

Pak Da (HK) Logistic Limited
佰達(香港)物流有限公司

For the year ended 31 December 2023

SAA SAA CPA Limited, Certified Public Accountants

會聯會計師事務所有限公司

Pak Da (HK) Logistic Limited

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Pak Da (HK) Logistic Limited

Report of the Director

The sole director presents her annual report and the financial statements of the Company for the financial year ended 31 December 2023.

Principal activities

The Company's principal activities are investment holding and provision for logistics service. Details of the principal activities of the Company's subsidiary are set out in Note 12 to the financial statements.

Financial results

The results of the Company for the year are set out in the statement of profit or loss and other comprehensive income on page 7.

First interim dividend of HK\$376.08 per share was declared on 29 March 2023. (2022: HK\$717.60). No second interim dividend was declared in 2023. (2022: HK\$1,331.95).

The sole director does not recommend the payment of a final dividend for the year ended 31 December 2023 (2022: Nil).

Share capital and reserves

Details of share capital of the Company are set out in note 16 to the financial statements.

Movements in the reserves of the Company during the year are set in the statement of changes in equity on page 9.

Directors

The sole director during the year and up to the date of this report was:

Wong Sau Lan Becky

There is no provision in the Company's Articles of Association for the rotation of directors, the sole director continue in office.

Business review

By passing a special resolution of the general meeting by the shareholders, the Company opt to not preparing a business review under Section 388 (3) (c) of the Hong Kong Companies Ordinance.

Directors' material interests in transactions, arrangements and contracts that are significant to the Company's business

No transactions, arrangements and contracts of significance in relation to the Company's business to which the Company or its other associated corporations 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.

Directors' interests in the shares, underlying shares and debentures of the Company or any specified undertaking of the Company

At no time during the year was the Company or its other associated corporations a party to any arrangements to enable the directors and chief executives of the Company (including their spouse and children under 18 years of age) to hold any interests in the shares or underlying shares, or debentures of, the Company or its specified undertakings or other associated corporation.

Pak Da (HK) Logistic Limited

Report of the Director (continued)

Equity-linked agreements

During the financial year, the Company entered into no equity-linked agreement. At the end of the financial year, the Company subsisted of no equity-linked agreement.

Equity-linked agreements

There were no equity-linked agreements entered into by the Company during the financial year and at the end of the financial year.

Holding companies

The Company's ultimate holding company is Allcargo Logistics Limited, a public limited company which was incorporated in India and listed on BSE Limited and National Stock Exchange of India Limited. The Company's immediate holding company is Allcargo Belgium, a limited company which was incorporated in Belgium.

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 year.

Permitted indemnity provision

At no time during the financial year and up to the date of this Report of the Directors was or is there any permitted indemnity provision being in force for the benefit of any of the directors of the Company (whether made by the Company or otherwise) or an associated company (if made by the Company).

Independent auditors

The financial statements have been audited by SAA CPA who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board



Chairman

Hong Kong, 1 August 2024

Independent Auditor's Report to the Members of Pak Da (HK) Logistic Limited (Incorporated in Hong Kong with limited liability)

Opinion

We have audited the financial statements of Pak Da (HK) Logistic Limited (the "Company") set out on pages 7 to 24, which comprise the statement of financial position as at 31 December 2023, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company 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.

Information other than the Financial Statements and Auditor's Report Thereon

The sole director of the Company are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Report of the Director and detailed statement of profit or loss, but does not include the financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 Auditor's Report to the Members of Pak Da (HK) Logistic Limited (Incorporated in Hong Kong with limited liability) (Continued)

Responsibilities of the Directors and Those Charged with Governance for the Financial Statements

The sole director is responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the director is responsible for assessing the Company'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 director either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

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

Auditors' responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, 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 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 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the director.

Independent Auditor's Report to the Members of Pak Da (HK) Logistic Limited (Incorporated in Hong Kong with limited liability) (Continued)

Auditors' responsibility for the Audit of the Financial Statements (continued)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.



SAA CPA Limited
Certified Public Accountants

Chan Mei Wah
Practising Certificate Number : P08352

Hong Kong, 1 August 2024

Pak Da (HK) Logistic Limited
Statement Of Profit Or Loss And Other Comprehensive Income

For the year ended 31 December 2023

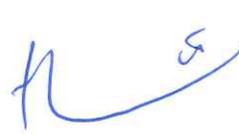
	Notes	2023 HK\$	2022 HK\$
Revenues	6	8,747,011	31,405,864
Less: Direct costs of income		<u>(6,456,237)</u>	<u>(2,937,427)</u>
Gross profit		2,290,774	28,468,437
Other revenue	7	20,338	116,734
Administration and general expenses		<u>(53,081)</u>	<u>(215,733)</u>
Profit before taxation	8	2,258,031	28,369,438
Taxation	9	<u>(348,647)</u>	<u>(4,684,000)</u>
Profit for the year		<u>1,909,384</u>	<u>23,685,438</u>

The accompanying Accounting Policies and Explanatory Notes form an integral part of, and should be read in conjunction with, these financial statements.

Pak Da (HK) Logistic Limited
Statement of Financial Position
At 31 December 2023

	Notes	2023 HK\$	2022 HK\$
Non-current assets			
Investment in a subsidiary	11	6,227,600	6,227,600
		<u>6,227,600</u>	<u>6,227,600</u>
Current assets			
Trade receivables	12	42,556	518,459
Amount due from immediate holding company	14	-	85,720
Tax recoverable		399,552	-
Cash and cash equivalents	13	377,032	4,128,881
		<u>819,140</u>	<u>4,733,060</u>
Current liabilities			
Amount due to immediate holding company	14	4,679,499	-
Amount due to shareholder	14	1,559,833	1,561,160
Trade deposit received		-	856,777
Other payable and accruals	15	33,600	33,500
Income tax liabilities		-	5,884,000
		<u>6,272,932</u>	<u>8,335,437</u>
Net current liabilities		<u>(5,453,792)</u>	<u>(3,602,377)</u>
Net assets		<u>773,808</u>	<u>2,625,223</u>
Equity			
Capital and reserve			
Share capital	16	10,000	10,000
Retained earnings		763,808	2,615,223
Total equity		<u>773,808</u>	<u>2,625,223</u>

The accompanying Accounting Policies and Explanatory Notes form an integral part of, and should be read in conjunction with, these financial statements.



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 Director

Pak Da (HK) Logistic Limited
Statement of Changes in Equity
For the year ended 31 December 2023

	<u>Share capital</u> HK\$	Retained earnings/ (Accumulated losses) HK\$	<u>Total</u> HK\$
Balance at 1 January 2022	10,000	(574,715)	(564,715)
Profit for the year	-	23,685,438	23,685,438
Interim dividend declared - note 18	-	(20,495,500)	(20,495,500)
Balance at 31 December 2022 and 1 January 2023	<u>10,000</u>	<u>2,615,223</u>	<u>2,625,223</u>
Profit for the year	-	1,909,385	1,909,385
Interim dividend declared - note 18	-	(3,760,800)	(3,760,800)
Balance at 31 December 2023	<u><u>10,000</u></u>	<u><u>763,808</u></u>	<u><u>773,808</u></u>

Pak Da (HK) Logistic Limited
Statement of Cash Flows
For the year ended 31 December 2023

	Note	2023 HK\$	2022 HK\$
<i>Cash flow from operating activities</i>			
Profit before taxation		2,258,032	28,369,438
Adjustment for:			
Interest income		(13,912)	(9,323)
		<u>2,244,120</u>	<u>28,360,115</u>
<i>Changes in workings capital:</i>			
Accounts receivables		475,903	123,817
Amount due from immediate holding company		85,720	223,580
Amount due to immediate holding company		4,679,499	-
Amount due to a shareholder		(1,327)	(23,240)
Amount due to a fellow subsidiary		-	(2,632,500)
Trade deposit		(856,777)	856,777
Other payable and accruals		100	(3,000)
		<u>6,627,238</u>	<u>26,905,549</u>
Net cash generated from operating activities		<u>6,627,238</u>	<u>26,905,549</u>
Hong Kong profits tax paid		(6,632,199)	-
Net cash (used in)/ from operating activities		<u>(4,961)</u>	<u>26,905,549</u>
<i>Cash flow from investing activities</i>			
Interest received		13,912	9,323
		<u>13,912</u>	<u>9,323</u>
Net cash from investing activities		<u>13,912</u>	<u>9,323</u>
<i>Cash flow from financing activities</i>			
Dividend paid		(3,760,800)	(27,125,500)
		<u>(3,760,800)</u>	<u>(27,125,500)</u>
Net cash used in financing activities		<u>(3,760,800)</u>	<u>(27,125,500)</u>
Net decrease in cash and cash equivalents		<u>(3,751,849)</u>	<u>(210,628)</u>
Cash and cash equivalents at beginning of year		<u>4,128,881</u>	<u>4,339,509</u>
Cash and cash equivalents at end of year	13	<u>377,032</u>	<u>4,128,881</u>

Pak Da (HK) Logistic Limited

Notes to the Financial Statements

For the year ended 31 December 2023

1. General

The Company is a company incorporated in Hong Kong with limited liability. The Company's registered office is located 10/F, Pacific Plaza, 410 Des Voeux Road West, Hong Kong. The Company's principal activities are investment holding and provision for logistics service. Details of the principal activities of the Company's subsidiary are set out in Note 12 to the financial statements.

The Company's ultimate holding company is Allcargo Logistics Limited, a public limited company which was incorporated in India and listed on BSE Limited and National Stock Exchange of India Limited. The Company's immediate holding company is Allcargo Belgium, a limited company which was incorporated in Belgium.

These financial statements are presented in Hong Kong dollars ("HK\$") unless otherwise stated.

2 Basis of preparation

The financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by Hong Kong Institute of Certified Public Accountants ("HKICPA") and requirements of the Hong Kong Companies Ordinance. The financial statements have been prepared under the historical cost convention.

The following amendments to HKFRS and HKAS become effective mandatorily in this period.

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Income taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International tax reform – Pillar Two Model Rules

2.1 Impacts on application of Amendments to HKAS 8 Definition of Accounting Estimates

The Company has applied the amendments for the first time in the current year. The amendments define accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty". An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. The amendments to HKAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors.

The application of the amendments in the current year had no material impact on the financial statements.

2.2 Impacts on application of Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The Company has applied the amendments for the first time in the current year. The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of HKAS 12 Income Taxes so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

The application of the amendments in the current year had no material impact on the financial statements.

Pak Da (HK) Logistic Limited
Notes to the Financial Statements
For the year ended 31 December 2023

2 Basis of preparation (continued)

2.3 Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

The Company has applied the amendments for the first time in the current year. HKAS 1 Presentation of Financial Statements is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 Making Materiality Judgements (the “Practice Statement”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Company’s financial positions and performance and the disclosure of the Company.

2.4 Change in accounting policy as a result of application of the HKICPA guidance on the accounting implications of the abolition of the Mandatory Provident Fund (“MPF”) — Long Service Payment (“LSP”) offsetting mechanism in Hong Kong (Continued)

In July 2023, the HKICPA published “Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong” which provides guidance for the accounting for the offsetting mechanism and the impact arising from abolition of the MPF-LSP offsetting mechanism in Hong Kong. In light of this, the Group has implemented the guidance published by the HKICPA in connection with the LSP obligation retrospectively so as to provide more reliable and more relevant information about the effects of the offsetting mechanism and the Abolition.

The application of the amendments has had no material impact on the Company’s financial positions and performance and the disclosure of the Company.

Impact of issued but not yet effective HKFRSs

HKICPA has issued the following HKFRS and the amendments to HKFRSs and HKASs, that would become effective from the accounting period beginning on or after the mandatory effective date set out below:

<u>Title</u>		<u>Mandatory effective date</u>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
Amendment to HKFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024

Pak Da (HK) Logistic Limited

Notes to the Financial Statements For the year ended 31 December 2023

2 Basis of preparation (continued)

Impact of issued but not yet effective HKFRSs (continued)

<u>Title</u>		<u>Mandatory effective date</u>
Amendments to HKAS 1	Non-current liabilities with covenants	1 January 2024
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements	1 January 2024
Amendments to HKAS21	Lack of Exchangeability	1 January 2025

The Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. Summary of significant accounting policies

a) *Revenue recognition*

Revenue is recognized when the Company satisfies a performance obligation by transferring promised goods or services to a customer and the customer obtains control over the good or service. When the performance obligation is satisfied, revenue is recognized at the amount of the transaction price that is allocated to that performance obligation. Further details of the Company's revenue and other income recognition policies are as follows:

- (i) Revenue from handling fee / consultancy income are derived from the provision of service and are recognised over time throughout the period of the service are rendered based on contract prices received/receivable.
- (ii) Interest income is recognised as it accrues under the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset.

b) *Investments in subsidiaries*

Subsidiaries are entities (including structured entities) over which the Company has control. The Company controls an entity when the Company is exposed to, 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.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Pak Da (HK) Logistic Limited
Notes to the Financial Statements (Continued)
For the year ended 31 December 2023

3. Summary of significant accounting policies (continued)

c) Financial assets

The Company classifies its financial assets at amortized cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

The Company reclassifies debt instruments when and only when its business model for managing those assets changes.

Recognition and derecognition

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

At subsequent measurement

Debt instrument

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Company classifies its debt instruments:

- **amortized cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in "other gains — net" together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss and other comprehensive income.
- **FVPL:** Assets that do not meet the criteria for amortized cost are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in profit or loss and presented net within "other gains — net" in the period in which it arises.

Impairment

The Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Pak Da (HK) Logistic Limited
Notes to the Financial Statements (Continued)
For the year ended 31 December 2023

3. Summary of significant accounting policies(continued)

d) Impairment of non-financial assets

Property, plant and equipment are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing of assets, recoverable amount (i.e., the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs. If the recoverable amount of the asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognized as an impairment loss in profit or loss.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of accumulated depreciation) had no impairment loss been recognized for the asset in prior years.

A reversal of impairment loss for an asset is recognized in profit or loss.

e) Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(i) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Company measures its tax balance either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

(ii) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax liabilities and assets are not recognized for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Pak Da (HK) Logistic Limited
Notes to the Financial Statements (Continued)
For the year ended 31 December 2023

3. Summary of significant accounting policies(continued)

e) Current and deferred income tax (continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity.

f) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

g) Share capital

Ordinary shares are classified as equity.

h) Other payables

Other payables are initially recognised at fair value and subsequently stated at amortised cost using the effective interest method, unless the effect of discounting would be immaterial, in which case they are stated at cost.

i) Provisions

Provisions for legal claims, service warranties and make good obligations are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

Pak Da (HK) Logistic Limited

Notes to the Financial Statements (Continued) For the year ended 31 December 2023

3. Summary of significant accounting policies(continued)

j) Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less allowance for impairment.

k) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other borrowing costs are expensed in the period in which they are incurred.

4. Financial risks management

4.1 Categories of financial instruments

	2023	2022
	HK\$	HK\$
Financial assets – at amortised cost		
Trade receivables	44,556	518,459
Amount due from immediate holding company	-	85,720
Cash and cash equivalents	337,032	4,128,881
	<u>419,588</u>	<u>4,733,060</u>
Financial liabilities – at amortised cost		
Amount due to immediate holding company	4,679,499	-
Amount due to shareholder	1,559,833	1,561,160
Trade deposit received	-	856,777
Other payable and accruals	33,600	36,500
	<u>6,272,932</u>	<u>2,451,437</u>

Pak Da (HK) Logistic Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2023

4. Financial risks management (continued)

4.2 Financial risk factors

The Company's activities expose it to a variety of financial risk factors: credit risk and liquidity risk. The Company's overall risk management procedures focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the Company's financial performance.

(a) Credit risk

The Company's maximum exposure to credit risk which will cause a financial loss to the Company due to failure to discharge an obligation by the counterparties is arising from the carrying amounts of the respective recognised financial assets as stated in the respective notes to the financial statements. The Company's exposure to credit risk is mainly related to its contractual cash flows of other receivables and cash and bank balances.

The Company has two types of financial assets that are subject to the expected credit loss model:

- Cash and cash equivalents; and
- other financial assets at amortised cost

(i) Cash and cash equivalents

The Company's bank deposits are placed with banks and financial institutions which are highly reputable with multinational presences. Investment transactions are executed with financial institutions with sound credit ratings and the Company does not expect any significant counterparty risk. Management does not expect any losses from non-performance by these banks and financial institutions as they have no default history in the past.

(ii) Other financial assets at amortised costs

The Company applies the expected credit loss model on other financial assets at amortised cost. Impairment on deposits and other receivables are measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses. Management considered, among other factors, analysed historical pattern and concluded that the expected credit loss for other financial assets at amortised cost to be immaterial as the credit risk is assessed as low.

Pak Da (HK) Logistic Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2023

4. Financial risks management (Continued)

4.2 Financial risk factors (Continued)

(b) Liquidity risk

The Company has adequate cash for its operating requirement. Management monitors rolling forecasts of the Company's liquidity reserve and cash and cash equivalents on the basis of expected cash flows.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows.

	2023		
	Within 1 year or on demand HK\$	Total contractual undiscounted cash flow HK\$	Carrying amount HK\$
Amount due to immediate holding company	4,679,499	4,679,499	4,679,499
Amount due to shareholder	1,559,833	1,559,833	1,559,833
Trade deposit received	-	-	-
Tax payable	-	-	-
Other payables and accruals	33,600	33,600	33,600
	<u>6,272,932</u>	<u>6,272,932</u>	<u>6,272,932</u>
	<u><u>6,272,932</u></u>	<u><u>6,272,932</u></u>	<u><u>6,272,932</u></u>
	2022		
	Within 1 year or on demand HK\$	Total contractual undiscounted cash flow HK\$	Carrying amount HK\$
Amount due to shareholder	1,561,160	1,561,160	1,561,160
Trade deposit received	856,777	856,777	856,777
Tax payable	5,884,000	5,884,000	5,884,000
Other payables and accruals	33,500	33,500	33,500
	<u>8,335,437</u>	<u>8,335,437</u>	<u>8,335,437</u>
	<u><u>8,335,437</u></u>	<u><u>8,335,437</u></u>	<u><u>8,335,437</u></u>

Pak Da (HK) Logistic Limited

Notes to the Financial Statements (Continued) For the year ended 31 December 2023

4. Financial risks management (Continued)

4.3 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for the shareholders to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may issue new shares or raise new debt financing.

The capital structure of the Company represents equity attributable to owner of the Company, comprising share capital and accumulated losses.

4.4 Fair value estimation

No disclosure of fair value measurement by level of fair value hierarchy is required in these financial statements as there are no financial instruments measured on such basis.

The carrying value less impairment provision of receivables and payables are a reasonable approximation of their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

5. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

Impairment of investment in subsidiary

The Company reviews its assets for impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable. Where an impairment indicator exists, the recoverable amount of the asset is the higher of an asset's fair value less cost to disposal and value-in-use. The Company completed a review on the investment in subsidiary for impairment purposes in December 2023 and no impairment loss was identified during the year.

Pak Da (HK) Logistic Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2023

6. Revenues

	2023 HK\$	2022 HK\$
Handling fee income	7,963,883	11,415,589
Consultancy fee income	783,128	19,990,275
	<u>8,747,011</u>	<u>31,405,864</u>

7. Other revenue

	2023 HK\$	2022 HK\$
Sundry income	-	30,000
Exchange gain	6,426	78,411
Bank interest income	13,912	8,323
	<u>20,338</u>	<u>116,734</u>

8. Profit before taxation

Profit before taxation is arrived at after charging: -

	2023 HK\$	2022 HK\$
Auditor remuneration	33,600	33,000
Exchange difference		172,130
		<u>205,730</u>

9. Taxation

(a) Hong Kong profits tax has been provided at the rate of 16.5% (2022: 16.5%) on the estimated assessable profit for the year.

	2023 HK\$	2022 HK\$
Hong Kong profits tax- current year	372,000	4,684,000
Over-provision in respect of prior periods	(23,353)	-
	<u>348,647</u>	<u>4,684,000</u>

(b) Reconciliation between tax expense and accounting profit at the applicable tax rate: -

	2023 HK\$	2022 HK\$
Profit before taxation	2,258,032	28,369,438
Calculated at a taxation rate of 16.50%	372,575	4,680,957
Income not subject to tax	(2,298)	(6,323)
Others	(17,777)	9,366
Over-provision	(3,853)	-
Income tax expense	<u>348,647</u>	<u>4,684,000</u>

Pak Da (HK) Logistic Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2023

10. Emoluments and other matter relating to directors

- (a) No director received or will receive any fees or emoluments in respect of their services to the Company during the year.
- (b) There were no payments made or benefit provided in respect of the termination of the service of director, whether in the capacity of director or in any other capacity while directors.
- (c) There are no loans, quasi-loans or other dealings in favour of the director, their controlled bodies corporate and connected entities.
- (d) There are no significant transactions, arrangements and contracts in relation to the Company's business to which the Company was or is a party that subsisted at the end of the year or at any time during the year.
- (e) The Company had not paid or incurred any liability for the purpose of fulfilling the guarantee or discharging the security given to banks for loans granted to the director during the year and the previous year.
- (f) There were no consideration provided to or receivable by third parties for making available the services of a person as director or in any other capacity while director.

11. Investment in a subsidiary

	2023 HK\$	2022 HK\$
Unlisted investment, at cost	6,227,600	6,227,600

Particulars of the subsidiary as at 31 December 2023 are set out below:

<u>Name</u>	<u>Place of incorporation and kind of legal entity</u>	<u>Particulars of issued and paid-up capital</u>	<u>Proportion of ownership interest directly held by the Company</u>	<u>Principal activities and place of operation</u>
ECU Worldwide Tianjin Limited* (天津隆生運通物流有限公司)	People's Republic of China (the "PRC"), limited liability company	USD800,000	100%	Provision of logistic services and logistic consultation services in the PRC

No consolidation financial statements have been prepared as in the opinion of the sole director and members, it involves costs that outweigh its benefit. The sole director has notified the shareholders of the Company and no objection was identified.

Pak Da (HK) Logistic Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2023

12. Trade receivables

	2023 HK\$	2022 HK\$
Trade receivables	42,556	518,459
Less : provision for impairment	-	-
	<u>42,556</u>	<u>518,459</u>

The carrying values of trade receivables approximate their fair values as at 31 December 2023 and 2022 and are denominated in USD.

As at 31 December 2023 and 2022, the aging analysis of trade receivables, based on invoice date, was as follows:

	2023 HK\$	2022 HK\$
Within 90 days	<u>42,556</u>	<u>518,459</u>

The maximum exposure to credit risk as at 31 December 2023 and 2022 was the carrying value of the trade receivables mentioned above. The Company did not hold any collateral as security.

13. Cash and cash equivalents

	2023 HK\$	2022 HK\$
Bank balances	<u>377,032</u>	<u>4,128,881</u>
Maximum exposure to credit risk	<u>377,032</u>	<u>4,128,881</u>

As at 31 December 2023 and 2022, cash and cash equivalents are denominated in Hong Kong dollar.

14. Amounts due from/ to immediate holding company/ a shareholder/a fellow subsidiary

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

15. Other payables and accruals

The carrying values of other payables and accruals approximate their fair values as at 31 December 2023 and 2022 and are denominated in Hong Kong dollar.

16. Share capital

	2023 HK\$	2022 HK\$
Issued and fully paid: 10,000 ordinary shares of HK\$1 each	<u>10,000</u>	<u>10,000</u>

Pak Da (HK) Logistic Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2023

17. Material related party transactions

(a) Transactions with related parties

	2023 HK\$	2022 HK\$
Subsidiary		
Compensation fee	2,737,000	-
Consultancy fee income	783,128	19,990,275
	<u> </u>	<u> </u>

(b) Balances with related parties

Balances with related parties and their terms are disclosed in the statement of financial position and Note 14 to the financial statements.

18. Dividends

	2023 HK\$	2022 HK\$
1 st interim dividend declared of HK376.08 (2022: 717.6) per ordinary share	3,756,600	7,176,000
2 nd interim dividend declared of HK\$ nil (2022: 1,331.95) per ordinary share	-	13,319,500
	<u> </u>	<u> </u>
	<u>3,756,600</u>	<u>20,495,500</u>

19. Approval of the financial statements

The financial statements were approved and authorized for issue by the sole director on 1 August 2024.