473,000 for the year ended 31 December 2022, representing an increase of approximately RM1,899,000 or 120.6% as compared to the same period last year. Such increase is mainly attributable to an increase in net gain on disposal of warehouse and gain on lease modification.

COMPANY PROSPECT

In line with our commitment towards ESG practices, we the coming year will see the Group's move towards a more comprehensive approach towards the adoption and application of the following: –

- Automation to increase work efficiency and productivity
- Digitalization and embrace new technologies to improve customer experience.
- Investments in human capital by increasing headcount as part of business expansion.
- Embracing solar technology by investing in solar rooftops to reduce carbon emission.

The coming year will be an important year for the Group to show its commitment to achieve its goals and aspirations, including taking on new challenges to grow and expand the business whilst enhancing its core principles.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group held bank balances and cash of approximately RM39,572,000 at 31 December 2022 (2021: approximately RM53,684,000). The Group leases various properties, lands, containers and motor vehicles with lease liabilities of approximately RM105,637,000 (2021: approximately RM38,975,000) with rental contracts typically made for fixed periods of two to thirty-two years (2021: two to thirty years). The Group had interest-bearing borrowings from various banks of approximately RM83,120,000 (2021: approximately RM45,687,000) which are repayable ranging from within one year to over five years (2021: within one year to over five years) since inception. Also, the Group had other bank overdrafts of approximately RM14,776,000 at 31 December 2022 (2021: approximately RM12,674,000). At 31 December 2022, the weighted average effective interest rate on interest-bearing borrowings was approximately 3.66% (2021: approximately 3.52%) per annum. The carrying amounts of interest-bearing borrowings were denominated in Ringgit Malaysia. The Group's gearing ratio at 31 December 2022, calculated based on the total borrowings to the equity attributable to owners of the Company, was approximately 0.66 (2021: approximately 0.37). 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 year ended 31 December 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 year ended 31 December 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 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, United State Dollars and Hong Kong Dollars. During the year ended 31 December 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 31 December 2022.

Capital expenditure

During the year ended 31 December 2022, the Group's total capital expenditure amounted to approximately RM165,151,000 (2021: approximately RM80,571,000).

Charge on group assets

At 31 December 2022, the Group's leasehold lands, and buildings with a total carrying amount of approximately RM113,089,000 (2021: approximately RM69,113,000) were pledged to secure bank facilities granted to the Group.

Contingent liabilities

At 31 December 2022, the Group did not have any significant contingent liabilities.

Material acquisitions or disposals

The Group did not have any material acquisition or disposals of subsidiaries or associated companies for the year ended 31 December 2022.

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 announcement.

Employees

At 31 December 2022, the Group had a total of 657 employees (2021: 574) in Malaysia. Staff costs (including directors' emoluments) for the year ended 31 December 2022 amounted to approximately RM48,147,000 (2021: approximately RM30,942,000). The Group ensures that the pay levels of its employees are competitive and according to market trends and its employees are rewarded on a performance related basis and within the general framework of the Group's salary and bonus system.

DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2022 (2021: Nil).

ANNUAL GENERAL MEETING

As of the date of this announcement, the Company had not fixed a date for its forthcoming annual general meeting. When such date is fixed, a circular containing the notice of annual general meeting, together with the proxy form and annual report of the Company for the year ended 31 December 2022, will be despatched to the shareholders of the Company in due course.

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**”). At 31 December 2022, the Net Proceeds had been utilised as follows:

	Net Proceeds <i>RM' million</i>	Amount utilised <i>RM' million</i>	Amount unutilised <i>RM' million</i>	Expected timeline for utilising the unutilised Net Proceeds
Construction of warehouse in Westport Free Zone in Port Klang	46.0	46.0	–	Fully utilised
Purchase of haulage prime movers & trailers	8.0	8.0	–	Fully utilised
Replaced aged and acquire additional forklifts	3.0	3.0	–	Fully utilised
Upgrade of IT System	2.0	2.0	–	Fully utilised
General working capital purpose	3.7	3.7	–	Fully utilised
	<u>62.7</u>	<u>62.7</u>	<u>–</u>	

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

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 (the “**Shareholders**”).

Pursuant to code provision C.5.1 of the CG Code, the board of the 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 Reporting Period, only two regular board meetings were held to review and discuss various matters, including the annual results for the year ended 31 December 2021 and the interim results for the six months ended 30 June 2022. 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 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 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 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.

Except for the above, the Company has adopted the applicable code provisions in the Corporate Governance Code as set out in Part 2 of Appendix 14 to the Listing Rules during the year ended 31 December 2022.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors of the Company. Having made specific enquiry of all Directors, each of the Directors has confirmed that he/she has complied with the Model Code during the year ended 31 December 2022.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

During the year ended 31 December 2022 and up to the date of this announcement, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

REVIEW BY THE AUDIT COMMITTEE

The audit committee of the Company has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2022.

SCOPE OF WORK OF THE COMPANY'S JOINT AUDITORS ON THE RESULTS ANNOUNCEMENT

The figures in respect of the consolidated financial statements of the Group and the related notes thereto for the year ended 31 December 2022 as set out in this announcement have been agreed by the Company's joint auditors, Mazars CPA Limited, *Certified Public Accountants, Hong Kong* and Mazars LLP, *Public Accountants and Chartered Accountants, Singapore* to the amounts set out in the audited consolidated financial statements of the Group for the year ended 31 December 2022. The work performed by the Company's joint auditors in this respect did not constitute an assurance engagement performed in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Company's joint auditors on this announcement.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to offer my gratitude to our business partners and Shareholders for their continuous support. The management team and all staff members should also be lauded for their tireless efforts and dedication to the Group.

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

Hong Kong, 30 March 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.