



**Infinity Logistics and Transport Ventures Limited**  
(Incorporated in the Cayman Islands with limited liability) Stock Code: 1442



# 2022 Annual Report

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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### **Executive Directors**

Dato' Seri Chan Kong Yew (*Chief Executive Officer*)  
Dato' Kwan Siew Deeg  
Datin Seri Lo Shing Ping  
Mr. Yap Sheng Feng

### **Non-Executive Director**

Tan Sri Datuk Tan Jyh Yaong (*Chairman*)

### **Independent Non-Executive Directors**

Mr. Li Chi Keung  
Mr. Tan Poay Teik  
Ms. Yeung Hoi Yan Monica

## AUDIT COMMITTEE

Mr. Tan Poay Teik (*Chairman of the Committee*)  
Mr. Li Chi Keung  
Ms. Yeung Hoi Yan Monica

## REMUNERATION COMMITTEE

Mr. Tan Poay Teik (*Chairman of the Committee*)  
Dato' Kwan Siew Deeg  
Ms. Yeung Hoi Yan Monica

## NOMINATION COMMITTEE

Tan Sri Datuk Tan Jyh Yaong (*Chairman of the Committee*)  
Mr. Tan Poay Teik  
Ms. Yeung Hoi Yan Monica

## AUTHORIZED REPRESENTATIVES

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

## COMPANY SECRETARY

Mr. Lau Wai Piu Patrick

## JOINT AUDITORS

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

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

## REGISTERED OFFICE

Winward 3, Regatta Office Park  
PO Box 1350  
Grand Cayman KY1-1108  
Cayman Islands

## HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN MALAYSIA

No. 2 Jalan Kasuarina 8  
Bandar Botanic  
41200 Klang  
Selangor Darul Ehsan  
Malaysia

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1910, 19/F  
C C Wu Building  
302-308 Hennessy Road  
Wan Chai  
Hong Kong

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Ocorian Trust (Cayman) Limited  
Winward 3, Regatta Office Park  
PO Box 1350  
Grand Cayman KY1-1108  
Cayman Islands

# CORPORATE INFORMATION

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited  
17/F, Far East Finance Centre  
16 Harcourt Road  
Hong Kong

## PRINCIPAL BANKS

Malayan Banking Berhad  
Level 14, Menara Maybank  
100 Jalan Tun Perak  
50050 Kuala Lumpur  
Malaysia

## STOCK CODE

1442

## WEBSITE

[www.infinity.com.my](http://www.infinity.com.my)

# CHAIRMAN'S STATEMENT

## DIGITALIZATION

Digitalization has been a game-changer in the logistics industry, and Infinity is at the forefront of this transformation. In 2022, we have continued to invest in our move towards digitalization and systems, enhancing our operations and improving our services for our customers. Our data analytics capabilities will enable us to optimize delivery of services, improvement of cargo tracking and reduction of computer printouts.

The vision for Infinity is to head towards Logistics 4.0, it represents the future of logistics, where the entire supply chain is digitized, interconnected, and automated. We will be leveraging on emerging technologies and innovations to create a more efficient, sustainable, and customer-centric supply chain ecosystem. Logistics 4.0 is characterized by the integration of digital technologies such as the Internet of Things (IoT), artificial intelligence (AI), blockchain, and data analytics, which can enable Infinity to optimize our operations and provide better services to customers.

## OPTIMISTIC IN THE SEA OF CHALLENGES

We are also optimistic about the future of the shipping and logistics industry. Despite the challenges posed by the global environment, we have seen positive signs, such as the reopening of China's ports, which bodes well for the industry's recovery. Moreover, we have witnessed robust demand for e-commerce and logistics services, which positions our company well for growth in the future. We remain optimistic in our business and core practices and we are confident that we will continue to rise in the sea of challenges as the saying goes *"If a ship is strong, the ocean's tides do not bother it"*.

## BUILDING A SUSTAINABLE FUTURE FOR LOGISTICS

Sustainability through Environmental, Social and Governance (ESG) practices remains a top priority for Infinity. I believe that by prioritizing environmental sustainability, social responsibility, and good governance, we create value for our shareholders while making a positive impact on society. In 2022, we have continued to pursue our ESG agenda, implementing initiatives to reduce our carbon footprint, increase recycling activities, and promote diversity and inclusivity in our workforce.

With the industry's move towards ESG commitments, the implementation of ESG practices is crucial to meet the demands of stakeholders, including customers, investors, and regulatory bodies. ESG practices ensure that Infinity operate sustainably and responsibly, leading to long-term success and profitability.

## ACKNOWLEDGEMENT

The Group has consistently demonstrated its leadership in championing both transformation and growth journeys. I take this opportunity to acknowledge the valuable contributions of our board members and express my sincere gratitude to our many partners in growth, our business associates, distributors and employees who have walked with us to positively contribute, leading the Group to where it is today and where it aspires to be in the future.

Thank you.

**Tan Sri Datuk Tan Jyh Yaong**  
*Chairman of the Board*

30 March 2023

# CHIEF EXECUTIVE OFFICER'S STATEMENT

## A RECOLLECTION OF YEAR 2022

I on behalf of the board of directors and subsidiaries of the Group, present our annual report for the year ended 31 December 2022. The year under review yet another highly challenging year for us as we continue to strive to create value amidst an increasingly demanding local economic and political environment.

Year 2022 is a year of rebound and recovery from the previous years of unprecedented challenges. Despite the challenges faced by the Group in the previous year due to the unprecedented pandemic, we have not only managed to recover but grow our business within the year.

The Group's new business segment, Fourth-Party Logistics (4PL) services has proven itself to be a significant addition that has contributed greatly to our revenue. We have continued to expand our business by commencing a new feeder operation services that will be a stepping stone towards integrating the business segment into a major part of our business.

## FINANCIAL PERFORMANCE

We have achieved a revenue of approximately RM356,870,000 (FY2021: approximately RM275,561,000) representing an increase of approximately 29.5% over the same period last year, a gross profit of approximately RM76,636,000 (FY2021: approximately RM70,042,000), representing an increase of approximately 9.4% and the gross profit margin of the Group is approximately 21.5% for the year ended 31 December 2022. The Group recorded a net profit of approximately RM35,882,000 (FY2021: approximately RM42,516,000).

All our business units observed an increase in revenue, the highest being achieved by Fourth Party Logistics segment with an increase of approximately 113.0%, which is started operations since July 2021. This was followed by the Logistics Centre segment with an increase of approximately 46.8% mainly due to the improved demand in warehouse and ancillary services. The Land Transportation segment observed an increase of approximately 33.6% as a result of the consolidation of the newly acquired subsidiary in February 2022. The Integrated Freight Forwarding segment observed an increase of approximately 27.2% as a result of increase in revenue contributed by our freight forwarding services. The Flexitank segment recorded an increase of approximately 10.4%.

## 2023 GAME PLAN

The year 2023 will mark a significant milestone in the Group as we will be celebrating our 20th Anniversary of the founding of the Group. Despite 20 years of challenges, we have achieved what we have today through grit and resilience, and a strong believe in our business and core values.

As we continue to grow, we are committed to realizing our aspiration to be a global logistics player whilst maximising shareholder value through our business model which will be built on 5 elements:

1. Cooperations and joint ventures with global logistics players to put forward the Group at the international logistics stage.
2. Enhance Human Resources management and Human Capital Investment by continuously upskilling our workforce and recruit knowledge-based talents and to shift from a pyramid to diamond structure.
3. Implement Digital Transformation to increase performance and productivity and provide better customer engagements.

# CHIEF EXECUTIVE OFFICER'S STATEMENT

4. Prioritise Legal & Risk Management to enhance consistency and mitigate potential risks.
5. Embrace Environmental, Social & Governance programs to minimise our carbon footprint and achieve carbon neutrality by year 2030.

We are confident that by engaging with international logistics players in a mutually beneficial manner will greatly improve the Group's prestige whilst growing the Group's business in new and emerging markets. With the enhanced Human Resources management and Human Capital Investment, we aim to Implement Digital Transformation to increase performance and productivity and provide better customer engagements.

ESG practices will continue to remain as the main driving force behind the Group's goal towards maximizing revenue and profits whilst ensuring that the Group business continues to be sustainable, socially responsible and transparent.

## ACKNOWLEDGEMENT

On behalf of the Board, I wish to thank all our shareholders, customers, suppliers, business partners and financiers for their strong support, trust and confidence in us throughout the years. In the same vein, I wish to express appreciation to my fellow members of the Board, for their counsel and guidance provided over the years. Last but not least, I wish to extend my sincere thanks and appreciation to the Management and staff for their dedication, professionalism and diligent efforts during the year under review.

Thank you.

**Dato' Seri Chan Kong Yew**  
*Chief Executive Officer*

30 March 2023

# 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 RM 42,516,000).

## 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 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 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 activity 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 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.

# MANAGEMENT DISCUSSION AND ANALYSIS

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 bank 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.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 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 annual report.

## Employees

As 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)

# MANAGEMENT DISCUSSION AND ANALYSIS

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

	<b>Net Proceeds</b> <i>RM'million</i>	<b>Amount utilised</b> <i>RM'million</i>	<b>Amount unutilised</b> <i>RM'million</i>	<b>Expected timeline for utilising the unutilised Net Proceeds</b>
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
	62.7	62.7	–	

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## ABOUT THIS REPORT

Infinity Logistics and Transport Ventures Limited (the “**Company**”, together with its subsidiaries hereinafter referred to as the “**Group**”) is pleased to present our annual Environmental, Social and Governance Report for year ended 31 December 2022 (the “**ESG Report**”) to provide an overview of the Group’s management of significant issues affecting the operation, including environmental, social and governance (“**ESG**”) matters.

The Group puts the sustainable development of its business as the top priority of its long-term development goals, and incorporate climate-related issues and environmental, social and governance elements into its long-term business strategic planning. As the most important leading role of the Group, the board of directors of the Company (the “**Board**”) has the sole responsibility to oversee, manage and monitor the Group’s environmental, social and governance issues and progress directly.

The Group has set short-term and long-term sustainable development vision and goals to achieve ongoing emission reduction according to governmental requirements. Relevant emission reduction targets and corresponding strategies are established and sustainable development factors have been incorporated into the Group’s strategic planning, business model and other decision-making processes. The Board regularly monitors and reviews the effectiveness of management approach, including reviewing the Group’s environmental, social and governance performance and adjusting corresponding action plans.

The Board has overall responsibility for the Group’s ESG strategy and reporting. The Board is responsible for evaluating and determining the Group’s ESG-related risks and ensuring that appropriate and effective ESG risk management and internal control systems are in place. Looking ahead, the Board will continue to review and monitor the environmental, social and corporate governance performance of the Group and provide material, reliable, consistent and comparable environmental, social and corporate governance information to its stakeholders for making contributions to create a better environment.

## REPORTING PERIOD

The ESG Report illustrates the Group’s initiative and performance regarding the environmental and social aspects during the reporting period from 1 January 2022 to 31 December 2022 (the “**Reporting Period**”).

## THE ESG GOVERNANCE STRUCTURE

Effective implementation of environmental, social and governance policies relies on the collaboration of different departments. In order to endeavour to achieve the objective of sustainability development, the Group has established the ESG Committee so as to coordinate different departments and enhance their mutual co-operations for ensuring consistent work performance which could be aligned with the stakeholders’ expectations. The ESG Committee, which is responsible for reporting to the Board regularly, comprises core members including Chairman of the Board and heads of operation units and supporting units who are responsible for organizing, promoting, and implementing various ESG related tasks under the Group’s ESG management policies and strategies. All tasks will be reported to the ESG committee regularly. The ESG risks were identified and measures were formulated through discussions among ESG Committee and respective risk owners. Under the leadership of the Board, the ESG Committee also conducted a materiality assessment to understand the concerns and requirements of various stakeholders so as to determine the Group’s ESG management approaches, strategies, priorities and goals.

The Board annually reviews both the ESG reporting and performance in a holistic manner to ensure existing goals and targets are in line with the vision of the Group. The Board reviewed its goals against the vision and aligned short-term goals which deemed necessary. Establishing a systematic approach to manage the goals and objectives is key to a attaining the vision of the Group.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## REPORTING SCOPE

This ESG Report covers all major subsidiaries of the Group in Malaysia with core business principally engaged in the provision of integrated freight forwarding services, logistics centre and related services, land transportation services, flexitank solution and related services, and fourth-party logistics (“4PL”) services, which accounted for 100% of the total revenue of the Group. The Group will continue in assessing the impacts of its business on the major ESG aspects and to include in the ESG Report.

## REPORTING BASIS

The ESG Report is prepared with reference to the ESG Reporting Guide set out by Appendix 27 of the Listing Rules. The Group has complied with the mandatory disclosure requirements and the “comply or explain” provisions set out in the ESG Reporting Guide. Certain key performance indicators (“KPIs”) which are considered as material by the Group during the Reporting Period are disclosed in the ESG Report. The Group will continue to optimize and improve the disclosure of KPIs. The ESG Report is prepared and published in both English and Chinese. In the event of contradiction or inconsistency, the English version shall prevail.

During its preparation, the Group adheres to the reporting principles of materiality, quantitative, balance and consistency by:

**Materiality:** Identifying material issues through stakeholder engagement and making key disclosures about these issues.

**Quantitative:** Presenting information in a quantitative way, where feasible.

**Balance:** Reporting information in an objective and unbiased manner to ensure it reflects both the achievements and the challenges faced by the Group.

**Consistency:** Using consistent measurement methods to enable meaningful comparisons of the Group’s ESG performance.

## CONTACT INFORMATION

The Group welcomes your feedback on the ESG Report for our sustainability initiatives. Please contact us through our Company website [www.infinity.com.my](http://www.infinity.com.my).

## APPROVAL OF REPORT

The ESG Report was approved by the Board on 30 March 2023.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## STAKEHOLDER ENGAGEMENT

We identified the key stakeholders of our business operations and then interacted with our stakeholders regularly through various communication channels. The following table illustrates the issues of concern of our major stakeholders and the ways we communicate with them:

Stakeholder	Expectation	Engagement channel	Measures
Government	<ul style="list-style-type: none"> <li>– Abide by laws and regulation</li> <li>– Fulfil duty to pay tax</li> <li>– Promote regional economic development and employment</li> </ul>	<ul style="list-style-type: none"> <li>– On-site inspections and checks</li> <li>– Company Website</li> </ul>	<ul style="list-style-type: none"> <li>– Operated, managed and paid taxes according to laws and regulations</li> <li>– Strengthened safety management</li> <li>– Accepted the government's supervision, inspection and evaluation</li> </ul>
Shareholders and Investors	<ul style="list-style-type: none"> <li>– Provide high transparency for information disclosure</li> <li>– Protect shareholders' rights and interests</li> </ul>	<ul style="list-style-type: none"> <li>– Annual general meeting and other shareholders meetings</li> <li>– Annual report, interim report and announcements/publications</li> </ul>	<ul style="list-style-type: none"> <li>– Issued notices of general meeting and proposed resolutions according to regulations</li> <li>– Disclosed Company's information by publishing annual reports, interim reports and announcements/publications</li> <li>– Disclosed corporate contact details on website and in reports and ensured all communication channels are available and effective</li> </ul>
Employees	<ul style="list-style-type: none"> <li>– Education and training</li> <li>– Career Development Opportunities</li> <li>– Health and safety working environment</li> <li>– Safeguard the rights and interests of employees</li> </ul>	<ul style="list-style-type: none"> <li>– Employee communication</li> <li>– Training, seminars and briefing sessions</li> <li>– Cultural and sport activities</li> <li>– Intranet and emails</li> </ul>	<ul style="list-style-type: none"> <li>– Provided a healthy and safe working conditions and environment</li> <li>– Provided training to employees</li> <li>– Provided employment and promotion practices that do not discriminate on grounds of gender, disability, pregnancy, family status, race, colour, religion, age or other conditions recognized in law</li> </ul>

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Stakeholder	Expectation	Engagement channel	Measures
Customers	<ul style="list-style-type: none"> <li>- Provide safe, high-quality products and services</li> <li>- Stable relationship</li> <li>- Business ethics</li> </ul>	<ul style="list-style-type: none"> <li>- Website, brochures and annual report</li> <li>- Email and customer service hotline</li> <li>- Complaint handling mechanism</li> <li>- Regular meetings</li> </ul>	<ul style="list-style-type: none"> <li>- Provided quality and customized products and services</li> </ul>
Suppliers/Partners	<ul style="list-style-type: none"> <li>- Honest cooperation</li> <li>- Long-term partnership</li> <li>- Information resources sharing</li> </ul>	<ul style="list-style-type: none"> <li>- Suppliers' review and assessment</li> <li>- Regular meetings</li> </ul>	<ul style="list-style-type: none"> <li>- Performed contracts according to agreements</li> <li>- Enhanced daily communication, and established long-term cooperation with quality suppliers and contractors</li> </ul>
Public and communities	<ul style="list-style-type: none"> <li>- Discharge social responsibilities</li> <li>- Community involvement</li> </ul>	<ul style="list-style-type: none"> <li>- Volunteering</li> <li>- Charity and social investment</li> <li>- Annual report</li> </ul>	<ul style="list-style-type: none"> <li>- Carried out charitable activities</li> <li>- Provided volunteer service, kept communication channels open between the Company and the communities</li> </ul>

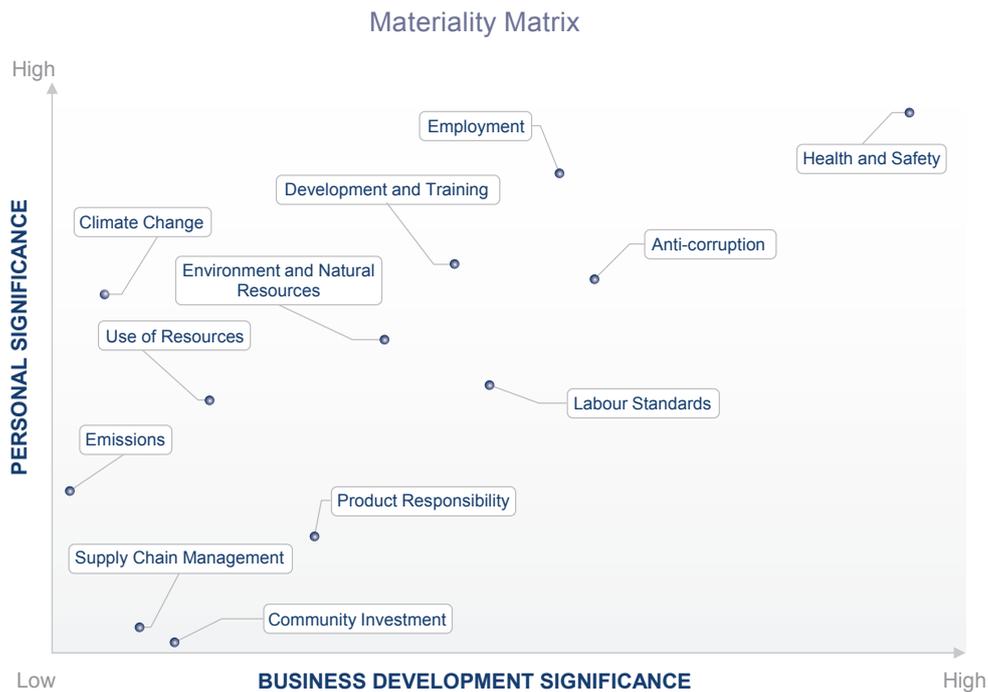
## MATERIALITY ASSESSMENT

With a growing population, challenges such as climate change, energy supply and security, raw material scarcity, human health and safety, and employment are to be addressed to ensure that people can lead healthy and fulfilling lives. Faced with a wide range of issues, the Group is keen to identify those that have a great impact on its stakeholders and business, and then to develop its strategic priorities.

The Group adopted the principle of materiality in the ESG reporting by understanding the key ESG issues that are important to the business of the Group. In the Reporting Period, the Company undertook its annual materiality assessment exercise. The objective of materiality assessment is to identify ESG topics that are material and relevant to the Group's operation. This involved distributing questionnaires to internal and external stakeholders to identify the most significant environmental and social impacts on its business. To identify potential material topics for disclosure in the ESG Report, we took reference to the ESG Reporting Guide and set possible topics for assessment.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

According to the results of the materiality assessment, the Materiality Matrix below demonstrates the ESG topics with different materiality to the Group, including:



## A. ENVIRONMENTAL ASPECTS

### Aspect A1: Emissions

Due to the nature of our business, our Group’s operations do not directly generate industrial pollutants, and as such our Group did not incur significant direct costs of compliance with applicable environmental protection rules and regulations in past years. The Board expects our Group will not directly incur significant costs for compliance with applicable environmental protection rules and regulations in the future.

Our emissions in our operations are subject to Malaysian law that are governed by the Environmental Quality Act 1974, through which a series of rules and regulations are overseen by the Malaysian Ministry of Energy, Science, Technology, Environment & Climate Change. We continuously observe relevant laws and regulations in relation to environmental protection in the Malaysia and have been in strict compliance with them. The Group actively promotes green logistics and environmentally friendly policies in its efforts to support the better living of our communities and the development of a sustainable logistics system. These policies including environment policy, control of waste, control of chemicals and control of water, etc.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group is committed to reducing its impact on the environment and its carbon footprint whilst pursuing our quest to deliver optimal logistics services to our customers. Consumption of fuel and energy has been a significant contributor to greenhouse gases as well as other environmental concerns. To minimize our carbon footprint through reduction of our carbon emissions for Scope 1 and Scope 2, we have set the following goals and measures to reduce resource consumption:

## Goals:

- The Group advocates emission reduction, and is committed to achieving sustainable operations and compliance with emission requirements permitted by the local authorities. To this end, we have set preliminary directional targets in terms of reducing emissions (including air pollutants, greenhouse gas, hazardous and non-hazardous wastes). The Group will actively implement below air pollutants control, energy-saving and material-saving measure to maintain or reduce the intensity of air pollutants emissions, the intensity of greenhouse gas emissions, and the intensity of waste production.

## Measures:

- Convert in phases, all the Diesel Material Handling Equipment (“**MHE**”) into Electrical MHE;
- Build green warehouses with energy efficiency compliant to Green Real Estate (“**GreenRE**”)<sup>1</sup>;
- Installing solar power panels on our building’s rooftop;
- Working with bodies such as Persatuan Pendidikan Dan Kebajikan Jaringan Nelayan Pantai Malaysia (“**JARING**”) and Forest Research Institute Malaysia (“**FRIM**”) via reforestation and planting trees;
- Reduce usage of new bulkhead;
- Reuse refurbished bulkhead system;
- Recycle old bulkheads for other application;
- Defining the process of effectively managed waste generated in operation processes of the organization hence to prevent contamination and pollution;
- Develop and implement prime mover replacement policy.

### Note 1:

GreenRE was set up by Real Estate and Housing Developers’ Association Malaysia (“**REHDA**”) in 2013 to drive sustainability in Malaysia’s real estate industry. GreenRE’s standards and certification process are in line with UN’s Sustainable Development Goals (“**SDG**”)s and World Green Building Council’s commitment towards achieving a net zero future.

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Regarding waste, our hazardous waste produced was mainly consisted of certain chemical waste amounting to approximately 2.35 tons in the Reporting Period (2021: 1.78 tons). Non-hazardous waste mainly includes domestic waste. They are separately stored and handled with ledger for record. In order to properly control the disposal of our production wastes, we formulated detailed environmental protection rules and guidance for our staff to follow during operation. The hazardous wastes are handled by trained employees only in accordance with the relevant requirements such as segregation of waste basing on the Chemical Hazard Class Code, packaging, labeling and etc, which complies with the Environmental Quality (Scheduled wastes) Regulation 2015. The wastes are collected and subsequently disposed in the licensed scheduled waste facility by the Department of Environment, Malaysia. The Group expects to extend the concept of sustainable development to daily life to attain the sustainable target.

Thus, in light of the above mentioned, we believe that our operation does not generate hazards that have any significant adverse impact on the environment and our environmental protection measures are adequate to comply with all applicable current regulations in Malaysia.

During the Reporting Period, there was no material breach of or non-compliance with the applicable laws and regulations related to environmental protection that have a significant impact to the Group.

Major air pollutants emissions from vehicles during the Reporting Period as follows:

Type of Air Pollutants	Air Pollutant Emission	
	(tons)	
	2022	2021
Sulphur Dioxide	<b>0.05</b>	0.04
Intensity (kg/Revenue RM'000)	<b>0.00014</b>	0.00014
Nitrogen Oxide	<b>55.04</b>	49.39
Intensity (kg/Revenue RM'000)	<b>0.15422</b>	0.17924
Suspended Particle	<b>4.36</b>	4.03
Intensity (kg/Revenue RM'000)	<b>0.01223</b>	0.01462

*Note:*

1. The Group has reviewed the calculation of Air Pollutant Emissions in 2021 and restated the relevant data accordingly.

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During the Reporting Period, the greenhouse gas (“GHG”) emission from the operation is set out below:

Type of GHG Emissions	GHG Emission	
	Equivalent CO <sub>2</sub> emission (tons)	
	2022	2021
Scope 1 Direct Emissions	8,040.52	6,441.66
Scope 2 Indirect Emissions	769.67	589.81
<b>Total</b>	<b>8,810.19</b>	<b>7,031.47</b>
<b>Intensity (tons/Revenue RM'000)</b>	<b>0.02</b>	<b>0.03</b>

Note:

1. The Group has reviewed the calculation of GHG Emissions in 2021 and restated the relevant data accordingly.
2. The calculation of the GHG gas is based on the Greenhouse Gas Protocol jointly developed by World Resources Institute and World Business Council for Sustainable Development, and the ISO14064-1 formulated by the International Standardization Organization.
3. Scope 1: Direct emissions from vehicles that are owned by the Group.
4. Scope 2: Indirect emissions from the generation of purchased electricity and natural gas consumed by the Group.

During the Reporting Period, the hazardous and non-hazardous waste produced from the operation are set out below:

	Hazardous and non-hazardous waste	
	(tons)	
	2022	2021
Hazardous waste	2.35	1.78
Non-hazardous waste	72.82	154.00
<b>Total</b>	<b>75.17</b>	<b>155.78</b>
<b>Intensity (tons/Revenue RM'000)</b>	<b>0.0002</b>	<b>0.0006</b>

Besides, the Group had developed the 2022 environmental target for air pollutants emission, GHG emissions and waster production, and the result as at the end of Reporting Period is as follow:

Environmental KPI	Targets	Baseline Year	Results as at the end of Reporting Period
The intensity of air pollutants emissions	Maintain or reduce the intensity of air pollutants emissions by 2022	2021	Target achieved
The intensity of greenhouse gas emissions	Maintain or reduce the intensity of greenhouse gas emissions by 2022	2021	Target achieved
The intensity of waste production	Maintain or reduce the intensity of waste production by 2022	2021	Target achieved

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## Aspect A2: Use of Resources

The Group places high priority on the efficient use of resources. The major resources used by the Group are fuels, electricity, water, and packaging materials. For usage of water, the Group did not encounter any problems in sourcing water that is fit for purpose. The Group has established the following goals and measures to improve the efficiency of resource use.

### Goals:

- During the Reporting Period, we have set preliminary directional targets in terms of energy use efficiency and water efficiency. We will review the progress and explore more opportunities for various environmental protection goals. In the future, we will set more specific quantitative environmental goals. The Group will actively implement below energy and water conservation measure to maintain or reduce the intensity of energy consumption and the intensity of water consumption.

### Measures:

- Our control of waste procedure has defined the waste category into Scheduled Waste and Non-scheduled Waste (including recyclable waste and general waste);
- Replacing the diesel forklift by electric forklift and electric powered pallet stacker;
- Establishing a rainwater collection system (rainwater harvest tank) to irrigate the plants;
- Adopting automatic faucets at production changing room to reduce the waste of water;
- Switching off lights and turning off unnecessary energy-consuming devices such as air-conditioning system when staff leaves the office;
- Adopting LED lighting in some production workshops and offices;
- Setting the temperature of the air-conditioner to  $\geq 23^{\circ}$  C;
- Promoting environmental protection such as saving water and electricity by slogan or poster or label in office and factories;
- Monitoring usage of water and electricity by designated department and checking for variance with past records;
- Encouraging the use of paper by printing or photocopying on both sides of paper, where applicable; Using online office system to minimise the use of paper;
- Improving product packaging forms to conserve the consumption of carton materials;
- Collection of carton boxes for recycling purpose;
- Adopting “one vehicle one card” policy so as to monitor the usage of fuel by each vehicle and to avoid wastage by private usage;

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- Comparing usage of natural resources with previous months and checking for variances noted;
- Regular maintenance of machineries and vehicles with good condition for operational efficiency;
- Strictly follow the procurement plan in order to avoid duplication of purchase and idle resources;
- Applying green technologies in our operations;
- Preference will be given to office equipment with relatively high energy efficiency;
- Focusing on quality management so as to reduce wastage and scrap for less pollution resulted;

Energy consumption, water consumption and packaging materials consumption by the Group during the Reporting Period are set out below:

Energy Consumption		
Type of energy	(kWh) 2022	(kWh) 2021
Unleaded petrol	662,708.83	624,511.13
Diesel	31,883,324.83	25,402,764.38
Purchased electricity	1,193,287.50	1,020,427.35
<b>Total</b>	<b>33,739,321.16</b>	<b>27,047,702.86</b>
<b>Energy intensity (kWh/Revenue RM'000)</b>	<b>94.54</b>	<b>98.16</b>

Water Consumption		
	(tons) 2022	(tons) 2021
Running water consumed	12,688.00	9,538.00
<b>Water Intensity (tons/Revenue RM'000)</b>	<b>0.04</b>	<b>0.04</b>

Packaging materials		
Type of packaging materials	(tons) 2022	(tons) 2021
Plastic	1,504.81	1,340.43
Paper	1,062.56	599.15
Metal	1,448.86	1,294.70
<b>Total</b>	<b>4,016.23</b>	<b>3,234.28</b>
<b>Packaging materials Intensity (tons/Revenue RM'000)</b>	<b>0.0113</b>	<b>0.0117</b>

Note:

1. The Group has reviewed the calculation of Energy Consumption in 2021 and restated the relevant data accordingly.

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Besides, the Group had developed the 2022 environmental target for energy conservation and water conservation, and the result as at the end of Reporting Period is as follow:

Environmental KPI	Targets	Baseline Year	Results as at the end of Reporting Period
The intensity of energy consumption	Maintain or reduce the intensity of energy consumption by 2022	2021	Target achieved
The intensity of water consumption	Maintain or reduce the intensity of water consumption by 2022	2021	Target achieved

### Aspect A3: The Environment and Natural Resources

The Group raises staff's awareness on environmental issues through education and training and enlist employees' support in improving the Group's performance, promote environmental awareness amongst the customers, business partners and shareholders and support community activities in relation to environmental protection and sustainability and evaluate regularly and monitor past and present business activities impacting upon health, safety and environmental matters. At the same time, we developed the Environmental Aspects and Impacts Procedure to ensure relevant environmental aspects and impacts are identified within the operations and activities of the organization and applicable control procedures are in place to mitigate the significant impacts identified. With the integration of policies and measures mentioned in sections "Emissions" and "Use of Resource", the Group strives to minimise the impacts to the environment and natural resources. The Group was accredited for ISO 14001:2015 Environmental Management Systems since March 2021. The principal business activities of the Group do not have a significant impact on the environment and natural resources during the Reporting Period.

### Aspect A4: Climate Change

Climate change is among the most pressing global challenges of our time. Acute physical risk can arise from extreme weather conditions such as flooding and storms and chronic physical risk can arise from sustained high temperature, while transition risk may result from the changes in environmental-related regulations or changes in customer preferences.

To minimize life, property and financial losses, precautionary measures on flexible working arrangement have been taken by the Group under different extreme weather scenarios of extreme heat and flooding. In addition, in order to better manage the transition risk, the Group has monitored the updates of environmental laws and regulations closely, and prioritized the climate change as a high concern in the market decisions to show to the customer that the Company is concerned about the problem of climate change.

Though climate change and abovesaid extreme weather conditions do not directly impose significant threat to the Group's business operations, the effects of global climate change harm the wellbeing and stability of countries and people on earth. However, we will continue to monitor the climate-related risks and implement relevant measures to minimize the potential impact of climate change.

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## B. SOCIAL ASPECTS

### Aspect B1: Employment

The Group believes that a key to our success is our ability to recruit, retain, motivate and develop talented and experienced staff members. Therefore, the Group is committed to providing an equal, harmonious and diversified working environment to our employees in order to attract and retain suitable talents in the competitive labour market and for the purpose of maintaining its competitiveness in the industry. Our group assesses the available human resources on a continuous basis and will determine whether additional personnel are required to cope with the business development of our Group. The Group's human resources manual sets out our standards for compensation and dismissal, recruitment and promotion, working hours, rest periods, confidentiality, and other benefits and welfare.

We have a recruitment policy in place to maintain a fair and effective recruitment procedure. Under such policy, we normally recruit employees with the appropriate skills, both technical and personal, in order to meet our current and future needs and to ensure that the employees appointed are qualified and competent to carry out the duties. In addition, when recruiting new employees or when providing our current employees with opportunities for promotion, we will not discriminate unlawfully against any person including but not limited to people of different nationalities, ethnicities, beliefs, and disabilities, etc, and select the best person for the job in terms of qualification and abilities. The Group follows its Code of Business Conduct to prohibit employees from abusing or intimidating in physical, verbal, psychological, sexual or any other manners. Channels for employees' feedback are available to facilitate communications. We have always maintained a good working relationship with our employees.

We entered into individual labour contracts with each of our employees in accordance with the applicable labour laws of Malaysia including but not limited to the Employment Act 1955, the Employees Provident Fund Act 1991, the Employees' Social Security Act 1969, the Employment Insurance System Act 2017, which cover matters such as wages, employee benefits and grounds for termination. The remuneration package our Group offers to our employees includes salary, bonuses, allowances and medical benefits. In general, we determine an employee's salary based on each employee's qualifications, experience and capability as well as the prevailing market remuneration rate.

Our Group considers that our employees play a pivotal role in our continuous growth. It is our policy to maximise the potential of our employees through training and development. Our Group provides both internal and external training related to logistics knowledge good customer service, safety and quality management and other useful topics. For new hires, our Group provides an induction training program followed by on-the-job training during their probation period, and continually monitors their progress throughout the probation period. Our employee training and development aim at equipping our employees with the knowledge and skills necessary to perform their job functions and enhance their capability. We believe this will also increase the overall competitiveness of our workforce and can maintain good relationship with our employee as we believe that our employees are valuable assets to our Group.

The Company recognizes that increasing diversity at the Board level will support the attainment of the Company's strategic objectives and sustainable development. We have attached great importance to major amendments/ requirements in relation to board diversity with reference to the Corporate Governance Code set out by Appendix 14 of the Listing Rules and taken measures to fulfill such.

The Board has adopted a Board Diversity Policy, which sets out the approach to achieve and maintain diversity of the Board and is reviewed on the implementation and effectiveness annually. For the year ended 31 December 2022, the Company maintained an effective Board comprising members of different genders. As at the date of this ESG Report, the Board consists of two female and six male Directors. The Board considers that the gender diversity in respect of the Board taking into account the business model and specific needs of the Company is satisfactory.

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The Group has also taken, and continues to take, steps to promote diversity at all levels of its workforce. Opportunities for employment, training and career development are equally opened to all eligible employees without discrimination.

During the Reporting Period, there were no material non-compliance regarding employment and labour practices brought against the Group or its employees.

Below is a detailed breakdown of our employees, which all of them are based in Malaysia, by gender, age group, location and employment category as at 31 December 2022 and 31 December 2021:

	2022		2021	
	<i>Number of staff</i>	<i>% of Total</i>	<i>Number of staff</i>	<i>% of Total</i>
<b>By Gender</b>				
Male	432	66	388	68
Female	225	34	186	32
Total	657	100	574	100
<b>By age group</b>				
30 or below	326	49	274	48
31-40	227	35	204	35
41-50	77	12	68	12
51 or above	27	4	28	5
Total	657	100	574	100
<b>By employment category</b>				
Contract or short term	6	1	5	1
Normal	447	68	410	71
Middle and Senior	204	31	159	28
Total	657	100	574	100
<b>By location</b>				
Malaysia	657	100	574	100
Total	657	100	574	100

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Statistics of employees' turnover rate by gender and age group for the Reporting Period and the corresponding period:

	<b>2022</b>	2021
	%	%
	<b><i>of total</i></b>	<i>of total</i>
<b>Turnover rate by gender</b>		
Male	<b>17</b>	21
Female	<b>63</b>	15
Total	<b>32</b>	19
<b>Turnover rate by age group</b>		
30 or below	<b>37</b>	26
31-40	<b>30</b>	11
41-50	<b>25</b>	15
51 or above	<b>11</b>	21
Total	<b>32</b>	19

## Aspect B2: Health and Safety

The Group places a strong emphasis on occupational safety of our staff. During the course of our business operations, our staff working at our warehouses are required to lift heavy objects and handle heavy mechanical equipment and our staff working at our flexitank production facilities are required to handle production machineries and equipment. They are provided with staff instructions manuals and supervision on-site to ensure their safety and health at work. We also provide regular internal and external trainings to our employees regarding operational and work safety, including but not limited to basic of firefighting, basic occupational first aid, basic chemical spillage and leakage control and personal protection. The Group strictly complies with relevant laws and regulations regarding safe working environment and labour protection from occupational hazards that have a significant impact on the Group, including but not limited to the Occupational Safety and Health Act (1994).

The Group is committed to maintain a safe working environment which poses no threat to health under the Group's control, and inspect any unsafe condition and fixing it immediately. Work place inspections have been conducted by the Safety, Health, Environment and Security Department regularly which covers but not limited to the following aspects, such as building and facility, chemical storage, emergency preparedness and firefighting, and production area inspection. Work place inspections reports would be prepared with inspections findings, action plan, person in charge and the due date, which shall be reviewed and approved by management. Furthermore, a full-time Safety and Health Manager was hired for management of safety and health issues, while Safety and Health Policy was formulated to actively respond and investigate all incidents and potential cases to prevent any mishaps from occurring and recurring, which has been endorsed by the senior management of the Group. The management of the Group will continuously monitor the implementation of the aforementioned policy.

In addition, during the Reporting Period, we engaged qualified third-party testing agency to examine our fire prevention system at a quarterly basis. We also conducted the fire drill to raise awareness of fire prevention technique and replaced fire extinguishers timely to enhance the reliability of fire-fighting equipment. The results indicate compliance with relevant national and local laws and regulation.

Regarding insurance, our Group maintains insurance coverage against inherent risks arising out of our ordinary course of business, such as employees' compensation for personal injuries, property damages or losses, third-party liability and various other areas.

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We have taken out road and integrated transit insurance policy with coverage normally required for a Non-vessel operating common carrier (“NVOCC”) and freight forwarder for protection against claims for cargo loss or damage and legal liability arising from accidents, with a limit of approximately RM1.0 million for each event.

We have also taken out a comprehensive general liability insurance policy with a limit of US\$10.0 million for a single incident against product liability covering various liability, such as personal injury, pollution fines and penalties due to manufacturing or installation defects and public liability covering all costs and expenses of third-party litigation and claims that arise from the manufacturing or installation defects.

Below is a detailed breakdown of the Group’s work-related injuries and fatalities of the past three Reporting Periods:

	2022	2021	2020
<b>Number of Work-Related Fatalities:</b>	<b>0</b>	0	0
Rate of work-related fatalities	<b>0%</b>	0%	0%
<b>Number of Work Injuries:</b>	<b>0</b>	1	4
Lost days due to work injury	<b>0</b>	35	57

## Aspect B3: Development and Training

The Group is committed to the continuous training and development of the employees both in the area of job-related skills and lifelong learning for personal development. The employees are one of our greatest assets and helping them to learn and develop is crucial to the achievement of the Group’s goals and ultimately develop into a learning organization. We provide various types of trainings to our employees as mentioned in aspects “B1: Employment” and “B2: Health and Safety” in this ESG Report. We believe it is a win-win approach for achieving both employee and corporate goals as a whole.

In addition, the Group has formulated the “Training and Development Procedure” which will be focused on creating a motivated workforce capable of meeting new challenges and skilled in all aspects of their job and will tie in the Group’s goals both short and long term. Each year, Training Needs Analysis (“TNA”) is conducted at the departmental level and Human Resource Department will compile all the departmental annual TNA summary to create an annual training calendar for the Group. To ensure that training activities support both the individual and the Group’s objectives, and are cost effective, the training activities will be planned and monitored for effectiveness.

Below is a detailed breakdown of the percentages of employees trained by gender and employment category during the Reporting Period and the corresponding period:

	2022	2021
<b>By gender</b>		
Male	<b>65%</b>	42%
Female	<b>35%</b>	58%
<b>By employment category</b>		
Contract or short term	–	–
Normal	<b>52%</b>	41%
Middle and Senior	<b>48%</b>	59%

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The average training hours for employees by gender and employment category during the Reporting Period and the corresponding period are as follows:

	Hours per employee	
	2022	2021
<b>By gender</b>		
Male	6.78	1.90
Female	7.05	2.77
<b>By employment category</b>		
Contract or short term	–	–
Normal	4.82	1.19
Middle and Senior	11.59	4.80

## Aspect B4: Labour Standards

The Group is fully aware that child labour and forced labour violate fundamental human rights and also pose threat to sustainable social and economic development. The Group strictly complies with relevant labour laws in Malaysia, such the Employment Act (1955). The Group has formulated Child Labour & Forced Labour Policy and will not tolerate the use of child or forced labour, no exploitation of children in any of its operations and facilities. During the recruitment process, the Group would verify the actual age of the applicants by checking their identity documentations and other records to avoid hiring any child labour. To prevent forced labour, we protect the right of our employees to freely choose employment and ensure that all employment relationships are voluntary. The Group and its employees may terminate the employment contract for personal reasons or any other reasons. If any violation is discovered, it will be handled in a serious manner and in accordance with national and local laws and regulations. Employment contracts and other records, documentation of all relevant details of the employees (including age) are properly maintained for verification by relevant statutory body upon request.

During the Reporting Period, we did not identify any issue related to child labour or forced labour within the Group.

## Aspect B5: Supply Chain Management

The Group works closely with its customer, suppliers and subcontractors who are committed to high quality, environmental, health and safety standards. For selection of suppliers, in order to ensure the quality of our suppliers, we implement certain quality control procedures over our suppliers:

- (i) Suppliers selection – We maintain a list of approved suppliers which we review and update from time to time. We generally select independent suppliers based on their track record, their availability, ability or capability to handle the relevant orders, and the cost of service.
- (ii) Price and performance review – We review the performance, turnaround time and pricing terms offered by our suppliers on an annual basis before we decide to renew the contracts or otherwise. We also assess whether a supplier has sufficient resources and skills to fulfill our requirements. If any suppliers repeatedly fail to meet our quality standards without immediate rectification, we will terminate the agreement with the suppliers with immediate effect without compensation and we will not engage such suppliers again.
- (iii) Licences check – We will check whether the suppliers possess the relevant licences for operating their business.

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- (iv) Environmental performance evaluation – We also perform environmental performance evaluation in the New Supplier Evaluation Form. In considering building partnership, we will give priority to companies holding ISO14001 environmental management system certification and using more environment-friendly products and services. In addition, the main raw material suppliers are required to fill out the Supplier Self-Assessment Questionnaire on a yearly basis and suppliers’ review will be conducted when necessary.
- (v) Business ethics review – We focuses on the integrity of suppliers and business partners and only chooses to deal with suppliers and business partners with good track records and no material violation of laws or business ethics in the past. The Group has zero-tolerance against bribery and corruption as well as forbids the supplier and business partner from securing service contract or partnership through any transfer of interest.
- (vi) Commitments relating to health, safety and environment – We formulated Integrity Policy and Environmental, Health, Safety and Food Safety Rules and Guidelines for Contractors/Suppliers to expect all the suppliers and business partners to sign an acknowledgement form confirming that they have read and understood, and agreeing that it is their responsibility to comply to this Policy. In addition, Code of Business Conduct is in place which includes policies related to environmental and social aspect for the staff to inform all suppliers and business partners, via email footers inserted in all business mail communications, to remind them to comply to those policies. By above measures, we expected the suppliers and partners to integrate environmental considerations in their activities and strive for continuous improvement by minimising any adverse effects of its activities on the environment.

Regarding subcontractors, we select our subcontractors based on various criteria, including relationship with us, familiarity with our customers’ needs, price, quality, management team and labour resources. In order to monitor the performance of our subcontractors and the relevant laws, rules and regulations in Malaysia, we have put in place the following risk management and control measures:

- we arrange regular meetings with our subcontractors before the shipment in respect of delivery planning; and
- we require our subcontractors to provide consignees signed delivery order for each completed delivery.

The Group established an internal management team responsible for monitoring the implementation of the aforementioned procedures. Thus, we believe there are no significant environmental and social risks for our management decision on supply chain management during the Reporting Period. All suppliers and subcontractors are subject to the above practices regarding engagement procedures.

The following is an analysis of the Group’s number of suppliers by geographical location during the Reporting Period:

	2022		2021	
	<i>Numbers</i>	<i>Percentage</i>	<i>Numbers</i>	<i>Percentage</i>
South East Asia	<b>1,361</b>	<b>98%</b>	1,046	97%
Far East	<b>15</b>	<b>1%</b>	26	2%
Others	<b>17</b>	<b>1%</b>	6	1%
<b>Total</b>	<b>1,393</b>	<b>100%</b>	1,078	100%

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## Aspect B6: Product Responsibility

### *Quality control*

We believe that our quality control measures enable us to provide quality services to our customers. Our process and quality management team (the “PQM Team”) is responsible for maintaining, compiling and reviewing our quality management procedures and other systematic documentations, and providing support to our employee training. We hold management review meetings regularly to discuss the results of external quality accreditation audits, review operations resources, follow up on customer feedback and complaints, and identify areas for improvement. Our PQM Team is also responsible for formulating and implementing standard operating procedures integrated into our operational processes in order to maximise the overall quality consistency of our services. When there is a deviation from the standard operating policy, our PQM team will step in to rectify the situation immediately. Our PQM team also actively participate in the problem-solving activities with operations team to ensure all process deviations or customers highlights are promptly resolved ensuring the highest level of service possible. Generally, our PQM Team comprised several employees led by a manager with more than 10 years of experience in the logistics industry in Malaysia. In addition to our PQM Team, our senior management team is actively involved in setting and reviewing quality policies and managing internal and external quality performance through customers and/or employees’ feedback.

Our quality control management system prepared by our PQM team mainly includes, but not limited to, the following elements:

- (i) Selection of suppliers and subcontractors – We maintain a list of approved suppliers which we review and update from time to time. For further details regarding the quality control on our suppliers, please refer to aspect “B5: Supply Chain Management” in this ESG Report.
- (ii) Operation – Every stage of our operation process is monitored by our process and quality management department to ensure that the operation process conforms to specific quality control requirements. Supervisors of different operation processes also carry out regular inspection.
- (iii) Process and quality planning – The product realisation and service provision processes (operations) are planned with adequate control points incorporated into the standard operating procedure and process owners monitor the operations are executed accordingly and institute corrective and preventive actions when deviation are detected to prevent any recurrence and occurrence.
- (iv) Facilities and equipment management – Regular inspections and maintenance are carried out by us to ensure the up-to-standard performance of our facilities and equipment.
- (v) Employee quality awareness – Regular trainings and continuous assessments of the performance of employee are conducted.

During the Reporting Period, there are no material disputes between our Group and our customers in respect of the quality of services provided by us and there were no cases of non-compliance against laws and regulations related to products and services responsibilities.

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## ***Additional quality control for our flexitank solution and related services***

We believe that the quality of our flexitank solution and related services are crucial to our continued success. Hence, we place strong emphasis on achieving a consistently high quality for the flexitank to be used in the provision of our flexitank solution and related services. Our PQM team is responsible for the establishment, implementation and maintenance of our Group's quality management system in accordance with the international standards. It also assists in setting up the flexitank production quality control team which is responsible for conducting quality testing and inspection at the various stages of flexitank production from materials receiving, in-process assembly to finished product, ensuring the flexitanks produced are able to meet stringent requirements of our customers as well as the Quality Management System and Food Safety System that we are certified to, namely ISO 9001, FSSC 22000 and HACCP.

## ***Product Return and Recall Policy and Customer Complaint Handling***

Generally, flexitanks provided to our customers are not refundable except for product quality reasons. Regarding manufacturing defects, we provide two-year warranty from the date of their delivery for unfilled flexitanks and 60 days upon product contact for filled flexitanks. In order to make a claim against our manufacturing defects warranty, our customers need to store and use the flexitanks in compliance with our guidelines and instructions.

Our customer service team handles general enquiries, complaints and feedback from customers. Customer Related Process is formulated by the Group to set out the procedures for handling complaints from customers. If our customers have feedback or complaints regarding the quality of our products or services, they may contact our customer service personnel through email or other channels, who will record details of such feedback or complaints, and the relevant departments will be notified of such complains. Relevant corrective or remedial measures will be implemented when necessary. Annual customer satisfaction survey will be conducted and the result will be reported to the management for analyzing the customers' feedbacks during the management review meeting.

During the Reporting Period, to the best knowledge of the directors, there was no official record of complains in relation to product or service, and there was no sold or shipped products were subject to recalls for safety and health reasons.

## ***Advertising and Labelling***

In order to ensure that the promotion of the Group's services conforms to the actual situation of the service, the Group strictly abides by the relevant laws and regulations on advertising marketing, formulates and implements relevant systems for the supervision of advertising marketing, and strictly reviews publicly published promotional materials and sales commitments to prevent false or misleading propaganda content, and protect consumer rights from being infringed.

The Group requires all publicity content, such as external image display, event publicity, marketing publicity, to be produced and published only after approval, so as to avoid any form of false publicity and ensure its authenticity and accuracy.

## ***Protection of Intellectual Property Rights***

The Group's day-to-day operations involve the use of the intellectual property owned by customers, suppliers, business partners or the Group itself. Therefore, the protection of intellectual property rights is an extremely important task for the Group. All customers' or suppliers' confidential information is only accessible to employees who are responsible for the corresponding project. Without the permission of the related customers or suppliers, the Group will not provide any confidential information to any cooperative partners so as to maximise the security of data for customers and suppliers.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## ***Data Protection and Privacy***

To further reinforce the privacy management in protection of the Group's property and customers' safety and interests, the Group stipulates a series of stringent and regulated policies for protecting personal information, the Group's properties and classified information (including privacy of the employees and customers). We prohibit any abuse of personal information and illegal profiteering acts. IT department regularly performs testing to detect any unauthorized access and alteration of customer data in the system. Audit trails of system operation and system logs on the server are recorded. Firewall is set up to avoid any external unauthorized access to our system. In view of the above, the Group restricts to only allow authorized personnel to gain access to the customers' and employees' information system. The Group has established an internal management team responsible for monitoring the implementation of the aforementioned procedures.

## ***Compliance with relevant laws and regulations***

The Group is not aware of any material non-compliance with relevant laws and regulations that have a significant impact relating to health and safety, advertising, labelling and privacy matters regard to products and services provided by the Group during the Reporting Period.

## **Aspect B7: Anti-Corruption**

Anti-corruption is one of the basic principles of the corporate social responsibility defined internationally. The Group does not tolerate any form of corruption, including bribery and extortion, fraud and money laundering, and promise to operate our business in an honest, ethical and creditable manner. The Group has established policies and code of conduct for all employees, including Business Ethics Policy, Integrity Policy and Code of Business Conduct. The Group strictly abides by national and local laws and regulations related to bribery, extortion, fraud and money laundering, including but not limited to the Malaysian Anti-Corruption Commission Act 2009, Malaysian Anti-Corruption Commission (Amendment) Act 2018, Competition Act 2010 and other laws and regulations. The Group strictly upholds employee behavior standards, and prohibits employees from using their powers to engage in fraud and seeking personal gain. In addition, the Group has also formulated Anti-money Laundering Policy to safeguard the Group's operation from Money Laundering or Terrorism Financing (ML/TF) risks.

To ensure operation efficiency and employees' development in a fair and honest working environment, the Group has formulated whistleblowing policy in the corporate governance manual to promote business ethics and integrity so as to avoid suspected corruption, extortion and money laundering. Channel such as by letter and email for employees to report suspected corruption are provided. If there are any suspected case related to corruption, employees are encouraged to report the related cases through the mentioned channels. All these practical actions not only win the trust of customers, but also enhance the sense of belonging and fair play among our employees.

During the Reporting Period, we provided anti-corruption training for 283 (2021: 102) directors and employees in total. Looking ahead, we will continue to invest more resource to our anti-corruption training and expand the scope of anti-corruption training data disclosure.

The Group has been in strict compliance with law and regulation related to anti-corruption. During the Reporting Period, to the best knowledge of the directors, there was no material non-compliance or violations regarding anti-corruption exercises and no concluded legal case regarding corruption practices brought against the Group or its employees.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Aspect B8: Community Investment

The public awareness on corporate social responsibility keeps rising these years. They expect corporations to operate and take long-term development of the society into consideration instead of focusing on short-term financial results and shareholders' return. Being a social-responsible company, the Group is committed to contributing to the community and understanding the needs of the communities in which we operate, the Group strives to develop long-term relationship with our stakeholders and seek to make contributions to programs that have a positive impact on community development.

The Group has all along concerned about various environmental and social issues in relation to the community. The Group has made charitable and other donations amounted to approximately RM92,000 during the Reporting Period (2021: RM66,000) in order to serve with care and concern for the underprivileged in the community.

### 1) 2022 – Free Tuition Classes Activities and Class Cabin Refurbishment

During the Reporting Period, we participate in corporate social responsibility (“CSR”) activity organized by KELAB IMPIAN INFINITY, an organization initiated with a mission to allow children of the Orang Asli community where we operate in to be better educated through free tuition classes so that they can cope with the level of education at school and those who have not attended school can have the opportunity to learn and have a better future. Partnering with the efforts of a group of retired teachers from the St. Barnabas Church in Klang, the project aims to teach the children of age 3-17 on the subject of English and Mathematics. The class cabin container went through repair, refurbishment and maintenance work in February 2022 before classes resume in April 2022. The cabin refurbishment efforts include repaint, air condition installation and cabin floor tiles replacement.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 2) 2022 – Ecosystem Rebuilding by Planting Trees Activities

Due to industrialization, we realized that many mangrove trees are destroyed, resulting the ecosystem of the area adversely affected. This year in conjunction with the International Day for the Conservation of Mangrove Ecosystem, 100 employees from the Group & Penang Port Sdn Bhd (PPSB) planted 1,442 mangrove trees at Pusat Pendidikan Kecil Hutan Paya Laut, Penang. This initiative is assisted and guided by Penang Inshore Fishermen Welfare Association, also known as PIFWA, a non-profit organization.

By the end of the Reporting Period, a total of 9,930 mangrove trees are planted under our Go Green Infinity programme, which fully reflects the Infinity's CSR initiative to protect the environment.



## 3) 2022 – Caring for the Community Action – Food Packs to Vulnerable Community

Dapur Infinity, a moving kitchen project, was initiated with a mission to offer food packs to vulnerable community so that they can avoid starvation and access to necessary nutrients. The Group rotates weekly to provide volunteers in food packing and distribution to local charity homes in Klang ranging from elderly homes, orphanage and the disability welfare centre. Dapur Infinity also welcomes partnership with associations in organizing charity events.

In May 2022, Northport (Malaysia) Bhd partnered with Dapur Infinity in bringing joy and cheer to children at Pertubuhan Nur Kasih in conjunction with the recent Hari Raya festival. 13 volunteers from Northport experienced firsthand cooking and packing at Dapur Infinity before they set out their journey along with Team Infinity and deliver the food to the Good Samaritan Home.

On 21st August 2022, Dapur Infinity was invited to provide lunch for the folks at The Association of Klang & Coast Chik Sin Thong Old Folks Home Selangor by Ahli Majlis Dr Quah Perng Fei (DUN Bandar Baru Klang) as he supports in providing health check for them.

Since Dapur Infinity's launch in November 2021, we have distributed 6,947 food packs in total.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## REFERENCES TO THE ESG REPORTING GUIDE

Subject areas, aspects, general disclosures and KPIs		Chapter/Disclosure	Page
<b>A. Environmental</b>			
<b>Aspect A1: Emissions</b>			
<b>General Disclosure</b>	Information on: (a) the policies; and  (b) compliance with relevant laws and regulations that have a significant impact on the issuer,  relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Emissions	15–18
<b>KPI A1.1</b>	The types of emissions and respective emissions data.	Emissions	17
<b>KPI A1.2</b>	Direct and energy indirect greenhouse gas emissions and, where appropriate, intensity.	Emissions	18
<b>KPI A1.3</b>	Total hazardous waste produced and, where appropriate, intensity.	Emissions	18
<b>KPI A1.4</b>	Total non-hazardous waste produced and, where appropriate, intensity.	Emissions	18
<b>KPI A1.5</b>	Description of emissions target(s) set and steps taken to achieve them.	Emissions	16–17
<b>KPI A1.6</b>	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Emissions	16–17
<b>Aspect A2: Use of Resources</b>			
<b>General Disclosure</b>	Policies on the efficient use of resources, including energy, water and other raw materials.	Use of Resources	19–21
<b>KPI A2.1</b>	Direct and/or indirect energy consumption by type in total and intensity.	Use of Resources	20
<b>KPI A2.2</b>	Water consumption in total and intensity.	Use of Resources	20
<b>KPI A2.3</b>	Description of energy use efficiency target(s) set and steps taken to achieve them.	Use of Resources	19–21
<b>KPI A2.4</b>	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Use of Resources	19–21
<b>KPI A2.5</b>	Total packaging material used for finished products and, if applicable, with reference to per unit produced.	Use of Resources	20

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject areas, aspects, general disclosures and KPIs	Chapter/Disclosure	Page
<b>Aspect A3: The Environment and Natural Resources</b>		
<b>General Disclosure</b>	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Emissions, Use of Resources and The Environment and Natural Resources 15–21
<b>KPI A3.1</b>	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Emissions, Use of Resources and The Environment and Natural Resources 15–21
<b>Aspect A4: Climate Change</b>		
<b>General Disclosure</b>	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Climate Change 21
<b>KPI A4.1</b>	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Climate Change 21
<b>B. Social</b>		
<b>Employment and Labour Practices</b>		
<b>Aspect B1: Employment</b>		
<b>General Disclosure</b>	Information on:  (a) the policies; and  (b) compliance with relevant laws and regulations that have a significant impact on the issuer  relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment 22–24
<b>KPI B1.1</b>	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Employment 23
<b>KPI B1.2</b>	Employee turnover rate by gender, age group and geographical region.	Employment 24
<b>Aspect B2: Health and Safety</b>		
<b>General Disclosure</b>	Information on:  (a) the policies; and  (b) compliance with relevant laws and regulations that have a significant impact on the issuer,  relating to providing a safe working environment and protecting employees from occupational hazards.	Health and Safety 24–25

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject areas, aspects, general disclosures and KPIs	Chapter/Disclosure	Page
<b>KPI B2.1</b>	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year	Health and Safety 25
<b>KPI B2.2</b>	Lost days due to work injury.	Health and Safety 25
<b>KPI B2.3</b>	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Health and Safety 24–25
<b>Aspect B3: Development and Training</b>		
<b>General Disclosure</b>	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training 25–26
<b>KPI B3.1</b>	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Development and Training 25
<b>KPI B3.2</b>	The average training hours completed per employee by gender and employee category.	Development and Training 26
<b>Aspect B4: Labour Standards</b>		
<b>General Disclosure</b>	Information on:  (a) the policies; and  (b) compliance with relevant laws and regulations that have a significant impact on the issuer  relating to preventing child and forced labour.	Labour Standards 26
<b>KPI B4.1</b>	Description of measures to review employment practices to avoid child and forced labour.	Labour Standards 26
<b>KPI B4.2</b>	Description of steps taken to eliminate such practices when discovered.	Labour Standards 26
<b>Operating Practices</b>		
<b>Aspect B5: Supply Chain Management</b>		
<b>General Disclosure</b>	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management 26–27
<b>KPI B5.1</b>	Number of suppliers by geographical region.	Supply Chain Management 27
<b>KPI B5.2</b>	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply Chain Management 26–27
<b>KPI B5.3</b>	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management 27
<b>KPI B5.4</b>	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management 27

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject areas, aspects, general disclosures and KPIs		Chapter/Disclosure	Page
<b>Aspect B6: Product Responsibility</b>			
<b>General Disclosure</b>	Information on:  (a) the policies; and  (b) compliance with relevant laws and regulations that have a significant impact on the issuer  relating to health and safety, advertising, labeling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility	28–30
<b>KPI B6.1</b>	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility	29
<b>KPI B6.2</b>	Number of products and service related complaints received and how they are dealt with.	Product Responsibility	29
<b>KPI B6.3</b>	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility	29
<b>KPI B6.4</b>	Description of quality assurance process and recall procedures.	Product Responsibility	28–29
<b>KPI B6.5</b>	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Product Responsibility	30
<b>Aspect B7: Anti-corruption</b>			
<b>General Disclosure</b>	Information on:  (a) the policies; and  (b) compliance with relevant laws and regulations that have a significant impact on the issuer  relating to bribery, extortion, fraud and money laundering.	Anti-Corruption	30
<b>KPI B7.1</b>	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Anti-Corruption	30
<b>KPI B7.2</b>	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Anti-Corruption	30
<b>KPI B7.3</b>	Description of anti-corruption training provided to directors and staff.	Anti-Corruption	30
<b>Community</b>			
<b>Aspect B8: Community Investment</b>			
<b>General Disclosure</b>	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment	31–32
<b>KPI B8.1</b>	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Investment	31
<b>KPI B8.2</b>	Resources contributed (e.g. money or time) to the focus area.	Community Investment	31

# CORPORATE GOVERNANCE REPORT

## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is dedicated to maintaining and ensuring high standards of corporate governance practices and the corporate governance principles of the Company are adopted in the interest of the Company and its shareholders (the “Shareholders”).

Save as the following deviations and disclosed in the paragraph headed “Company Secretary”, the Company has complied with the applicable code provisions as set out in the Corporate Governance Code (the “CG Code”) as set out in Part 2 of Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) during the year ended 31 December 2022 (the “Reporting Period”).

Pursuant to code provision C.5.1 of the CG Code, the board (the “Board”) of the directors (the “Directors”) of the Company 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.

### Directors’ Securities Transactions

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules (the “Model Code”) as its own code of conduct regarding Directors’ securities transactions. Having made specific enquiry of all Directors, each of the Directors has confirmed that he/she has complied with the Model Code during the Reporting Period.

### Board of Directors

The Board oversees the Group’s businesses, strategic decisions and performance and should take decisions objectively in the best interests of the Company. The Board should regularly review the contribution required from a Director to perform his/her responsibilities to the Company, and whether the Director is spending sufficient time performing them.

The Board has established the Group’s purpose, values and strategy, and has satisfied itself that the Group’s culture is aligned. Acting with integrity and leading by example, the Directors promote the desired culture to instil and continually reinforce across the Group the values of acting lawfully, ethically and responsibly. The Group has adopted anti-corruption and whistleblowing policy to provide forums for reporting issues and concerns on any misconduct, and to uphold business integrity in its operations. Please visit our website (“Investor Relationships > Code of Business Conduct” section) to learn more about.

### Composition

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

#### Executive Directors

Dato’ Seri Chan Kong Yew<sup>1</sup> (*Chief Executive Officer*)  
Dato’ Kwan Siew Deeg  
Datin Seri Lo Shing Ping<sup>1</sup>  
Mr. Yap Sheng Feng<sup>2</sup>

# CORPORATE GOVERNANCE REPORT

## **Non-Executive Director**

Tan Sri Datuk Tan Jyh Yaong<sup>2</sup> (*Chairman*)

## **Independent Non-Executive Directors**

Mr. Li Chi Keung  
Mr. Tan Poay Teik  
Ms. Yeung Hoi Yan Monica

### *Note:*

1. Dato' Seri Chan Kong Yew is the spouse of Datin Seri Lo Shing Ping
2. Tan Sri Datuk Tan Jyh Yaong is the father-in-law of Mr. Yap Sheng Feng

The biographical details of the Directors are set out in the section headed "Biographical Details of Directors and Senior Management" on pages 50 to 53 of this annual report. Apart from the above, there is no relationship (including financial, business, family or other material or relevant relationships) amongst members of the Board.

During the Reporting Period and up to date of this annual report, the Board has all times met the requirements of Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications, or accounting or related financial management expertise, and independent non-executive Directors representing at least one-third of the Board.

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

## **Chairman and Chief Executive Officer**

The chairman of the Company, Tan Sri Datuk Tan Jyh Yaong, is responsible for the overall strategic planning and corporate policies as well as overseeing the operation of the Group.

The chief executive officer of the Company ("**CEO**"), Dato' Seri Chan Kong Yew, is responsible for overall management and operation of the Group.

## **Board Meetings**

The Board should meet regularly and Board meetings should be at least four times a year at quarterly interval. The Directors can attend meetings in persons or through other means of electronic communication in accordance with the articles of association of the Company (the "**Articles of Association**"). Notice of at least 14 days is given of a regular Board meeting to give all Directors an opportunity to attend.

# CORPORATE GOVERNANCE REPORT

During the Reporting Period, the number of meetings, including Board meetings, Board committee meetings, annual general meeting and the attendance by each Director is as follows:

	Meeting attended				Annual general meeting
	Board	Audit committee	Remuneration committee	Nomination committee	
Number of meetings held	2	2	1	1	1
<i>Executive Directors</i>					
Dato' Seri Chan Kong Yew	2	N/A	N/A	N/A	1
Dato' Kwan Siew Deeg	2	N/A	1	N/A	1
Datin Seri Lo Shing Ping	2	N/A	N/A	N/A	1
Mr. Yap Sheng Feng	2	N/A	N/A	N/A	1
<i>Non-executive Director</i>					
Tan Sri Datuk Tan Jyh Yaong	2	N/A	N/A	1	1
<i>Independent Non-executive Directors</i>					
Mr. Li Chi Keung	2	2	N/A	N/A	1
Mr. Tan Poay Teik	2	2	1	1	1
Ms. Yeung Hoi Yan Monica	2	2	1	1	1

Board papers are circulated at least 3 days before the Board meetings to enable the Directors to make informed decisions on matters to be raised at the Board meetings. In addition, the Company has maintained a procedure for the Directors to seek independent professional advice, in appropriate circumstances, at the Company's expense in discharging their duties to the Company.

All Directors have full and timely access to all relevant information as well as the service of the company secretary of the Company (the "**Company Secretary**") to ensure the Board procedures and all applicable rules and regulations are followed.

The Company Secretary prepares minutes and keeps records of matters discussed and decisions resolved at all Board meetings. The Company Secretary also keeps the minutes, which are open for inspection at any reasonable time on reasonable notice by any Director.

## Appointment, Re-election and Removal of Directors

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

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

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

# CORPORATE GOVERNANCE REPORT

## **Directors' Responsibilities for Financial Statements**

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

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

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

## **Responsibilities of and Delegation by the Board**

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

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

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

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

# CORPORATE GOVERNANCE REPORT

## Directors' Training

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

All Directors are encouraged to participate in continuous professional development activities by ways of attending training and/or reading materials relevant to the Company's business or to the Directors' duties and responsibilities. A summary of professional trainings received by the Directors for the Reporting Period according to the records provided by the Directors is as follows:

	Attending training session and/ or reading materials relevant to the business or directors' duties
Dato' Seri Chan Kong Yew	✓
Dato' Kwan Siew Deeg	✓
Datin Seri Lo Shing Ping	✓
Mr. Yap Sheng Feng	✓
Tan Sri Datuk Tan Jyh Yaong	✓
Mr. Li Chi Keung	✓
Mr. Tan Poay Teik	✓
Ms. Yeung Hoi Yan Monica	✓

## Corporate Governance Functions

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

- to approve and review the Company's policies and practices on corporate governance;
- to review and monitor the training and continuous professional development of Directors and senior management;
- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- to review and monitor the code of conduct and compliance (if any) applicable to the Directors and employees; and
- to review the Company's compliance with the code provisions of the CG Code and disclosure in the CG Report under the Listing Rules.

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

## Board Committees

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

# CORPORATE GOVERNANCE REPORT

## Audit Committee

The Audit Committee currently consists of three independent non-executive Directors. During the Reporting Period and as at the date of this annual report, the members of the Audit Committee were as follows:

Mr. Li Chi Keung  
Mr. Tan Poay Teik  
Ms. Yeung Hoi Yan Monica

Mr. Tan Poay Teik, who possesses the appropriate accounting qualification and financial management expertise, currently serves as the chairman of the Audit Committee.

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

Details of attendance of the meetings of the Audit Committee are set out in the sub-section headed "Board Meetings" of the section headed "Board of Directors" above. The following matters were dealt with at the said meetings or by way of written resolutions:

- reviewing the consolidated financial statements for the year ended 31 December 2021 and the annual results announcement;
- reviewing the interim consolidated financial statements for the six months ended 30 June 2022 and the interim results announcement;
- reviewing the significant audit and accounting issues arising from the external auditor's audit;
- considering the appointment of the external auditor and their audit fees;
- meeting with the external auditor without the presence of management to discuss issues arising from the audits and any other matters the auditor might wish to raise;
- reviewing the Company's compliance with regulatory and statutory requirements; and
- reviewing the effectiveness of the internal control and risk management system.

The annual results for the Reporting Period have been reviewed by the Audit Committee before submission to the Board for approval.

# CORPORATE GOVERNANCE REPORT

## Nomination Committee

The Nomination Committee currently consists of two independent non-executive Directors and one non-executive Director. During the Reporting Period and as at the date of this annual report, the members of the Nomination Committee were as follows:

Mr. Tan Poay Teik  
Ms. Yeung Hoi Yan Monica  
Tan Sri Datuk Tan Jyh Yaong

Tan Sri Datuk Tan Jyh Yaong currently serves as the chairman of the Nomination Committee.

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

Details of attendance of the meeting of the Nomination Committee are set out in the sub-section headed "Board Meetings" of the section headed "Board of Directors" above. The following matters were dealt with at the said meeting or by way of written resolutions:

- to assess the independence of the independent non-executive Directors;
- to consider the re-election of Directors; and
- to review the composition of the Board.

No member took part in voting on his re-election of Director at the meeting.

## Remuneration Committee

The Remuneration Committee currently consists of two independent non-executive Directors and one executive Director. During the Reporting Period and as at the date of this annual report, the members of the Remuneration Committee were as follows:

Mr. Tan Poay Teik  
Dato' Kwan Siew Deeg  
Ms. Yeung Hoi Yan Monica

Mr. Tan Poay Teik currently serves as the chairman of the Remuneration Committee.

# CORPORATE GOVERNANCE REPORT

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

Details of attendance of the meeting of the Remuneration Committee are set out in the sub-section headed "Board Meetings" of the section headed "Board of Directors" above. The following matters were dealt with at the said meeting or by way of written resolutions:

- to review and discuss the remuneration packages for the Directors and senior management of the Company; and
- to consider and approve the remuneration packages for the proposed Directors.

No member took part in voting on his/her own remuneration at the meeting.

The annual remuneration of members of the senior management (including all executive Directors) by band for the Reporting Period is set out below:

Annual remuneration bands	Number of persons
Nil to RM2,000,000	4
Over RM2,000,000	1

## Board Diversity Policy

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

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

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

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

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

# CORPORATE GOVERNANCE REPORT

As at 31 December 2022, the Company had a total of 8 Directors, covering different gender and have a broad age distribution. There is a diverse mix of experience and background including logistics, administration, finance and accounting. The Nomination Committee has reviewed the Board Diversity Policy and considers that appropriate balance has been maintained among the Board members in terms of skills, experience and perspectives.

## **Nomination Policy**

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

### **1. Appointment of new Director**

- a) The Nomination Committee and/or the Board may select candidate for directorship from various channel, including but not limited to internal promotion, re-designation, referral by other member of the management and external recruitment agents, and should, upon receipt of the proposal on appointment of new director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship. If an independent non-executive director is to be appointed, the Committee and/or the Board will also assess and consider whether the candidate can satisfy the independence requirements as set out in the Listing Rules.
- b) If the process yields one or more desirable candidates, the Nomination Committee and/or the Board should rank them by order of preference based on the needs of the Company and reference check of each candidate (where applicable).
- c) The Nomination Committee should then recommend to the Board to appoint the appropriate candidate for directorship, as applicable.
- d) For any person that is nominated by a shareholder for election as a director at the general meeting of the Company, the Nomination Committee and/or the Board should evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship. Where appropriate, the Nomination Committee and/or the Board should make recommendation to Shareholders in respect of the proposed election of director at the general meeting.

### **2. Re-election of Director at general meeting**

- a) The Nomination Committee and/or the Board should review the overall contribution and service to the Company of the retiring director and his/her level of participation and performance on the Board.
- b) The Nomination Committee and/or the Board should also review and determine whether the retiring director continues to meet the criteria as set out above. If an independent non-executive director is subject to the re-election, the Nomination Committee and/or the Board will also assess and consider whether the independent non-executive director will continue to satisfy the independence requirements as set out in the Listing Rules.
- c) The Nomination Committee and/or the Board should then make recommendation to Shareholders in respect of the proposed re-election of director at the general meeting.

# CORPORATE GOVERNANCE REPORT

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

1. character and integrity;
2. qualifications including professional qualifications, skills, knowledge and experience and diversity aspects under the board diversity policy that are relevant to the Company's business and corporate strategy;
3. any measurable objectives adopted for achieving diversity on the Board;
4. any potential contributions the candidate can bring to the Board in terms of qualifications, skills, experience, independence and gender diversity;
5. willingness and ability to devote adequate time to discharge duties as a member of the Board and/or Board committee(s) of the Company; and
6. such other perspectives that are appropriate to the Company's business and succession plan and where applicable, may be adopted and/or amended by the Board and/or the Committee from time to time for nomination of directors and succession planning.

## **Risk Management and Internal Control**

The Company conducts an annual review on whether there is a need for an internal audit department. Given the Group's simple operating structure, as opposed to a separate internal audit department, the Board is directly responsible for the establishment, maintenance and review of the Group's systems of internal controls and risk management throughout the Reporting Period and their effectiveness. The Company has engaged an external independent professional advisory firm (the "**Independent Advisor**") to review the effectiveness and adequacy of risk management and internal control systems for the Reporting Period so as to ensure the effectiveness and adequacy of risk management and internal controls systems. The Independent Advisor had reviewed and analysed all material controls of the Group, including financial, operational and compliance controls and their associated risks. The reports from the Independent Advisor were presented to and reviewed by the Audit Committee and the Board. The internal audit service was also rendered by the Independent Advisor.

The Board considered the risk management and internal control systems of the Group to be adequate and effective for the Reporting Period. The Board also conducted a review of the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting function, and their training programs and budget which are considered to be adequate for the Reporting Period.

The Board wishes to emphasize that risk management and internal control systems are designed to manage, rather than eliminate, risk of failure to achieve business objectives and can only provide reasonable but not absolute assurance against material misstatement or loss.

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

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

# CORPORATE GOVERNANCE REPORT

## Joint Auditors' Remuneration

The remunerations paid or payable to the external joint auditors of the Company, Mazars CPA Limited and Mazars LLP, in respect of audit and non-audit services provided to the Group for the Reporting Period are set out below.

	<i>RM'000</i>
Annual audit for the Reporting Period	534
Non-audit services:	
– services relating to a circular on a potential very substantial acquisition transaction (Note)	117

Note:

The non-audit services was rendered by Mazars CPA Limited.

## SHAREHOLDERS' RIGHTS

The Company encourages the Shareholders to attend the general meetings of the Company. The general meetings of the Company provide an opportunity for communication between the Shareholders and the Board. Each general meeting, other than an annual general meeting, shall be called an extraordinary general meeting.

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

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

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

Shareholders may at any time put forward their enquires (including the procedures for putting forward proposals at general meetings of the Company) to the Board in writing and the contact details are as follows:

Infinity Logistics and Transport Ventures Limited  
Room 1910, 19/F  
C C Wu Building  
302-308 Hennessy Road  
Wan Chai  
Hong Kong

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

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

# CORPORATE GOVERNANCE REPORT

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

## Investor Relations and Communication with Shareholders

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

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

## Dividend Policy

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

## Company Secretary

Mr. Lau Wai Piu Patrick ("**Mr. Lau**") was appointed as the Company Secretary on 29 May, 2019. Mr. Lau has confirmed that he received not less than 15 hours of relevant professional training during the Reporting Period.

Pursuant to code 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 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.

# CORPORATE GOVERNANCE REPORT

## **Constitutional Documents**

The Articles of Association were approved on 14 December, 2019 by special resolution and with effect from the Listing Date.

On 29 June 2022, the amendments of the Articles of Association have been approved in the annual general meeting of the Company. Details of the amendments of the Articles of Association have been set out in the announcements of the Company dated 11 April 2022 and the circular of the Company dated 22 April 2022. The amended Articles of Association dated 29 June 2022 is available on the Company's website at [www.infinity.com.my](http://www.infinity.com.my) and the Stock Exchange's website.

Save as disclosed therein, there were no significant changes in the constitutional documents of the Company during the Reporting Period and up to the date of this annual report.

## **DISCLOSURE OF DIRECTORS' INFORMATION PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES**

Save as disclosed elsewhere in this annual report, there were no other changes to the Director's information that are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

# BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

## BOARD OF DIRECTORS

### Executive Directors

**Dato' Seri Chan Kong Yew**, aged 50, was appointed as an executive Director, chief executive officer and the chairman of the Board on 29 May 2019. He ceased to be the chairman of the Board and the Nomination Committee on 2 July 2021. Dato' Seri Chan established Infinity Logistics & Transport Sdn. Bhd., which commenced business in 2003, and he is currently the managing director of the Group. He is responsible for the Group's overall business planning and operational development, planning and execution of business strategic direction. He also identifies opportunities for the business growth of the Group for expansion, ensures implementation of the governance and risk management policies for corporate sustainability, establishes and maintains effective formal and informal relationship with all the major stakeholders and ensures budgetary control across the Group. Dato' Seri Chan is also a director of several subsidiaries of the Group.

Dato' Seri Chan has over 26 years of experience in the logistics industry. Prior to founding Infinity Logistics & Transport Sdn. Bhd., he was employed by Union Transport (M) Sdn. Bhd. as a branch executive from March 1996 to October 1996 where he was responsible for managing day-to-day air freight and sea freight operation. He then worked as a warehouse manager of Target Warehouse (M) Sdn. Bhd. from November 1996 to February 1997 where he was responsible for managing sea freight and bonded warehouse operation. From February 1997 to February 2003, he was employed by TS Warehouse & Distribution Sdn. Bhd. as the business development director where he was responsible for overseeing the rail transport business of the company. Attributed to his reputation in the logistics industry in Malaysia, he has been appointed as a member of the board of directors of the following statutory bodies in Malaysia: member of Perbadanan Stadium Malaysia from October 2018 to May 2020, director of Johor Port Commission and Penang Port Commission from January 2019 to March 2020, director of Johor Port Commission (Tg Pelepas) and director of Port of Penang Port Commission Telok Ewa from March 2019 to January 2020. He is also a director of a number of private companies such as real estate holding companies and investment properties. Dato' Seri Chan was appointed as an independent non-executive director of the following companies listed on Malaysia Stock Exchange: Boustead Plantations Bhd (stock code: 5254) during the period from 22 July 2019 to 24 June 2020 and Orgabio Holdings Berhad (stock code: 0252) from 8 June 2021 to date.

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

**Dato' Kwan Siew Deeg**, aged 50, was appointed as an executive Director on 29 May 2019. He is also a member of the Remuneration Committee. Dato' Kwan joined the Group in January 2004 and he is responsible for overseeing the Group's operational processes, ensuring proper operational controls are in place, and optimizing the capabilities to achieve operational efficiency. Besides that, he also leads the implementation of the business and marketing strategies to improve the Group's sales by developing new customers and retaining existing customers. Dato' Kwan is also a director of several subsidiaries of the Group.

He has been instrumental in helping the Group to be awarded the Silver Award for Best Innovation by the Star Business Awards 2014, by introducing and promoting the 20' HC Container to the market, providing better payload and offering lower shipping cost per cubic meter to the shippers. Dato' Kwan has over 19 years of experience in the logistics industry. Prior to joining the Group from March 1995 to January 2000, he was a production planning executive at Delloyd Industries Sdn Bhd, an automotive parts manufacturer, and was responsible for supply chain management from procuring material for production to delivery to customers. He was later employed by Dolphin Shipping Agency Sdn. Bhd. as a sales executive from January 2000 to June 2001 where he was responsible for handling shipping documentation and shipment related operations. From June 2001 to December 2003, he was employed as sea division manager of TS Freight Services Sdn. Bhd. where he has been exposed to the various aspects of the shipping sector and gained knowledge in the management of containerized transportation. He is also a director of a number of private companies such as investment and property holding companies.

# BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

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

**Datin Seri Lo Shing Ping**, aged 49, was appointed as an executive Director on 29 May 2019. She joined the Group in March 2003 and is the administration director of the Group overlooking the development of the Group's general administration policies and procedures and human resources matters, ensuring the internal controls measures are duly implemented throughout the organization as well as providing leadership in development of the Group's human resources through conducting effective recruitment, training and succession planning programs.

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

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

**Mr. Yap Sheng Feng**, aged 31, was appointed as a non-executive Director on 7 August 2020 and re-designated to an executive Director on 31 December 2020.

He graduated with a Bachelors of Commerce from The Australian National University in 2014. Mr. Yap enrolled in Tsinghua University's Business Leadership Program for overseas Chinese, completed in October 2014. Thereafter, he joined Multiway Trading Limited in 2016 where he was involved in the buying and selling of physical commodities whilst developing new business opportunities for the company.

Mr. Yap joined Perfect Hexagon Group in 2017 and was promoted to hold a significant role, i.e. Corporate Liaison of Perfect Hexagon Group in 2018. Mr. Yap attends all key meetings and have up-to-date knowledge of company projects and businesses. He provides top-quality advice, assistance to project planning, coordination, monitoring and reporting in any company collaborations. He also facilitates effective knowledge management and communication between the company, shareholders and investors. Mr. Yap was involved in the planning and execution of the onboarding process as market makers and members for commodity associations and exchanges including Hong Kong Exchanges and Clearing Limited (HKEX), London Metals Exchange (LME), Chicago Mercantile Exchange (CME), Bursa Malaysia Derivatives Berhad (Bursa), and Singapore Bullion Market Association (SBMA). Mr. Yap has also successfully completed USD 300 million bond issuance program for Perfect Hexagon Group in 2018.

Mr. Yap is the son-in-law of Tan Sri Datuk Tan Jyh Yaong.

## Non-Executive Director

**Tan Sri Datuk Tan Jyh Yaong**, aged 58, was appointed as an executive Director on 19 March 2021. He was re-designated as a non-executive Director and appointed as the chairman of the Board and the Nomination Committee on 2 July 2021. He is a director of Perfect (China) Co. Ltd, a company incorporated in PRC and its principal activities are mainly engaged in selling of health food, small kitchenware, cosmetics, cleaning supplies and personal care products. Tan Sri Datuk Tan is mainly responsible for the management and development of the company.

# BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Tan Sri Datuk Tan is also the Chairman of Perfect Hexagon Limited (“**Perfect Hexagon**”), a well-established commodity trading company based in Hong Kong, which has strong regional presence in Asia and network offices in Europe, Australia and South America. In addition, Perfect Hexagon is the most active liquidity provider for HKEX LME Mini and USD Precious Metals contracts. Tan Sri Datuk Tan has built an extensive network in various industries worldwide. These industries cover mining, refineries, commodity trading, agriculture, hospitality and healthcare.

Tan Sri Datuk Tan currently serves as the board members of various social and non-profit organisations. He is the President of Asia Pacific Tsinghus CEO Chambers of Commerce and Industry Berhad, the Vice President of Malaysia-China Friendship Association and Malaysia China Diplomatic Proponent Association, and the Deputy President of Malaysia-China Culture & Arts Association. Meanwhile, Tan Sri Datuk Tan is the advisor of Association of Belt & Road Malaysia, and the Honorary Advisor of The Association of Graduates from Tsinghua University, Malaysia.

Tan Sri Datuk Tan is the father-in-law of Mr. Yap Sheng Feng.

## Independent Non-Executive Directors

**Mr. Li Chi Keung**, aged 65, was appointed as an independent non-executive Director on 14 December 2019. He currently is the member of Audit Committee.

Mr. Li has over 32 years of experience in the logistics industry. He joined the OOCL group of companies from November 1988 to November 2007. He worked in one of the OOCL group of companies in Hong Kong from November 1988 to August 1994 and was transferred to the United States in September 1994 as pricing manager. He then rejoined the Hong Kong office of OOCL group in July 2000 with his last position as general manager. From November 2007 to present, he worked for the group companies of Mitsui O.S.K Lines Ltd which is listed on the Tokyo Stock Exchange (stock code: 91040) and his current position is trade consultant. During his employment with Mitsui O.S.K Lines Ltd, he was seconded to Malaysia from February 2014 to March 2017 as country director.

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

**Mr. Tan Poay Teik**, aged 37, was appointed as an independent non-executive Director on 14 December 2019. He is the chairmen of the Audit Committee and Remuneration Committee. He is also a member of the Nomination Committee.

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

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

**Ms. Yeung Hoi Yan Monica**, aged 42, was appointed an independent non-executive Director on 7 August 2020. She currently is the members of Audit Committee, Remuneration Committee and Nomination Committee.

# BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Ms. Yeung obtained a Bachelor of Arts in Management Studies in 2003 from the Leeds University Business School in the United Kingdom. She finished the Diploma Programme in Neuro-Linguistic Communication and Business Management in 2006 at the School of Continuing and Professional Studies at The Chinese University of Hong Kong. She then went on to earn her Master of Housing Management in 2011 from the University of Hong Kong.

Ms. Yeung first worked for Urban Property Management Ltd., Hong Kong, as a Senior Property Asset Officer from October 2003 to July 2008. Afterwards, she was employed at Complete Ltd., Hong Kong, as a Lettings and Management Officer between July 2008 and October 2009. She then returned to Urban Property Management Ltd. as an Assistant Property Manager from December 2009 to May 2012. At Fair & Square Insurance Broker Company Ltd., Hong Kong, Ms. Yeung was an Independent Financial Advisor between June 2012 and February 2014. Following, was a position with Manulife (International) Ltd., Hong Kong as a Financial Planning Manager from March 2014 to September 2021. She also joined Mywayz Ltd. in October 2016 as a director to the present.

## Senior Management

**Ms. Kwan Siew Mun**, aged 56, joined the Group in November 2005 and is currently the customer service and procurement senior manager of the Group. She is responsible for overseeing internal quality control for the Group's systems, procedures, and processes, ensuring optimal operational efficiency and improvements, and customer relationship management, as well as overseeing and managing the operations and activities of the procurement function of Infinity Bulk Logistics (MY).

Ms. Kwan has over 26 years of experience in the logistics industry. From 1986 to 1997, she was employed by Tuck Sun & Co. (Malaysia) Sdn. Bhd. with her last position as warehouse executive. She joined the Group in November 2005 as a customer service manager and was promoted to her current position in July 2012.

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

## Company Secretary

**Mr. Lau Wai Piu, Patrick**, aged 49, was appointed as the company secretary of the Company on 29 May 2019.

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

# DIRECTORS' REPORT

The Directors are pleased to present to the shareholders of the Company (the “**Shareholders**”) their report together with the audited consolidated financial statements of the Group for the year ended 31 December 2022 (the “**Reporting Period**”).

## PRINCIPAL ACTIVITIES

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

## RESULTS

The results of the Group for the Reporting Period are set out in the consolidated statement of profit or loss and other comprehensive income on page 71 of this annual report.

## DIVIDEND

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

## BUSINESS REVIEW

A fair review of the business of the Group during the Reporting Period and a discussion on the Group's future business development are set out in the section headed “Chairman's Statement”, “Chief Executive Officer's Statement” and “Management Discussion and Analysis” on pages 4 to 10 of this annual report.

The above discussions form part of this directors' report.

## PRINCIPAL RISKS AND UNCERTAINTY

### Risk associated with financial instruments of the group

The financial risk management objectives and policies of the Group are set out in note 29 to the consolidated financial statements.

### Key sources of estimation uncertainty

Details of the key sources of estimation uncertainty as at 31 December 2022 are set out in note 2 to the consolidated financial statements.

## COMPLIANCE WITH LAWS AND REGULATIONS

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

# DIRECTORS' REPORT

## RELATIONSHIPS WITH SUPPLIERS, CUSTOMERS AND EMPLOYEES

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

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

## ENVIRONMENTAL POLICIES AND PERFORMANCE

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

Further details of the Group's environmental policies and performance are set out in the Environmental, Social and Governance Report of the Company on pages 11 to 36 of this annual report.

## RESERVES AND DISTRIBUTABLE RESERVES

Details of movements in the reserves of the Company and the Group during the Reporting Period are set out in note 25(b) to the consolidated financial statements and in the consolidated statement of changes in equity on page 74 of this annual report, respectively.

## DONATIONS

Charitable and other donations made by the Group during the Reporting Period amounted to approximately RM92,000.

## SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

The Group did not have any significant investments, material acquisitions and disposals of subsidiaries, associates and joint ventures during the Reporting Period.

## BANK BORROWINGS

Details of the bank borrowings of the Group as at 31 December 2022 are set out in note 21 to the consolidated financial statements.

## PROPERTY, PLANT AND EQUIPMENT

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

# DIRECTORS' REPORT

## SHARE CAPITAL

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

## EQUITY-LINKED AGREEMENT

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

## PERMITTED INDEMNITY PROVISION

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

The Company has maintained appropriate directors and officers liability insurance and such permitted indemnity provision for the benefit of the Directors is currently in force.

## DIRECTORS

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

### *Executive Directors*

Dato' Seri Chan Kong Yew ("**Dato' Seri Chan**") (*Chief Executive Officer*)

Dato' Kwan Siew Deeg ("**Dato' Kwan**")

Datin Seri Lo Shing Ping ("**Datin Seri Lo**")

Mr. Yap Sheng Feng

### *Non-Executive Director*

Tan Sri Datuk Tan Jyh Yaong ("**Tan Sri Datuk Tan**") (*Chairman*)

### *Independent Non-Executive Directors*

Mr. Li Chi Keung

Mr. Tan Poay Teik

Ms. Yeung Hoi Yan Monica

In accordance with Article 108(a) of the articles of association of the Company (the "**Articles of Association**"), Dato' Kwan, Datin Seri Lo and Mr. Yap Sheng Feng shall retire by rotation at the annual general meeting of the Company (the "**AGM**") and, being eligible, have offered themselves for re-election.

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

# DIRECTORS' REPORT

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

As at 31 December 2022, the interests and short positions of each Director and CEO in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

(i) **Interest in the shares of the Company:**

Name of Directors	Capacity	Number of shares held <sup>(1)</sup>	Approximate percentage of the issued shares
Dato' Seri Chan <sup>(2)</sup>	Beneficial owner, interest in a controlled corporation and interest held jointly with another person	1,343,686,000	65.10%
Dato' Kwan <sup>(2)</sup>	Beneficial owner, interest in a controlled corporation and interest held jointly with another person	1,343,686,000	65.10%
Datin Seri Lo <sup>(3)</sup>	Interest of spouse and interest held jointly with another person	1,343,686,000	65.10%
Tan Sri Datuk Tan <sup>(4)</sup>	Beneficial owner and interest in a controlled corporation	146,310,000	7.09%
Yap Sheng Feng	Beneficial owner and interest of spouse	42,340,000	2.05%

*Notes:*

- (1) Interests in shares stated above represent long positions.
- (2) 2926 Holdings Limited ("**2926 Holdings**") is the registered and beneficial owner holding 40.88% of the issued Shares of the Company. The issued share capital of 2926 Holdings is owned as to 63.9% by Dato' Seri Chan and 36.1% by Dato' Kwan. On 29 May 2019, Dato' Seri Chan and Dato' Kwan entered into the concert parties confirmatory deed (the "**Concert Parties Confirmatory Deed**") to acknowledge and confirm, among other things, that they are parties acting in concert (having the meaning ascribed to it under the Takeover Code). By virtue of the Concert Parties Confirmatory Deed, each of Dato' Seri Chan and Dato' Kwan is deemed to be interested in the Shares held by 2926 Holdings under the SFO. Together with 319,576,720 and 180,423,280 shares held beneficially by Dato' Seri Chan and Dato' Kwan respectively, each of 2926 Holdings, Dato' Seri Chan and Dato' Kwan is deemed to be interested in 1,343,686,000 shares in the Company.
- (3) Datin Seri Lo is the spouse of Dato' Seri Chan and is deemed, or taken to be, interested in the Shares which Dato' Seri Chan is interested under the SFO.
- (4) 55,940,000 shares were held by Multiway Trading Limited ("**Multiway**") which is wholly owned by Tan Sri Datuk Tan. By virtue of the SFO, Tan Sri Datuk Tan is deemed to be interested in all the shares held by Multiway. Together with 90,370,000 shares held beneficially, Tan Sri Datuk Tan is deemed to be interested in 146,310,000 shares in the Company.

# DIRECTORS' REPORT

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

Name of Directors	Name of associated corporation	Capacity	Number of shares held <sup>(1)</sup>	Approximate percentage of the issued shares
Dato' Seri Chan	2926 Holdings	Beneficiary owner	604	63.9%
Dato' Kwan	2926 Holdings	Beneficiary owner	341	36.1%
Datin Seri Lo <sup>(2)</sup>	2926 Holdings	Interest of spouse	604	63.9%

### Notes:

- (1) Interests in shares stated above represent long positions.
- (2) Datin Seri Lo is the spouse of Dato' Seri Chan and is deemed, or taken to be, interested in the Shares which Dato' Seri Chan is interested under the SFO.

Save as disclosed above, as at 31 December 2022, none of the Directors and CEO had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

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

## SHARE OPTION SCHEME

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

### (A) Purpose of the Share Option Scheme

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

### (B) Participants of the Share Option Scheme

The participants of the Share Option Scheme shall be:

- (1) any employee (whether full-time or part-time) of the Company, and any of the subsidiaries;
- (2) any director (including executive, non-executive and independent non-executive directors) of the Company and any of the subsidiaries; and
- (3) any consultant, advisers of the Company and any of the subsidiaries.

# DIRECTORS' REPORT

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

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

As at 31 December 2022, a total of 200,000,000 Shares, representing approximately 9.69% of the issued share capital of the Company, are available for issue under the Share Option Scheme.

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

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

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

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

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

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

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

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

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

## **(H) The basis of determining the exercise price**

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

# DIRECTORS' REPORT

## (I) The remaining life of the Share Option Scheme

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

No share option has been granted, exercised, cancelled or lapsed under the Share Option Scheme since its adoption, and there is no outstanding share option as at 31 December 2022 and at the date of this annual report.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 31 December 2022, according to the register kept by the Company under Section 336 of the SFO, the corporations or persons (other than a Director or CEO) had interests of 5% or more in the Shares or underlying Shares which fell to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO were as follows:

Name	Capacity	Number of shares held <sup>(1)</sup>	Approximate percentage of the issued shares
2926 Holdings <sup>(2)</sup>	Beneficial owner and interests held jointly with another person	1,343,686,000	65.10%

Notes:

- (1) Interests in shares stated above represent long positions.
- (2) Please refer to notes (2) and (3) under the paragraph headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures" above.

Save as disclosed above, as at 31 December 2022, no other person (other than a Director or CEO) had registered an interest or short position in the Shares, underlying Shares and debentures of the Company which fell to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO.

## DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

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

## MANAGEMENT CONTRACTS

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

# DIRECTORS' REPORT

## RELATED PARTY TRANSACTIONS

Save as disclosed in the paragraph headed "Continuing Connected Transactions", the significant related party transactions that did not constitute connected transactions under Chapter 14A of the Listing Rules made during the Reporting Period were disclosed in note 28 to the consolidated financial statements.

## COMPETING INTEREST

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

## COMPLIANCE OF NON-COMPETITION UNDERTAKINGS

2926 Holdings, Dato' Seri Chan and Dato' Kwan (collectively the "**Controlling Shareholders**"), being the controlling shareholders of the Company, entered into the deed of non-competition (the "**Deed of Non-competition**") on 14 December 2019 in favour of the Company (for itself and as trustee for and on behalf of its subsidiaries). Details of the Deed of Non-competition are set out in the section headed "Relationship with our Controlling Shareholders – Non-competition Undertakings" of the prospectus of the Company dated 30 December 2019 (the "**Prospectus**"). Each of the Controlling Shareholders has given written declaration to the Company and has confirmed to the Company of their respective due compliance with the terms of the Deed of Non-competition during the Reporting Period.

The independent non-executive Directors have reviewed the declarations made by the Controlling Shareholders regarding the compliance of the Deed of Non-competition and were satisfied that the terms of the Deed of Non-competition had been duly complied with and enforced during the Reporting Period.

## REMUNERATION POLICY

The remuneration policy of the Group is set up by the Remuneration Committee on the basis of market trends and the individuals' merit, qualifications and competence.

The Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics, made recommendations to the Board for all remuneration of the executive Directors and senior management of the Company.

There was no forfeited contribution available to reduce the contribution payable under the defined contribution retirement scheme.

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

## EMOLUMENTS OF DIRECTORS, CHIEF EXECUTIVE AND THE FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors, chief executive and the five highest paid individuals of the Group are set out in note 8 and 9 to the consolidated financial statements.

# DIRECTORS' REPORT

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Reporting Period and up to date of this annual report.

## PRE-EMPTIVE RIGHTS

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

## CONTINUING CONNECTED TRANSACTIONS

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

As disclosed in the announcement of the Company dated 31 December 2021, the following transactions of the Group constituted continuing connected transactions for the Company.

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

On 31 December 2021, Infinity Shipping (MY) as landlord and Infinity Logistics & Transport Sdn. Bhd. ("**Infinity L&T (MY)**"), an indirectly wholly owned subsidiary of the Company, as tenant entered into a lease agreement for the leasing of a property located at No. 2 and 4 Jalan Kasuarina 8, Bandar Botanic, 41200 Klang, Selangor Darul Ehsan, Malaysia for a term commencing from 1 January 2022 to 31 December 2023 (with an option to renew the lease for one year from 1 January 2024 to 31 December 2024) at a monthly rent of RM15,000 (the "**Lease Agreement**"). The property is used as an administrative and operational headquarter for logistics and transport services.

The annual caps for the transactions contemplated under the Lease Agreement will be RM180,000, RM180,000 and RM180,000 respectively for each of the three financial years ending 31 December 2024.

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

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

On 31 December 2021, the Company (for itself and on behalf of other Group companies) entered into a master purchase agreement with Lite Bulk, pursuant to which the Company (for itself and on behalf of other Group companies) agreed to purchase cardboard containers on a non-exclusive basis from Lite Bulk (the "**Master Purchase Agreement**"). Under the Master Purchase Agreement, the Company (for itself and on behalf of other Group companies) can from time to time place purchase order with Lite Bulk, which shall set out, inter alia, the quantity, description of products and the purchase price.

The terms of the Master Purchase Agreement with Lite Bulk commenced on 1 January 2022 and will expire on 31 December 2024. Either party may terminate the Master Purchase Agreement by serving a notice of not less than three months to the other.

The annual caps for the transactions contemplated under the Master Purchase Agreement will not exceed RM54,000, RM54,000 and RM54,000 respectively for each of the three financial years ending 31 December 2024.

During the Reporting Period, the amount of transaction conducted under the Master Purchase Agreement was RM Nil.

# DIRECTORS' REPORT

## Supply of freight forward services to Lite Bulk

On 31 December 2021, the Company (for itself and on behalf of other Group companies) entered into a master supply agreement with Lite Bulk, pursuant to which the Company (for itself and on behalf of other Group companies) agreed to provide freight forwarding services on a non-exclusive basis to Lite Bulk (the **"Master Supply Agreement"**). Under the Master Supply Agreement, Lite Bulk shall from time to time place service order to the Group, which shall set out, inter alia, description of the service required, term of payment and the service fee.

The terms of the Master Supply Agreement with Lite Bulk commenced on 1 January 2022 and will expire on 31 December 2024. Either party may terminate the Master Supply Agreement by serving a notice of not less than three months to the other.

The annual caps for the transactions contemplated under the Master Supply Agreement will not exceed RM116,000, RM116,000 and RM116,000 respectively for each of the three financial years ending 31 December 2024.

During the Reporting Period, the amount of transaction conducted under the Master Supply Agreement was RM Nil.

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

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

On 31 December 2021, the Company (for itself and on behalf of other Group companies) entered into a master purchase agreement with Qingdao Infinity, pursuant to which the Company (for itself and on behalf of other Group companies) agreed to engage Qingdao Infinity for the provision of freight forwarding services in the PRC on a non-exclusive basis (the **"Master Purchase Agreement I"**). Under the Master Purchase Agreement I, the Group can from time to time place service order to Qingdao Infinity, which shall set out, inter alia, description of the service required, term of payment and the service fee.

The terms of the Master Purchase Agreement I with Qingdao Infinity commenced on 1 January 2022 and will expire on 31 December 2024. Either party may terminate the Master Purchase Agreement I by serving a notice of not less than three months to the other.

The annual caps for the transactions contemplated under the Master Purchase Agreement I will not exceed RM4,800,000, RM 5,520,000 and RM 6,348,000 respectively for each of the three financial years ending 31 December 2024.

During the Reporting Period, the amount of transaction conducted under the Master Purchase Agreement I was RM 4,757,000.

## Sales of packaging materials to Qingdao Infinity

On 31 December 2021, the Company (for itself and on behalf of other Group companies) entered into a master supply agreement with Qingdao Infinity, pursuant to which the Company (for itself and on behalf of other Group companies) agreed to supply packaging material on a non-exclusive basis to Qingdao Infinity (the **"Master Supply Agreement I"**). Under the Master Supply Agreement I, Qingdao Infinity can from time to time place purchase order to the Group, which shall set out, inter alia, the quantity, description of the product and the purchase price.

# DIRECTORS' REPORT

The terms of the Master Supply Agreement I with Qingdao Infinity commenced on 1 January 2022 and will expire on 31 December 2024. Either party may terminate the Master Supply Agreement I by serving a notice of not less than three months to the other.

The annual caps for the transactions contemplated under the Master Supply Agreement I will not exceed RM776,000, RM854,000 and RM939,000 respectively for each of the three financial years ending 31 December 2024.

During the Reporting Period, the amount of transaction conducted under the Master Supply Agreement I was RM Nil.

Mr. Teo Guan Kee (“**Mr. Teo**”) is a director of four of the subsidiaries of the Group and hence a connected person of the Company at subsidiary level. As Mr. Teo is holding more than 30% shareholding interest in Qingdao Infinity, Qingdao Infinity is therefore considered as an associate of Mr. Teo and a connected person of the Company under Chapter 14A of the Listing Rules.

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

1. the Disclosed CCTs have not been approved by the Board;
2. the transactions were not conducted, in all material respects, in accordance with the pricing policies of the Group (if applicable);
3. the transactions were not conducted, in all material respects, in accordance with the relevant agreement governing such transactions; and
4. the Disclosed CCTs have exceeded the relevant maximum aggregate annual cap amount disclosed in the Prospectus respect of each of the disclosed continuing connected transactions.

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

- (i) in the ordinary and usual course of business of the Group;
- (ii) on normal commercial terms or better; and
- (iii) according to the agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

The Company has complied with the disclosure requirements for those related party transactions which constituted connected transactions in accordance with Chapter 14A of the Listing Rules.

# DIRECTORS' REPORT

## MAJOR CUSTOMERS AND SUPPLIERS

During the Reporting Period, the aggregate revenue from the Group's five largest customers and the largest customer accounted for approximately 19.7% (2021: approximately 18.5%) and approximately 5.2% (2021: approximately 6.1%), respectively, of the Group's total revenue for the Reporting Period. Purchases from the Group's five largest suppliers and the largest supplier accounted for approximately 16.7% (2021: approximately 19.5%) and approximately 5.1% (2021: approximately 7.3%), respectively, of the Group's total cost of services and goods sold for the Reporting Period.

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

## FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on page 140 of this annual report. This summary does not form part of the audited consolidated financial statements.

## USE OF PROCEEDS FROM LISTING

Details of the use of proceeds from listing are set out in the section headed "Management Discussion and Analysis" on page 10 of this annual report.

## PUBLIC FLOAT

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

## TAX RELIEF

The Company is not aware of any relief from taxation available to the Shareholders by reason of their holdings of the Company's shares.

# DIRECTORS' REPORT

## JOINT AUDITORS

The consolidated financial statements of the Group for the year ended 31 December 2022 have been audited by Mazars CPA Limited, *Certified Public Accountants, Hong Kong* and Mazars LLP, *Public Accountants and Chartered Accountants, Singapore* (together referred to as "**Mazars**"). Mazars will retire, and being eligible, offer themselves for re-appointment. A resolution for their re-appointment as the joint auditors of the Company will be proposed at the forthcoming annual general meeting of the Company.

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

On behalf of the Board

**Tan Sri Datuk Tan Jyh Yaong**

*Chairman*

Hong Kong, 30 March 2023

# INDEPENDENT JOINT AUDITORS' REPORT

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

## OPINION

We have audited the consolidated financial statements of Infinity Logistics and Transport Ventures Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) set out on pages 71 to 139, which comprise the consolidated statement of financial position at 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group at 31 December 2022, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board (the “IASB”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

## BASIS FOR OPINION

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

## KEY AUDIT MATTERS

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

# INDEPENDENT JOINT AUDITORS' REPORT

Key audit matter	How our audit addressed the key audit matter
<p><b><i>Expected credit loss (“ECL”) assessment of trade receivables</i></b></p> <p>At 31 December 2022, the gross amount of trade receivables and its related allowance for ECL amounted to approximately RM70,985,000 and approximately RM1,400,000, respectively.</p> <p>At each reporting date, the management of the Group estimates the amount of lifetime ECL of trade receivables based on provision matrix that is based on historical data and is adjusted for forward-looking information of respective trade receivables.</p> <p>The management of the Group believes that they have considered reasonable and supportable information that is relevant and available without undue cost and effort for this purpose. Such assessment has taken the quantitative and qualitative historical information and also, the forward-looking analysis.</p> <p>We have identified the management’s ECL assessment of trade receivables as a key audit matter because the carrying amount of trade receivables was significant to the consolidated financial statements and the ECL assessment of these balances required significant judgement and involved high level of uncertainty.</p> <p>Related disclosures are included in Notes 2, 18 and 29 to the consolidated financial statements.</p>	<p>Our key procedures, among others, included:</p> <ul style="list-style-type: none"> <li>a) obtaining an understanding of the Group’s credit risk management and practices and assessing the Group’s impairment provisioning policy in accordance with the requirements of applicable accounting standards;</li> <li>b) assessing and challenging the application of impairment methodology of ECL, and checking the assumptions and key parameters to external data sources where available, on a sample basis;</li> <li>c) assessing and challenging the reasonableness and relevancy of the external information used by the Group as the forward-looking information;</li> <li>d) testing, on a sample basis, the accuracy of ageing categories of trade receivables based on relevant delivery notes, sales invoices and sales contracts;</li> <li>e) testing subsequent settlements of trade receivables to bank remittance, on a sample basis; and</li> <li>f) checking the calculation of ECL based on the methodology adopted by the Group and the adequacy of the Group’s disclosures in relation to credit risk exposed by the Group in the consolidated financial statements.</li> </ul>

## OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the 2022 annual report of the Company but does not include the consolidated financial statements and our joint auditors’ report thereon.

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

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

# INDEPENDENT JOINT AUDITORS' REPORT

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

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Company.

# INDEPENDENT JOINT AUDITORS' REPORT

- Conclude on the appropriateness of the use of the going concern basis of accounting by the directors of the Company and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our joint auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our joint auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

## **Mazars CPA Limited**

*Certified Public Accountants, Hong Kong*  
42nd Floor, Central Plaza  
18 Harbour Road, Wanchai  
Hong Kong

30 March 2023

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

## **She Shing Pang**

Practising Certificate number: P05510

## **Mazars LLP**

*Public Accountants and Chartered Accountants of Singapore*  
135 Cecil Street  
#10-01  
Singapore 069536

30 March 2023

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

## **Chan Hock Leong**

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2022

	Notes	2022 RM'000	2021 RM'000
<b>Revenue</b>	5	<b>356,870</b>	275,561
Cost of services and goods sold		<b>(280,234)</b>	(205,519)
<b>Gross profit</b>		<b>76,636</b>	70,042
Other income	6	<b>3,473</b>	1,574
Administrative and other operating expenses		<b>(36,530)</b>	(19,186)
(Provision for) Reversal of loss allowance of trade receivables, net	29	<b>(922)</b>	596
Finance costs	7	<b>(8,800)</b>	(4,418)
Share of results of associates	16	<b>16</b>	58
<b>Profit before tax</b>	7	<b>33,873</b>	48,666
Income tax credit (expenses)	10	<b>2,009</b>	(6,150)
<b>Profit for the year</b>		<b>35,882</b>	42,516
<b>Other comprehensive income</b>			
<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>6,331</b>	484
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on consolidation		<b>343</b>	770
<b>Other comprehensive income for the year</b>		<b>6,674</b>	1,254
<b>Total comprehensive income for the year</b>		<b>42,556</b>	43,770
<b>Profit (Loss) for the year attributable to:</b>			
Owners of the Company		<b>36,018</b>	42,516
Non-controlling interests		<b>(136)</b>	–
		<b>35,882</b>	42,516
<b>Total comprehensive income (loss) for the year attributable to:</b>			
Owners of the Company		<b>42,692</b>	43,770
Non-controlling interests		<b>(136)</b>	–
		<b>42,556</b>	43,770
<b>Earnings per share attributable to equity holders of the Company</b>			
Basic and diluted	11	<b>1.75 RM sen</b>	2.10 RM sen

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2022

	Notes	2022 RM'000	2021 RM'000
<b>Non-current assets</b>			
Property, plant and equipment	14	362,890	220,197
Club membership		90	90
Goodwill	15	–	–
Interest in associates	16	575	559
Deposits paid for acquisition of property, plant and equipment	14	4,361	6,576
		<b>367,916</b>	<b>227,422</b>
<b>Current assets</b>			
Inventories	17	21,193	15,741
Trade and other receivables	18	130,584	114,067
Income tax recoverable		3,609	2,085
Restricted bank balances	19	40	35
Bank balances and cash		39,572	53,684
		<b>194,998</b>	<b>185,612</b>
<b>Current liabilities</b>			
Trade and other payables	20	50,888	45,036
Bank overdrafts	21	14,776	12,674
Interest-bearing borrowings	21	10,646	5,037
Lease liabilities	22	18,166	5,537
		<b>94,476</b>	<b>68,284</b>
<b>Net current assets</b>		<b>100,522</b>	<b>117,328</b>
<b>Total assets less current liabilities</b>		<b>468,438</b>	<b>344,750</b>
<b>Non-current liabilities</b>			
Interest-bearing borrowings	21	72,474	40,650
Lease liabilities	22	87,471	33,438
Deferred tax liabilities	23	180	5,163
		<b>160,125</b>	<b>79,251</b>
<b>NET ASSETS</b>		<b>308,313</b>	<b>265,499</b>
<b>Capital and reserves</b>			
Share capital	24	10,866	10,866
Reserves	26	297,325	254,633
<b>Equity attributable to equity holders of the Company</b>		<b>308,191</b>	<b>265,499</b>
Non-controlling interests		122	–
<b>TOTAL EQUITY</b>		<b>308,313</b>	<b>265,499</b>

The consolidated financial statements on pages 71 to 139 were approved and authorised for issue by the Board of Directors on 30 March 2023 and signed on its behalf by

Dato' Seri Chan Kong Yew  
Director

Dato' Kwan Siew Deeg  
Director

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2022

	Attributable to equity holders of the Company					Total	Non-controlling interests	Total Equity
	Share capital	Share premium	Capital reserve	Exchange reserve	Accumulated profits			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
	(Note 24)	(Note 26(a))	(Note 26(b))	(Note 26(c))				
<b>Year ended 31 December 2021</b>								
<b>At 1 January 2021</b>	10,518	62,075	6,689	(293)	94,895	173,884	–	173,884
Profit for the year	–	–	–	–	42,516	42,516	–	42,516
<b>Other comprehensive income</b>								
<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	–	–	–	484	–	484	–	484
<i>Item that may be reclassified subsequently to profit or loss:</i>								
Exchange differences on consolidation	–	–	–	770	–	770	–	770
<b>Total comprehensive income for the year</b>	–	–	–	1,254	42,516	43,770	–	43,770
<b>Transaction with owners</b>								
<i>Contributions and distributions</i>								
Placing of shares under general mandate (Note 24(i))	348	47,672	–	–	–	48,020	–	48,020
Transaction costs attributable to placing of shares under general mandate (Note 24(j))	–	(175)	–	–	–	(175)	–	(175)
	348	47,497	–	–	–	47,845	–	47,845
<b>At 31 December 2021</b>	10,866	109,572	6,689	961	137,411	265,499	–	265,499

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2022

	Attributable to equity holders of the Company					Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Share capital RM'000 (Note 24)	Share premium RM'000 (Note 26(a))	Capital reserve RM'000 (Note 26(b))	Exchange reserve RM'000 (Note 26(c))	Accumulated profits RM'000			
<b>Year ended 31 December 2022</b>								
<b>At 1 January 2022</b>	<b>10,866</b>	<b>109,572</b>	<b>6,689</b>	<b>961</b>	<b>137,411</b>	<b>265,499</b>	<b>-</b>	<b>265,499</b>
Profit (Loss) for the year	-	-	-	-	36,018	36,018	(136)	35,882
<b>Other comprehensive income</b>								
<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	-	6,331	-	6,331
<i>Item that may be reclassified subsequently to profit or loss:</i>								
Exchange differences on consolidation	-	-	-	343	-	343	-	343
<b>Total comprehensive income (loss) for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,674</b>	<b>36,018</b>	<b>42,692</b>	<b>(136)</b>	<b>42,556</b>
<b>Transaction with owners</b>								
<i>Changes in ownership interests</i>								
Non-controlling interests arising from acquisition of a non-wholly owned subsidiary	-	-	-	-	-	-	258	258
<b>At 31 December 2022</b>	<b>10,866</b>	<b>109,572</b>	<b>6,689</b>	<b>7,635</b>	<b>173,429</b>	<b>308,191</b>	<b>122</b>	<b>308,313</b>

# CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2022

	Notes	2022 RM'000	2021 RM'000
<b>OPERATING ACTIVITIES</b>			
Profit before tax		33,873	48,666
Adjustments for:			
Depreciation		20,576	14,497
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)	–
Write-off of property, plant and equipment		–	264
Provision for (Reversal of) loss allowance of trade receivables, net	29	922	(596)
Share of results of associates	16	(16)	(58)
Bank interest income		(34)	(292)
Finance costs		8,800	4,418
Exchange differences		6,296	1,789
<b>Cash flows from operations before movements in working capital</b>		<b>67,943</b>	<b>68,080</b>
Changes in working capital:			
Inventories		(5,452)	(2,693)
Trade and other receivables		(17,172)	(59,926)
Trade and other payables		(5,212)	3,741
<b>Cash generated from operations</b>		<b>40,107</b>	<b>9,202</b>
Income tax paid		(4,498)	(5,079)
Interest paid		(8,800)	(5,209)
<b>Net cash generated from (used in) operating activities</b>		<b>26,809</b>	<b>(1,086)</b>
<b>INVESTING ACTIVITIES</b>			
Interest received		34	292
Net cash outflow from acquisition of a subsidiary		(407)	–
Purchases of property, plant and equipment		(62,414)	(51,292)
Deposits paid for acquisition of property, plant and equipment		(4,361)	(6,576)
Proceeds from disposal of property, plant and equipment		4,036	1,774
<b>Net cash used in investing activities</b>		<b>(63,112)</b>	<b>(55,802)</b>

# CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2022

	<i>Notes</i>	<b>2022</b> <b>RM'000</b>	2021 <b>RM'000</b>
<b>FINANCING ACTIVITIES</b>			
Inception of interest-bearing borrowings		<b>43,961</b>	–
Repayment of interest-bearing borrowings		<b>(6,528)</b>	(5,048)
Repayment of lease liabilities		<b>(17,648)</b>	(8,623)
Restricted bank balances		<b>(5)</b>	–
Proceeds from issuance of shares			
– Upon placing under general mandate	24(i)	–	48,020
Payment of transaction costs attributable to issue of shares			
– Upon placing under general mandate	24(i)	–	(175)
<b>Net cash from financing activities</b>		<b>19,780</b>	34,174
<b>Net decrease in cash and cash equivalents</b>		<b>(16,523)</b>	(22,714)
<b>Cash and cash equivalents at beginning of the reporting period</b>		<b>41,010</b>	63,610
Effect on exchange rate changes		<b>309</b>	114
<b>Cash and cash equivalents at end of the reporting period</b>		<b>24,796</b>	41,010
<b>Analysis of the balances of cash and cash equivalents</b>			
Bank balances and cash		<b>39,572</b>	53,684
Bank overdrafts		<b>(14,776)</b>	(12,674)
		<b>24,796</b>	41,010

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2022

## 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. Further details of the Group’s subsidiaries are set out in Note 13 to the consolidated financial statements.

## 2. PRINCIPAL ACCOUNTING POLICIES

### Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board (the “IASB”), which collective term includes all applicable individual IFRSs, International Accounting Standards (“IASs”) and Interpretations issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements also comply with the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

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

The 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.

A summary of the principal accounting policies adopted by the Group in preparing the consolidated financial statements is set out below.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2022

## 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

### Statement of compliance (Continued)

#### 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2022

## 2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

**Statement of compliance** *(Continued)*

**Adoption of new / revised IFRSs** *(Continued)*

*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.

**Basis of measurement**

The measurement basis used in the preparation of the consolidated financial statements is historical cost basis.

**Basis of consolidation**

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

All intra-group balance, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full. The results of subsidiaries are consolidated from the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2022

## 2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

### **Basis of consolidation** *(Continued)*

#### **Allocation of total comprehensive income**

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

#### **Changes in ownership interest**

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

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

#### **Subsidiaries**

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

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

#### **Associates**

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2022

## 2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

### **Associates** *(Continued)*

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

### **Goodwill**

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

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

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

### **Property, plant and equipment**

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

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

Right-of-use assets	Shorter of assets useful lives or over the unexpired term of lease
Buildings	3%
Containers and tanks	20% – 50%
Furniture and fittings	20% – 50%
Computer and office equipment	20% – 50%
Motor vehicles	10% – 20%

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2022

## 2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

### **Property, plant and equipment** *(Continued)*

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

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

### **Club membership**

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

### **Financial instruments**

#### ***Financial assets***

#### *Recognition and derecognition*

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

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

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises the financial asset to the extent of its continuing involvement and an associated liability for amounts it may have to pay.

#### *Classification and measurement*

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2022

## 2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

### **Financial instruments** *(Continued)*

#### **Financial assets** *(Continued)*

##### *Classification and measurement (Continued)*

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

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

##### *Financial assets measured at amortised cost*

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

- (i) it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

### **Financial liabilities**

#### *Recognition and derecognition*

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2022

## 2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

### **Financial instruments** *(Continued)*

#### **Financial assets** *(Continued)*

##### *Classification and measurement*

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

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

##### **Impairment of financial assets and other items under IFRS 9**

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

##### *Measurement of ECL*

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

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

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2022

## 2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

### **Financial instruments** *(Continued)*

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

##### *Definition of default*

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

- (i) information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group); or
- (ii) there is a breach of financial covenants by the counterparty.

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

##### *Assessment of significant increase in credit risk*

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. In particular, the following information is taken into account in the assessment:

- the debtor's failure to make payments of principal or interest on the due dates;
- an actual or expected significant deterioration in the financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- actual or expected changes in the technological, market, economic or legal environment that have or may have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial instrument has increased significantly since initial recognition when contractual payments are more than 30 days past due, except for the trade receivables from associates and related companies for which the Group has reasonable and supportable information to demonstrate.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2022

## 2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

### **Financial instruments** *(Continued)*

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

##### *Low credit risk*

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

- (i) it has a low risk of default;
- (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and
- (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

As detailed in Note 29 to the consolidated financial statements, the Group's restricted bank balances and bank balances and cash are determined to have low credit risk.

##### *Simplified approach of ECL*

For trade and other receivables without a significant financing components or otherwise for which the Group applies the practical expedient not to account for the significant financing components, the Group applies a simplified approach in calculating ECL. The Group recognises a loss allowance based on lifetime ECL at each reporting date and has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

##### *Credit-impaired financial asset*

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

- (a) significant financial difficulty of the issuer or the borrower.
- (b) a breach of contract, such as a default or past due event.
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider.
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.
- (e) the disappearance of an active market for that financial asset because of financial difficulties.
- (f) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2022

## 2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

### **Financial instruments** *(Continued)*

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

##### *Write-off*

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

### **Cash equivalents**

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

### **Revenue recognition**

#### ***Rental income***

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

#### ***Interest income***

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2022

## 2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

### Revenue recognition *(Continued)*

#### **Revenue from contracts with customers within IFRS 15**

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

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in contract
- Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation

#### *Nature of goods or services*

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

- (i) Integrated freight forwarding services
- (ii) Logistics centre and related services
- (iii) Land transportation services
- (iv) Flexitank solution and related services
- (v) 4PL services

#### **Identification of performance obligations**

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

- (a) a good or service (or a bundle of goods or services) that is distinct; or
- (b) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

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

- (a) the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer (i.e. the good or service is capable of being distinct); and
- (b) the Group's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (i.e. the promise to transfer the good or service is distinct within the context of the contract).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2022

## 2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

### Revenue recognition *(Continued)*

#### *Timing of revenue recognition*

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

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

- (a) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- (b) the Group's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or
- (c) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

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

Integrated freight forwarding services, logistics centre and related services, land transportation services and 4PL services income are recognised over time when services are rendered.

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

4PL handling income is recognised at a point in time by the Group to the customers in respect of 4PL services at specific rates on the payment paid on behalf of the customers when the 4PL handling services are rendered, which generally coincides with the time when the payment is approved and made.

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

The principal input applied in the input method for (i) integrated freight forwarding services; (ii) logistics centre and related services; (iii) land transportation services and (iv) 4PL services is cost incurred.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2022

## 2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

### Revenue recognition *(Continued)*

#### **Transaction price: significant financing components**

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

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

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

#### **Performance obligation: warranties**

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

#### **Foreign currency translation**

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2022

## 2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

### Foreign currency translation *(Continued)*

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

- assets and liabilities for each statement of financial position presented, are translated at the closing rate at the end of each reporting period;
- income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rate;
- all resulting exchange differences arising from the above translation and exchange differences arising from a monetary item that forms part of the Group’s net investment in a foreign operation are recognised as a separate component of equity;
- on the disposal of a foreign operation, which includes a disposal of the Group’s entire interest in a foreign operation and a disposal involving the loss of control over a subsidiary that includes a foreign operation, the cumulative amount of the exchange differences relating to the foreign operation that is recognised in other comprehensive income and accumulated in the separate component of equity is reclassified from equity to profit or loss when the gain or loss on disposal is recognised;
- on the partial disposal of the Group’s interest in a subsidiary that includes a foreign operation which does not result in the Group losing control over the subsidiary, the proportionate share of the cumulative amount of the exchange differences recognised in the separate component of equity is re-attributed to the non-controlling interests in that foreign operation and are not reclassified to profit or loss; and
- on all other partial disposals, which includes partial disposal of associates that do not result in the Group losing significant influence or joint control, the proportionate share of the cumulative amount of exchange differences recognised in the separate component of equity is reclassified to profit or loss.

### Inventories

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2022

## 2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

### **Impairment of other assets, other than goodwill**

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

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

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

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

### **Borrowing costs**

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

### **Provisions**

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2022

## 2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

### Leases

#### *The Group as lessee*

The Group leases various properties, containers and motor vehicles. Rental contracts are typically made for fixed periods of 2 to 32 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may be used as security for borrowing purposes.

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

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

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

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

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

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

The Group has applied the practical expedient provided in Amendments to IFRS 16: *COVID-19-Related Rent Concessions beyond 30 June 2021* and does not assess whether eligible rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modification. The Group accounts for any change in lease payments resulting from the rent concession the same way it would account for the change applying IFRS 16 if the change were not a lease modification.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2022

## 2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

### **Leases** *(Continued)*

#### **The Group as lessee** *(Continued)*

The practical expedient applies only to rent concessions occurring as a direct consequence of the covid-19 pandemic and only if all of the following conditions are met:

- (a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- (b) any reduction in lease payments affects only payments originally due on or before 30 June 2022; and
- (c) there is no substantive change to other terms and conditions of the lease.

The Group has applied the practical expedient consistently to all eligible rent concessions with similar characteristics and in similar circumstances.

#### **The Group as lessor**

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

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

### **Employee benefits**

#### **Short term employee benefits**

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

#### **Defined contribution plans**

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2022

## 2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

### **Taxation**

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

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

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

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

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

### **Related parties**

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

- (a) A person or a close member of that person's family is related to the Group if that person:
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or of a holding company of the Group.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2022

## 2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

### **Related parties** *(Continued)*

- (b) An entity is related to the Group if any of the following conditions applies:
- (i) the entity and the Group are members of the same group (which means that each holding company, subsidiary and fellow subsidiary is related to the others).
  - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) both entities are joint ventures of the same third party.
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.
  - (vi) the entity is controlled or jointly controlled by a person identified in (a).
  - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a holding company of the entity).
  - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to a holding company of the Group.

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

- (a) that person's children and spouse or domestic partner;
- (b) children of that person's spouse or domestic partner; and
- (c) dependants of that person or that person's spouse or domestic partner.

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

### **Segment reporting**

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to Group's most senior executive management for the purpose of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individual material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2022

## 2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

### **Critical accounting estimates and judgements**

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

### **Key sources of estimation uncertainty**

(i) *Useful lives of property, plant and equipment (including right-of-use assets)*

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

(ii) *Impairment of property, plant and equipment (including right-of-use assets)*

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

(iii) *Loss allowance for ECL*

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

(iv) *Allowance for inventories*

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2022

## 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

### Critical accounting estimates and judgements (Continued)

#### Key sources of estimation uncertainty (Continued)

(v) *Provision for leakage claims*

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

(vi) *Income taxes*

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

(vii) *Discount rates for calculating lease liabilities – as lessee*

The Group uses the lessee's incremental borrowing rates to discount future lease payments since interest rates implicit in the leases are not readily determinable. In determining the discounts rates for its leases, the Group refers to a rate that is readily observable as the starting point and then applies judgement and adjusts such observable rate to determine the incremental borrowing rate.

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

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2023

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2024

<sup>3</sup> 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2022

## 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

The accounting policies of the operating segments are the same as the Group’s accounting policies described in Note 2 to the consolidated financial statements.

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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2022

## 4. SEGMENT INFORMATION *(Continued)*

### Segment revenue and results *(Continued)*

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

	Integrated freight forwarding services <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>
<b>Year ended 31 December 2022</b>						
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
	<b>109,068</b>	<b>70,798</b>	<b>62,940</b>	<b>93,690</b>	<b>20,374</b>	<b>356,870</b>
Segment results	<b>16,840</b>	<b>15,467</b>	<b>6,560</b>	<b>23,789</b>	<b>13,980</b>	<b>76,636</b>
<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						<b>35,882</b>
<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 18(b)</i> )	–	–	–	–	50,774	50,774

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2022

## 4. SEGMENT INFORMATION (Continued)

### Segment revenue and results (Continued)

	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
<b>Year ended 31 December 2021</b>						
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						<u>48,666</u>
Income tax expenses						<u>(6,150)</u>
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 18(b))	–	–	–	–	47,184	47,184

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2022

## 4. SEGMENT INFORMATION *(Continued)*

### Segment revenue and results *(Continued)*

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.

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

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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2022

## 5. REVENUE

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2022

## 5. REVENUE (Continued)

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

	2022 RM'000	2021 RM'000
<i>Timing of revenue recognition:</i>		
<b>– at a point in time</b>		
Income from flexitank solution	93,690	84,880
4PL handling income	1,065	1,495
	<b>94,755</b>	86,375
<b>– over time</b>		
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	19,309	8,071
	<b>254,904</b>	180,007
	<b>349,659</b>	266,382

## 6. OTHER INCOME

	2022 RM'000	2021 RM'000
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	965	674
	<b>3,473</b>	1,574

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2022

## 7. PROFIT BEFORE TAX

This is stated after charging (crediting):

	2022 RM'000	2021 RM'000
<b>Finance costs</b>		
Interest on bank overdrafts	708	75
Interest on interest-bearing borrowings	1,975	1,636
Interest on lease liabilities	6,117	3,498
	<hr/>	<hr/>
Total borrowing costs	8,800	5,209
Less: Borrowings costs capitalised into construction-in-progress (Note (a))	–	(791)
	<hr/>	<hr/>
	8,800	4,418
	<hr/>	<hr/>
<b>Staff costs (including directors' emoluments)</b>		
Salaries, allowances, bonus and other benefits in kinds	43,498	27,691
Contributions to defined contribution plans	4,649	3,251
	<hr/>	<hr/>
Total staff costs (charged to "cost of services and goods sold" and "administrative and other operating expenses" and included in "inventories", as appropriate)	48,147	30,942
	<hr/>	<hr/>
<b>Other items</b>		
Auditors' remuneration		
– Audit services	534	443
– Non-audit services	117	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) (Note (b))	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) (Note (b))	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	824	643
	<hr/>	<hr/>

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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2022

## 8. INFORMATION ABOUT THE BENEFITS OF DIRECTORS

### (a) Directors' remuneration

The aggregate amounts of remuneration received and receivable by the directors of the Company are set out below.

#### Year ended 31 December 2022

	Directors' fees RM'000	Salaries, allowances and other benefits in kinds RM'000	Discretionary bonus RM'000	Contributions to defined contribution plans RM'000	Total RM'000
<i>Executive directors</i>					
Dato' Seri Chan Kong Yew <sup>1</sup>	-	2,143	1,940	73	4,156
Dato' Kwan Siew Deeg	-	684	1,095	73	1,852
Datin Seri Lo Shing Ping	-	406	-	37	443
Mr. Yap Sheng Feng	-	234	-	-	234
<i>Non-executive director</i>					
Tan Sri Datuk Tan Jyh Yaong <sup>2</sup>	101	-	-	-	101
<i>Independent non-executive directors</i>					
Mr. Li Chi Keung	67	-	-	-	67
Mr. Tan Poay Teik	67	-	-	-	67
Ms. Yeung Hoi Yan Monica	67	-	-	-	67
	<b>302</b>	<b>3,467</b>	<b>3,035</b>	<b>183</b>	<b>6,987</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2022

## 8. INFORMATION ABOUT THE BENEFITS OF DIRECTORS (Continued)

### (a) Directors' remuneration (Continued)

#### Year ended 31 December 2021

	Directors' fees RM'000	Salaries, allowances and other benefits in kinds RM'000	Discretionary bonus RM'000	Contributions to defined contribution plans RM'000	Total RM'000
<i>Executive directors</i>					
Dato' Seri Chan Kong Yew <sup>1</sup>	–	619	–	67	686
Dato' Kwan Siew Deeg	–	606	–	67	673
Datin Seri Lo Shing Ping	–	316	–	31	347
Mr. Yap Sheng Feng	–	64	–	–	64
<i>Non-executive director</i>					
Tan Sri Datuk Tan Jyh Yaong <sup>2</sup>	50	–	–	–	50
<i>Independent non-executive directors</i>					
Mr. Li Chi Keung	32	–	–	–	32
Mr. Tan Poay Teik	32	–	–	–	32
Ms. Yeung Hoi Yan Monica	32	–	–	–	32
	146	1,605	–	165	1,916

<sup>1</sup> Dato' Seri Chan Kong Yew resigned as the Chairman of the Board of Directors with effect from 2 July 2021. Dato' Chan remains as an executive director and the Chief Executive Officer of the Company.

<sup>2</sup> Tan Sri Datuk Tan Jyh Yaong was appointed as the Chairman of the Board of Directors and an executive director on 19 March 2021 and re-designated from an executive director to a non-executive director with effect from 2 July 2021.

During the years ended 31 December 2022 and 2021, no emoluments were paid or payable by the Group to any of the directors of the Company as an inducement to join or upon joining the Group, or as a compensation for loss of office. There was no arrangement under which a director waived or agreed to waive any remuneration during the years ended 31 December 2022 and 2021.

### (b) Loans, quasi-loans and other dealings in favour of directors

There are no loans, quasi-loans or other dealings in favour of the directors of the Company that were entered into or subsisted during the years ended 31 December 2022 and 2021.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2022

## 8. INFORMATION ABOUT THE BENEFITS OF DIRECTORS *(Continued)*

### (c) Directors' material interests in transactions, arrangements or contracts

After consideration, the directors of the Company are of the opinion that no transactions, arrangements and contracts of significance in relation to the Company's business to which the Company was a party and in which a director of the Company, or connected entity of the directors of the Company, had a material interest, whether directly or indirectly, subsisted at 31 December 2022 and 2021 or at any time during the years ended 31 December 2022 and 2021.

## 9. FIVE HIGHEST PAID INDIVIDUALS

An analysis of the five highest paid individuals during the years ended 31 December 2022 and 2021 is as follows:

	Number of individuals	
	2022	2021
Director	3	3
Non-director	2	2
	<b>5</b>	<b>5</b>

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

	2022	2021
	RM'000	RM'000
Salaries, allowances and other benefits in kinds	605	545
Discretionary bonus	901	–
Contributions to defined contribution plans	74	66
	<b>1,580</b>	<b>611</b>

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

	Number of individuals	
	2022	2021
Nil to HK\$1,000,000	1	2
HK\$1,000,001 to HK\$2,000,000	1	–
	<b>2</b>	<b>2</b>

During the years ended 31 December 2022 and 2021, no remuneration was paid or payable by the Group to any of these highest paid non-director individuals as an inducement to join or upon joining the Group, or as a compensation for loss of office. There was no arrangement under which any of these highest paid non-director individuals waived or has agreed to waive any emoluments during the years ended 31 December 2022 and 2021.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2022

## 10. INCOME TAX (CREDIT)/EXPENSES

	2022 RM'000	2021 RM'000
<b>Current tax</b>		
Malaysia CIT		
Current year	3,152	3,366
Over-provision in prior years	(70)	(532)
	<b>3,082</b>	2,834
Labuan CIT		
Current year	–	20
Over-provision in prior years	(108)	(152)
	<b>(108)</b>	(132)
<b>Deferred tax</b>		
Changes in temporary differences (Note 23)	<b>(4,983)</b>	3,448
	<b>(2,009)</b>	6,150

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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2022

## 10. INCOME TAX (CREDIT)/EXPENSES (Continued)

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2022

## 11. EARNINGS PER SHARE

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

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

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 24(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.

## 12. DIVIDENDS

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2022

## 13. SUBSIDIARIES

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

Name of subsidiaries	Place and date of incorporation	Particulars of paid up capital/ registered capital	Attributable equity interest held by the Company		Principal activities and place of operation
			2022	2021	
<i>Directly held by the Company:</i>					
ILNT 2926 Ventures Limited	The BVI, 19 February 2019	United States Dollars ("US\$") 1,000	100%	100%	Investment holding, Malaysia
IBL 2926 Ventures Limited	The BVI, 19 February 2019	US\$1,000	100%	100%	Investment holding, Malaysia
Crest Global Holdings Limited	The BVI, 15 September 2021	US\$100	100%	100%	Investment holding, Malaysia
<i>Indirectly held by the Company:</i>					
Infinity Logistics & Transport Holding Sdn. Bhd. (MY)	Malaysia, 25 January 2019	RM2	100%	100%	Investment holding, Malaysia
Infinity L&T (MY)	Malaysia, 7 November 2000	RM4,940,001	100%	100%	Integrated freight forwarding services, logistics centre and related services, land transportation services, 4PL services and investment holding, Malaysia
Infinity Lines Sdn. Bhd. (MY) ("Infinity Lines (MY)")	Malaysia, 3 October 2003	RM500,000	100%	100%	Freight forwarder and shipping agent services, Malaysia
Supply Stream Management Sdn. Bhd. (MY)	Malaysia, 18 September 2001	RM300,000	100%	100%	Freight forwarder and depot services, Malaysia
Infinity Logistics & Transport (S) Pte. Ltd. (SG)	Singapore, 8 November 2010	SGD2	100%	100%	Freight forwarder, packing and crating services, Singapore

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2022

## 13. SUBSIDIARIES (Continued)

Name of subsidiaries	Place and date of incorporation	Particulars of paid up capital/ registered capital	Attributable equity interest held by the Company		Principal activities and place of operation
			2022	2021	
<i>Indirectly held by the Company:</i>					
KNS Infinity Sdn. Bhd. (MY)	Malaysia, 28 March 2011	RM300,000	100%	100%	Holding property for own use, Malaysia
Infinity Logistics & Transport Limited (Labuan)	Labuan, 9 May 2014	US\$2	100%	100%	Sales of containers, Labuan
Infinity Flexitank Holding Sdn. Bhd. (MY)	Malaysia, 19 February 2019	RM2	100%	100%	Investment holding, Malaysia
Infinity Bulk Logistics (MY)	Malaysia, 24 March 2003	RM1,000,000	100%	100%	Flexitank solution and related services and bulk logistics services, Malaysia
Infinity Bulk Logistics Limited (Labuan)	Labuan, 12 May 2014	US\$10,000	100%	100%	Flexitank solution and related services, Labuan
Optimus Flexitank Solutions Sdn. Bhd. (MY)	Malaysia, 7 January 2004	RM100,000	100%	100%	Freight forwarder and haulage services, Malaysia
Solution Global Holdings Limited ("Solution Global")	The BVI, 14 December 2021	US\$100	100%	100%	Inactive, Malaysia
Infinity Landbridge Express Sdn. Bhd. ("ILE") (Note)	Malaysia, 22 March 2013	RM1,432,500	70%	N/A	Integrated freight forwarding services, logistics centre and related services and land transportation services, Malaysia

**Note:**

On 14 February 2022, the Group acquired 70% equity interest in ILE, which is principally engaged in integrated freight forwarding services, logistics centre and related services and land transportation services in Malaysia for cash consideration of approximately RM1,305,000. The financial impact of the acquisition is insignificant.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2022

## 14. PROPERTY, PLANT AND EQUIPMENT

	Right-of-use assets RM'000 (Note 22)	Buildings RM'000	Containers and tanks RM'000	Furniture and fittings RM'000	Computer and office equipment RM'000	Motor vehicles RM'000	Construction-in-progress RM'000	Total RM'000
<b>Reconciliation of carrying amounts – year ended 31 December 2021</b>								
At 1 January 2021	74,771	50,881	4,420	1,123	3,684	21,329	1,593	157,801
Additions	20,745	2,003	1,124	1,164	5,060	7,164	43,311	80,571
Depreciation	(5,631)	(2,791)	(1,438)	(611)	(1,786)	(2,240)	–	(14,497)
Disposals/Write-off	(264)	–	(3)	(4)	(4)	(1,346)	–	(1,621)
Transfers	(747)	–	747	–	–	–	–	–
Early termination of a lease	(2,057)	–	–	–	–	–	–	(2,057)
<b>At 31 December 2021</b>	<b>86,817</b>	<b>50,093</b>	<b>4,850</b>	<b>1,672</b>	<b>6,954</b>	<b>24,907</b>	<b>44,904</b>	<b>220,197</b>
<b>Reconciliation of carrying amounts – year ended 31 December 2022</b>								
At 1 January 2022	86,817	50,093	4,850	1,672	6,954	24,907	44,904	220,197
Additions	85,157	47,934	2,272	419	4,880	7,550	16,939	165,151
Additions through acquisition of a subsidiary	–	–	2	51	54	420	–	527
Depreciation	(8,618)	(3,518)	(1,158)	(712)	(3,058)	(3,512)	–	(20,576)
Disposals/Write-off	–	(2,181)	(129)	–	(90)	(9)	–	(2,409)
Transfers	–	59,664	–	–	105	–	(59,769)	–
<b>At 31 December 2022</b>	<b>163,356</b>	<b>151,992</b>	<b>5,837</b>	<b>1,430</b>	<b>8,845</b>	<b>29,356</b>	<b>2,074</b>	<b>362,890</b>
<b>At 31 December 2021</b>								
Cost	107,625	61,056	17,119	4,485	18,782	43,381	44,904	297,352
Accumulated depreciation	(20,808)	(10,963)	(12,269)	(2,813)	(11,828)	(18,474)	–	(77,155)
<b>Net carrying amounts</b>	<b>86,817</b>	<b>50,093</b>	<b>4,850</b>	<b>1,672</b>	<b>6,954</b>	<b>24,907</b>	<b>44,904</b>	<b>220,197</b>
<b>At 31 December 2022</b>								
Cost	192,782	166,275	18,975	3,763	20,641	49,466	2,074	453,976
Accumulated depreciation	(29,426)	(14,283)	(13,138)	(2,333)	(11,796)	(20,110)	–	(91,086)
<b>Net carrying amounts</b>	<b>163,356</b>	<b>151,992</b>	<b>5,837</b>	<b>1,430</b>	<b>8,845</b>	<b>29,356</b>	<b>2,074</b>	<b>362,890</b>

At 31 December 2022, the Group's leasehold lands (included in right-of-use assets) with aggregate net carrying amount of approximately RM32,754,000 (2021: RM33,102,000) were pledged to secure bank facilities granted to the Group (Note 21).

At 31 December 2022, the Group's buildings with a total carrying amount of approximately RM80,335,000 (2021: RM36,011,000) were pledged to secure bank facilities granted to the Group (Note 21).

During the year ended 31 December 2022, the Group paid deposits amounting to approximately RM4,361,000 (2021: RM6,576,000) for the acquisition of motor vehicles and construction work.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2022

## 15. GOODWILL

	Integrated Freight Forwarding Services CGU RM'000
<b>Reconciliation of carrying amounts</b>	
<b>At 1 January 2021, 31 December 2021, 1 January 2022 and 31 December 2022</b>	–
Cost	286
Accumulated impairment loss	(286)
<b>At 31 December 2021 and 2022</b>	–

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

## 16. INTEREST IN ASSOCIATES

	2022 RM'000	2021 RM'000
Share of net assets	575	559

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

Name of the associates	Principal place of business and place of incorporation	Registered and paid-up capital	Proportion of value of registered and paid-up capital indirectly held by the Company		Principal activities
			2022	2021	
Asia Global Connection NP Sdn. Bhd.	Malaysia	RM100,000	40%	40%	Depot and transport handling services
Emirates Supply Chain Services Sdn. Bhd. (“Emirates Supply Chain (MY)”)	Malaysia	RM500,000	30%	30%	Depot and transport handling services
Ideal Dragon Sdn. Bhd.	Malaysia	RM625,000	40%	40%	Investment holding

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2022

## 16. INTEREST IN ASSOCIATES (Continued)

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

### Relationship with associates

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

### Fair value of investments

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

### Financial information of individually immaterial associates

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

	<b>2022</b> <b>RM'000</b>	2021 <i>RM'000</i>
Carrying amount of interests, mainly represented by bank balances and cash, trade receivables and trade payables of the associates	<b>575</b>	559
	<b>2022</b> <b>RM'000</b>	2021 <i>RM'000</i>
Group's share of:		
Profit	<b>16</b>	58

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2022

## 17. INVENTORIES

	2022 <i>RM'000</i>	2021 <i>RM'000</i>
Raw materials	14,546	10,285
Finished goods	6,647	5,456
	<b>21,193</b>	15,741

## 18. TRADE AND OTHER RECEIVABLES

	<i>Notes</i>	2022 <i>RM'000</i>	2021 <i>RM'000</i>
<b>Trade receivables</b>			
From third parties		70,840	59,066
From related companies		145	25
		<b>70,985</b>	59,091
Less: Loss allowance	29	(1,400)	(478)
	18(a)	<b>69,585</b>	58,613
<b>Other receivables</b>			
Deposits paid		2,521	2,496
Payments made on behalf of a customer in respect of 4PL services	18(b)	50,774	47,184
Other receivables		2,122	1,445
Prepayments		5,582	4,329
		<b>60,999</b>	55,454
		<b>130,584</b>	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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2022

## 18. TRADE AND OTHER RECEIVABLES (Continued)

### 18(a) Trade receivables

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

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

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

	2022 <i>RM'000</i>	2021 <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
	<hr/>	<hr/>
	70,985	59,091
Less: Loss allowance	(1,400)	(478)
	<hr/>	<hr/>
	69,585	58,613
	<hr/>	<hr/>

### 18(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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2022

## 18. TRADE AND OTHER RECEIVABLES *(Continued)*

### 18(b) Payments made on behalf of a customer in respect of 4PL services *(Continued)*

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.

Information about the Group's exposure to credit risks and loss allowance for trade and other receivables is included in Note 29 to the consolidated financial statements.

## 19. RESTRICTED BANK BALANCES

Pursuant to the bank guarantee agreements signed with a bank in Malaysia, the amounts represent deposits in the bank in Malaysia maintained solely for the issuance of bank guarantee to the extent of approximately RM40,000 at 31 December 2022 (2021: RM35,000) to suppliers and are restricted for use by the Group for any other purposes. The restricted bank balances are denominated in RM. None of the bank guarantee was utilised by the Group at 31 December 2022 and 2021.

## 20. TRADE AND OTHER PAYABLES

	<i>Notes</i>	<b>2022</b> <i>RM'000</i>	2021 <i>RM'000</i>
<b>Trade payables</b>			
To third parties		<b>25,094</b>	30,736
To related companies		<b>148</b>	284
	<i>20(a)</i>	<b>25,242</b>	31,020
<b>Other payables</b>			
Accruals and other payables			
– Salary and other benefit payable		<b>1,883</b>	210
– Bonus payable		<b>6,537</b>	968
– Other accruals and other payable		<b>5,366</b>	3,779
Other payables for acquisition of property, plant and equipment		<b>11,004</b>	8,534
Provision for leakage claims	<i>20(b)</i>	<b>856</b>	525
		<b>25,646</b>	14,016
		<b>50,888</b>	45,036

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2022

## 20. TRADE AND OTHER PAYABLES (Continued)

### 20(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 <i>RM'000</i>	2021 <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
	<b>25,242</b>	<b>31,020</b>

### 20(b) Provision for leakage claims

	2022 <i>RM'000</i>	2021 <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	<b>856</b>	<b>525</b>

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2022

## 21. BANK OVERDRAFTS AND INTEREST-BEARING BORROWINGS

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

	Notes	2022 RM'000	2021 RM'000
Bank overdrafts – secured	21(a)	14,776	12,674
Interest-bearing borrowings – secured	21(b)	83,120	45,687
		<b>97,896</b>	58,361

### 21(a) Bank overdrafts – secured

	2022		2021	
	Interest rate (%)	RM'000	Interest rate (%)	RM'000
	Base financing rate + 4%		Base financing rate + 4%	
Bank overdrafts – secured	per annum	14,776	per annum	12,674

### 21(b) Interest-bearing borrowings

At 31 December 2022 and 2021, the interest-bearing borrowings represent amounts due to various banks which are repayable ranging from within one year to over five years.

At 31 December 2022 and 2021, the weighted average effective interest rate on interest-bearing borrowings was approximately 3.66% (2021: approximately 3.52%) per annum, respectively.

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

	2022 RM'000	2021 RM'000
Interest-bearing borrowings – secured		
– Current portion	10,646	5,037
– Non-current portion	72,474	40,650
	<b>83,120</b>	45,687

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2022

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

### 21(b) Interest-bearing borrowings *(Continued)*

	2022 <i>RM'000</i>	2021 <i>RM'000</i>
Carrying amounts of the above borrowings are repayable:		
Within one year	10,646	5,037
More than one year, but not exceeding two years	10,357	5,042
More than two years, but not exceeding five years	27,574	15,163
Over five years	34,543	20,445
	<b>83,120</b>	45,687
Less: amounts shown under current liabilities	<b>(10,646)</b>	(5,037)
	<b>72,474</b>	40,650
Amounts shown under non-current liabilities	<b>72,474</b>	40,650

At 31 December 2022, the bank overdrafts and interest-bearing borrowings are secured by:

- (i) leasehold lands (included in right-of-uses assets) owned by the Group with aggregate net carrying amount of approximately RM32,754,000 (2021: RM33,102,000) as set out in Note 14 to the consolidated financial statements;
- (ii) buildings owned by the Group with aggregate net carrying amount of approximately RM80,335,000 (2021: RM36,011,000) as set out in Note 14 to the consolidated financial statements;
- (iii) a building owned by a related company ultimately controlled by the Ultimate Controlling Parties (2021: a building owned by a related company ultimately controlled by the Ultimate Controlling Parties); and
- (iv) guarantees provided by the Company (2021: guarantees provided by the Company).

All of the banking facilities are subject to the fulfilment of covenants relating to certain subsidiaries' financial ratios based on their statements of financial position, as are commonly found in lending arrangements with financial institutions. If the subsidiaries were to breach the covenants, the drawn down facilities would become repayable on demand. At 31 December 2022 and 2021, none of the covenants relating to drawn down facilities had been breached.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2022

## 22. LEASES

	2022 <i>RM'000</i>	2021 <i>RM'000</i>
<b>Right-of-use assets (Note 14)</b>		
Leased properties	82,794	42,525
Leasehold lands	36,433	36,830
Containers	5,291	418
Office equipment	3,836	–
Motor vehicles	35,002	7,044
	<b>163,356</b>	86,817
	2022 <i>RM'000</i>	2021 <i>RM'000</i>
<b>Lease liabilities</b>		
Current	18,166	5,537
Non-current	87,471	33,438
	<b>105,637</b>	38,975

In addition to the information disclosed in Note 14 to the consolidated financial statements, the Group had the following amounts relating to leases during the years ended 31 December 2022 and 2021:

	2022 <i>RM'000</i>	2021 <i>RM'000</i>
<b>Depreciation charge of right-of-use assets</b>		
Leased properties	5,117	4,943
Leasehold lands	398	398
Containers	376	61
Office equipment	498	–
Motor vehicles	2,229	229
	<b>8,618</b>	5,631

For the years ended 31 December 2022 and 2021, the total cash outflow for leases was approximately RM26,325,000 and RM14,596,000, respectively.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2022

## 22. LEASES (Continued)

During the year ended 31 December 2022, the Group has lease modification for two leased properties located in Malaysia which resulted in a gain on lease modification of approximately RM847,000 recognised in the profit or loss.

During the year ended 31 December 2021, the Group has early terminated a lease for a leased property located in Malaysia which resulted in a gain on termination of lease of approximately RM191,000 recognised in the profit or loss.

Below is a maturity analysis of lease payments and the reconciliation of present value of lease payments to the lease liabilities:

	Lease payments		Present value of lease payments	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Amounts payable:				
Within one year	23,504	7,765	18,166	5,537
More than one year, but not exceeding two years	17,045	6,179	12,472	4,221
More than two years, but not exceeding five years	18,375	9,098	5,206	4,174
After five years	147,392	39,474	69,793	25,043
	<b>206,316</b>	62,516	<b>105,637</b>	38,975
Less: future finance charges	(100,679)	(23,541)	–	–
Total lease liabilities	<b>105,637</b>	38,975	<b>105,637</b>	38,975

## 23. DEFERRED TAXATION

The movement in the Group's deferred tax liabilities arising from depreciation allowance for the years ended 31 December 2022 and 2021 was as follows:

	2022 RM'000	2021 RM'000
At the beginning of the reporting period	5,163	1,715
(Credited) Charged to profit or loss (Note 10)	(4,983)	3,448
<b>At the end of the reporting period</b>	<b>180</b>	<b>5,163</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2022

## 24. SHARE CAPITAL

	<i>Note</i>	<b>Number of shares</b>	<b>HK\$</b>	<b>Equivalent to RM</b>
Ordinary share of HK\$0.01 each				
Authorised:				
<b>At 1 January 2021, 31 December 2021 and 31 December 2022</b>		<b>15,000,000,000</b>	<b>150,000,000</b>	<b>80,213,900</b>
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
<b>At 31 December 2021 and 31 December 2022</b>		<b>2,064,000,000</b>	<b>20,640,000</b>	<b>10,865,975</b>

*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 of RM175,000), was credited to the Company's share premium accounts.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2022

## 25. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

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

	Notes	2022 RM'000	2021 RM'000
<b>Non-current assets</b>			
Investment in subsidiaries		—*	—*
<b>Current assets</b>			
Other receivables		231	206
Amounts due from subsidiaries	25(a)	118,113	116,347
Bank balances and cash		590	1,877
		<b>118,934</b>	118,430
<b>Current liabilities</b>			
Accruals		7,298	721
Amounts due to subsidiaries	25(a)	11	26
		<b>7,309</b>	747
<b>NET ASSETS</b>		<b>111,625</b>	117,683
<b>Capital and reserves</b>			
Share capital	24	10,866	10,866
Reserves	25(b)	100,759	106,817
<b>TOTAL EQUITY</b>		<b>111,625</b>	117,683

\* Represents assets less than RM1,000

The statement of financial position of the Company was approved and authorised for issue by the Board of Directors on 30 March 2023 and signed on its behalf by

Dato' Seri Chan Kong Yew  
Director

Dato' Kwan Siew Deeg  
Director

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2022

## 25. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

### 25(a) Amounts due from (to) subsidiaries

The amounts due are unsecured, interest-free and repayable on demand.

### 25(b) Movements of reserves of the Company

	Share premium RM'000 <i>(Note 26(a))</i>	Exchange reserve RM'000 <i>(Note 26(c))</i>	Accumulated losses RM'000	Total RM'000
<b>Year ended 31 December 2021</b>				
At 1 January 2021	62,075	(661)	–	61,414
Loss for the year	–	–	(2,578)	(2,578)
<b>Other comprehensive income</b>				
<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	–	484	–	484
<b>Total comprehensive loss for the year</b>	–	484	(2,578)	(2,094)
<b>Transaction with owners</b>				
<i>Contributions and distributions</i>				
Placing of shares under general mandate <i>(Note 24(i))</i>	47,672	–	–	47,672
Transaction costs attributable to placing of shares under general mandate <i>(Note 24(i))</i>	(175)	–	–	(175)
	47,497	–	–	47,497
At 31 December 2021	109,572	(177)	(2,578)	106,817

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2022

## 25. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

### 25(b) Movements of reserves of the Company *(Continued)*

	Share premium RM'000 <i>(Note 26(a))</i>	Exchange reserve RM'000 <i>(Note 26(c))</i>	Accumulated losses RM'000	Total RM'000
<b>Year ended 31 December 2022</b>				
<b>At 1 January 2022</b>	109,572	(177)	(2,578)	106,817
Loss for the year	–	–	(12,389)	(12,389)
<b>Other comprehensive income</b>				
<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	–	6,331
<b>Total comprehensive loss for the year</b>	–	6,331	(12,389)	(6,058)
<b>At 31 December 2022</b>	109,572	6,154	(14,967)	100,759

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2022

## 26. RESERVES

### 26(a) Share premium

Share premium represents the excess of the net proceeds from issuance of the Company's shares over its par value. Under the laws of the Cayman Islands and the Company's Articles of Association, it is distributable to the Company's shareholders provided that the Company is able to pay its debts as they fall due in the ordinary course of business.

### 26(b) Capital reserve

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

### 26(c) Exchange reserve

The translation reserve comprises all foreign exchange differences arising from the translation of foreign operations and/or translation of Company's financial statements into presentation currency.

## 27. ADDITIONAL INFORMATION ON CASH FLOWS

### (a) Major non-cash transactions

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

- (i) During the year ended 31 December 2022, the Group entered into lease arrangements in respect of right-of-use assets with a total capital value at the inception of the leases of approximately RM85,157,000 (2021: RM20,745,000).
- (ii) During the year ended 31 December 2022, the Group incurred payables of approximately RM11,004,000 (2021: RM8,534,000) to the constructors and supplier for the addition of property, plant and equipment.
- (iii) During the year ended 31 December 2022, the Group utilised the deposits paid for acquisition of property, plant and equipment of approximately RM6,576,000 (2021: Nil) for the addition of property, plant and equipment.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2022

## 27. ADDITIONAL INFORMATION ON CASH FLOWS (Continued)

### (b) Reconciliation of liabilities arising from financing activities

The movements during the years ended 31 December 2022 and 2021 in the Group's liabilities arising from financing activities are as follows:

	At 1 January 2022 RM'000	Net cash flows RM'000	Non-cash changes		At 31 December 2022 RM'000
			Additions to property, plant and equipment RM'000	Gain on lease modification RM'000	
<b>Year ended 31 December 2022</b>					
Interest-bearing borrowings	45,687	37,433	–	–	83,120
Lease liabilities	38,975	(17,648)	85,157	(847)	105,637
	<b>84,662</b>	<b>19,785</b>	<b>85,157</b>	<b>(847)</b>	<b>188,757</b>

	At 1 January 2021 RM'000	Net cash flows RM'000	Non-cash changes		At 31 December 2021 RM'000
			Additions to property, plant and equipment RM'000	Early termination of a lease RM'000	
<b>Year ended 31 December 2021</b>					
Interest-bearing borrowings	50,735	(5,048)	–	–	45,687
Lease liabilities	29,101	(8,623)	20,745	(2,248)	38,975
	<b>79,836</b>	<b>(13,671)</b>	<b>20,745</b>	<b>(2,248)</b>	<b>84,662</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2022

## 28. RELATED/CONNECTED PARTY TRANSACTIONS

In addition to the transactions/information disclosed elsewhere in the consolidated financial statements, the Group had the following related/connected party transactions during the years ended 31 December 2022 and 2021:

- (a) Transactions between the group entities have been eliminated on consolidation and are not disclosed. During the years ended 31 December 2022 and 2021, the Group had the following significant transactions with related companies. In the opinion of the management of the Group, they are under normal commercial terms that are fair and reasonable and in the best interests of the Group.

<b>Related party relationship</b>	<b>Nature of transaction</b>	<b>2022</b> <b>RM'000</b>	2021 <i>RM'000</i>
Related companies controlled by the director of certain subsidiaries of the Group	Logistics and related services income	–	49
	Logistics and related services costs	<b>4,937</b>	4,590

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

	<b>2022</b> <b>RM'000</b>	2021 <i>RM'000</i>
Salaries, allowances and other benefits in kinds	<b>3,552</b>	1,829
Discretionary bonus	<b>3,212</b>	–
Contributions to defined contribution plans	<b>222</b>	201
	<b>6,986</b>	2,030

Further details of the directors' remuneration are set out in Note 8 to the consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2022

## 29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise of trade and other receivables, restricted bank balances, bank balances and cash, trade and other payables, bank overdrafts, interest-bearing borrowings and lease liabilities. Details of these financial instruments are disclosed in respective notes.

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

### Interest rate risk

At 31 December 2022, the Group's exposure to market risk for changes in interest rates relates primarily to the Group's bank overdrafts and interest-bearing borrowings of approximately RM97,896,000 (2021: RM58,361,000) with floating interest rate. The Group currently does not have a policy to hedge against the interest rate risk as the management of the Group does not expect any significant interest rate risk at the end of each reporting period.

At the end of the reporting period, if interest rate has been 1% (2021: 1%) higher/lower and all other variables were held constant, the Group's pre-tax results would decrease/increase by approximately RM979,000 (2021: RM584,000) for the year ended 31 December 2022.

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

In the opinion of the management of the Group, the sensitivity analysis is unrepresentative of the inherent interest rate risk because the exposure at the end of each reporting period does not reflect the exposure during the years ended 31 December 2022 and 2021.

### Foreign currency risk

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

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

	Financial assets		Financial liabilities	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
HK\$	642	2,083	2,437	721
SGD	2,452	837	206	71
US\$	111,502	78,168	4,325	7,724

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2022

## 29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

### Foreign currency risk (Continued)

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

	2022		2021	
	Increase (decrease) in foreign exchange rates	Effect on pre-tax result RM'000	Increase (decrease) in foreign exchange rates	Effect on pre-tax results RM'000
HK\$	5% (5%)	(90) 90	5% (5%)	68 (68)
SGD	5% (5%)	112 (112)	5% (5%)	38 (38)
US\$	5% (5%)	5,359 (5,359)	5% (5%)	3,522 (3,522)

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

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

In the opinion of the management of the Group, the sensitivity analysis is unrepresentative of the inherent foreign currency risk because the exposure at the end of each reporting period does not reflect the exposure during the years ended 31 December 2022 and 2021.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2022

## 29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

### Credit risk

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

	2022 <i>RM'000</i>	2021 <i>RM'000</i>
Trade and other receivables	125,002	109,738
Restricted bank balances	40	35
Bank balances and cash	39,572	53,684
	<b>164,614</b>	163,457

### Trade receivables

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

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

At 31 December 2022, the Group had a concentration of credit risk as approximately 17% (2021: 8%) of the total trade receivables was due from the Group's largest trade debtor, and approximately 30% (2021: 25%) of the total trade receivables was due from the Group's five largest trade debtors, respectively.

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2022

## 29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

### Credit risk (Continued)

#### Trade receivables (Continued)

There was no change in the estimation techniques or significant assumptions made during the years ended 31 December 2022 and 2021.

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

	2022 <i>RM'000</i>	2021 <i>RM'000</i>
Not yet due	20,127	19,378
Past due:		
Within 30 days	17,754	18,358
31 to 60 days	7,631	7,749
61 to 90 days	5,218	5,120
Over 90 days	20,255	8,486
	50,858	39,713
	70,985	59,091
Less: Loss allowance	(1,400)	(478)
	69,585	58,613

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2022

## 29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

**Credit risk (Continued)**

**Trade receivables (Continued)**

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

	Expected loss rate %	Gross carrying amounts RM'000	Loss allowance RM'000	Net carrying amounts RM'000
<b>At 31 December 2022</b>				
Not past due	0.03%	20,127	(6)	20,121
1 – 30 days past due	1.44%	17,754	(256)	17,498
31 – 60 days past due	1.32%	7,631	(101)	7,530
61 – 90 days past due	0.86%	5,218	(45)	5,173
Over 90 days past due	4.57%	20,185	(922)	19,263
Individually impaired	100%	70	(70)	–
		<b>70,985</b>	<b>(1,400)</b>	<b>69,585</b>

	Expected loss rate %	Gross carrying amounts RM'000	Loss allowance RM'000	Net carrying amounts RM'000
<b>At 31 December 2021</b>				
Not past due	0.04%	19,378	(9)	19,369
1 – 30 days past due	0.80%	18,358	(156)	18,202
31 – 60 days past due	0.72%	7,749	(54)	7,695
61 – 90 days past due	0.31%	5,120	(16)	5,104
Over 90 days past due	2.59%	8,463	(220)	8,243
Individually impaired	100.00%	23	(23)	–
		<b>59,091</b>	<b>(478)</b>	<b>58,613</b>

Included in the loss allowance at 31 December 2022, was provision for doubtful debts for specific unsecured trade receivables with balances of approximately RM70,000 (2021: RM23,000), which the debtors have no recent business relationship with the Group and the Group expects the outstanding amounts could not be recovered in a foreseeable future.

The Group does not hold any collateral over trade receivables at 31 December 2022 and 2021.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2022

## 29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

### Credit risk (Continued)

#### Trade receivables (Continued)

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

	2022 RM'000	2021 RM'000
At the beginning of the reporting period	478	1,074
Provision for (Reversal of) loss allowance	922	(596)
At the end of the reporting period	<b>1,400</b>	478

At 31 December 2022, the increase in average loss rate resulted in a provision of loss allowance. At 31 December 2021, the decrease in average loss rate resulted in a reversal in loss allowance.

#### Other receivables

The management of the Group considers that the other receivables, including deposits paid, payments made on behalf of a customer in respect of 4PL services and other receivables, have low credit risk based on its strong capacity to meet its contractual cash flow obligations in the near term and low risk of default. Impairment on other receivables is measured on 12-month ECL and reflects the short maturities of the exposures. In estimating the ECL, the management of the Group has taken into account the historical actual credit loss experience over the past years and the financial position of the counterparties, adjusted for forward-looking factors that are specific to the debtors and general economic conditions of the industry in which the counterparties operate, in estimating the probability of default of these financial assets, as well as the loss upon default in each case. The management of the Group considers the ECL of other receivables to be insignificant after taking into account the financial position and credit quality of the counterparties.

#### Restricted bank balances and bank balances and cash

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2022

## 29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

### Liquidity risk

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

	Total carrying amounts RM'000	Total contractual undiscounted cash flows RM'000	Less than 1 year or on demand RM'000	1 to 2 years RM'000	2 to 5 years RM'000	Over 5 years RM'000
<b>At 31 December 2022</b>						
Trade and other payables	50,888	50,888	50,888	-	-	-
Bank overdrafts	14,776	14,776	14,776	-	-	-
Interest-bearing borrowings	83,120	98,452	13,797	13,082	33,291	38,282
Lease liabilities	105,637	206,316	23,504	17,045	18,375	147,392
	<b>254,421</b>	<b>370,432</b>	<b>102,965</b>	<b>30,127</b>	<b>51,666</b>	<b>185,674</b>
<b>At 31 December 2021</b>						
Trade and other payables	45,036	45,036	45,036	-	-	-
Bank overdrafts	12,674	12,674	12,674	-	-	-
Interest-bearing borrowings	45,687	53,166	6,568	6,393	18,124	22,081
Lease liabilities	38,975	62,516	7,765	6,179	9,098	39,474
	<b>142,372</b>	<b>173,392</b>	<b>72,043</b>	<b>12,572</b>	<b>27,222</b>	<b>61,555</b>

### Fair value

All financial assets and liabilities are carried at amounts not materially different from their fair values at 31 December 2022 and 2021.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2022

## 30. COMMITMENTS

### (a) Lease commitments

#### *The Group as lessor*

The Group leases out its warehouses under operating leases with average lease terms of 2 years (2021: average lease terms of 2 years and with options to renew the leases upon expiry at new terms) for the year ended 31 December 2022. The future aggregate minimum rental receivables under non-cancellable operating leases are as follows:

	2022 <i>RM'000</i>	2021 <i>RM'000</i>
Within one year	2,291	6,830
Over one year but within two years	1,265	1,454
Over two years but within three years	2,253	922
	<hr/> 5,809	<hr/> 9,206

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

### (b) Capital expenditure commitments

	2022 <i>RM'000</i>	2021 <i>RM'000</i>
Contracted but not provided for acquisition of property, plant and equipment	7,801	2,225

## 31. CAPITAL MANAGEMENT

The objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to provide returns for equity owners. The Group manages its capital structure and makes adjustments, including payment of dividend to equity owners, call for additional capital from equity owners or sale of assets to reduce debts. No changes were made in the objectives, policies or processes during the years ended 31 December 2022 and 2021.

# FINANCIAL SUMMARY

The following is a summary of the published results and assets and liabilities of the Group for the last five financial years.

## RESULTS

	FY2018 (RM'000)	FY2019 (RM'000)	FY2020 (RM'000)	FY2021 (RM'000)	<b>FY2022 (RM'000)</b>
Revenue	201,183	209,432	223,669	275,561	<b>356,870</b>
Profit before tax	26,179	25,058	30,968	48,666	<b>33,873</b>
Income tax credit (expenses)	(3,676)	(5,578)	(5,859)	(6,150)	<b>2,009</b>
Profit for the year	22,503	19,480	25,109	42,516	<b>35,882</b>
Profit (Loss) for the year attributable to:					
Equity holders of the Company	22,529	19,480	25,109	42,516	<b>36,018</b>
Non-controlling interests	(26)	–	–	–	<b>(136)</b>
	22,503	19,480	25,109	42,516	<b>35,882</b>

## ASSETS AND LIABILITIES

	FY2018 (RM'000)	FY2019 (RM'000)	FY2020 (RM'000)	FY2021 (RM'000)	<b>FY2022 (RM'000)</b>
Total assets	195,052	218,108	296,863	413,034	<b>562,914</b>
Total liabilities	112,309	134,811	122,979	147,535	<b>254,601</b>
	82,743	83,297	173,884	265,499	<b>308,313</b>
Equity attributable to:					
Equity holders of the Company	82,743	83,297	173,884	265,499	<b>308,191</b>
Non-controlling interests	–	–	–	–	<b>122</b>
	82,743	83,297	173,884	265,499	<b>308,313</b>