



ASX APPENDIX 4D AND INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

eCargo Holdings Limited

ARBN 601 083 069

30 June 2021

Lodged with ASX under Listing Rule 4.3A

This interim condensed consolidated financial information covers the consolidated entity, consisting of eCargo Holdings Limited and its subsidiaries ("ECG" or the "Company"). The interim condensed consolidated financial information are presented in Hong Kong Dollars ("HK\$"), the official currency of Hong Kong, unless otherwise stated.

The report is based on financial information which have been reviewed by the auditor.

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Details of the reporting period and the previous corresponding period

Reporting period: 1 January 2021 to 30 June 2021

Prior corresponding period: 1 January 2020 to 30 June 2020

Results for announcement to the market

Key information
(HK\$)

	Reporting Period	Prior Corresponding Period	% change
Revenue from ordinary activities	87,250,243	90,962,305	-4.1%
Loss from ordinary activities after income tax attributable to members of the Company	(6,021,385)	(26,907,289)	-77.6%
Total comprehensive loss for the period attributable to members of the Company	(6,344,023)	(27,861,584)	-77.2%

Dividends

No dividends have been paid nor are any dividends proposed to be paid.

Interim Condensed Consolidated Statement of Comprehensive Income

Please refer to Appendix 1 - page 2.

Interim Condensed Consolidated Statement of Financial Position

Please refer to Appendix 1 - page 3.

Interim Condensed Consolidated Statement of Changes in Equity

Please refer to Appendix 1 - page 4.

Interim Condensed Consolidated Statement of Cash Flows

Please refer to Appendix 1 - page 5.

Additional dividend information

The Company has not declared any dividends.

Dividend reinvestment plan

The Company has no dividend reinvestment plan.

Net tangible asset backing

Net tangible asset backing per ordinary share at:

June 30, 2021	(HK\$15.7 cents)
June 30, 2020	(HK\$15.6 cents)

At June 30, 2021, there were 615,250,000 ordinary shares in issue, which would convert to a net asset backing of -HK\$12.1 cents per share (June 30, 2020: there were 615,250,000 ordinary shares in issue, which would convert to a net asset backing of -HK\$9.4 cents per share).

Controlled entities acquired or disposed of

No controlled entities is being acquired or disposed of during the period.

Associates and joint venture entities

During the period, ECG had equity accounted for the interest in a joint venture.

Other significant information

Other than the details disclosed herein, there is no other information that needs to be disclosed to investors.

Foreign entities

The reports have been prepared under the Hong Kong Financial Reporting Standards.

Commentary on the operations and results

ECG's revenue decreased by 4.1% to HK\$87.3 million (2020: HK\$91.0 million).

ECG incurred net loss of HK\$6.0 million (2020: net loss of HK\$26.9 million) and a loss before interest, tax, depreciation, amortisation, share of results of a joint venture, impairment provision of goodwill and intangible assets and impact of foreign exchange ("EBITDA loss") of HK\$0.4 million (2020: EBITDA loss of HK\$1.0 million).

The decreased Group revenue of HK\$87.3 million (2020: HK\$91.0) was expected as the Company transitioned out of non-profitable businesses and reformed its product mix in the FMCG business from low-margin high-volume product categories to high-margin product categories to leverage the continued demand from Chinese consumers. It also reflected a loss in revenue from the Amblique business due to the end of the reseller agreement arrangement with Salesforce CommerceCloud in 2020.

The first six months EBITDA recorded a small loss of HK\$0.4 million and a net loss of HK\$6.0 million, an improvement of 54% and 78% respectively compared to the year before. The loss was due to expenses related to increased investments in technologies, clearance of low margin products and marketing spend to support new brands' sales in the second half of this year. The results demonstrate the strength of the revised Company structure and efficiency gains compared to the prior period which benefited from Government grants, subsidies and salary reductions to offset losses during COVID-19.

Statement as to the review status

The report is based on the interim condensed consolidated financial information for the six months ended June 30, 2021 of ECG, which has been reviewed by PricewaterhouseCoopers, the auditor of the Company.

eCARGO HOLDINGS LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED

30 JUNE 2021

**Report on Review of Interim Financial Information
To the Board of Directors of eCargo Holdings Limited**
(incorporated in Hong Kong with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 2 to 23, which comprises the interim condensed consolidated statement of financial position of eCargo Holdings Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2021 and the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion 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.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 26 August 2021

eCARGO HOLDINGS LIMITED

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Six months ended 30 June 2021 HK\$ (Unaudited)	2020 HK\$ (Unaudited)
Revenue	7	87,250,243	90,962,305
Cost of sales	8	(47,008,770)	(63,374,433)
Gross profit		40,241,473	27,587,872
Selling and distribution expenses	8	(5,757,064)	(6,758,403)
Administrative expenses	8	(39,179,063)	(27,189,359)
Research and development expenses	8	(1,216,960)	(765,398)
Provision for impairment of trade receivables	8	(7,174)	(268,456)
Operating loss		(5,918,788)	(7,393,744)
Finance income		4,873	10,715
Finance expense		(2,213,376)	(2,447,200)
Finance expense, net		(2,208,503)	(2,436,485)
Other gain, net	9	179,079	1,629,654
Share of results from joint ventures	15	1,400,888	757,439
Provision for impairment of goodwill and intangible assets	14	-	(20,227,179)
Loss before income tax		(6,547,324)	(27,670,315)
Income tax credit	10	525,939	763,026
Loss for the period		(6,021,385)	(26,907,289)
Loss for the period is attributable to:			
Owners of the Company		(6,021,385)	(26,907,289)
Other comprehensive loss			
<i>Item that may be reclassified to profit or loss</i>			
Currency translation differences		(322,638)	(954,295)
Total comprehensive loss for the period		(6,344,023)	(27,861,584)
Total comprehensive loss for the period is attributable to:			
Owners of the Company		(6,344,023)	(27,861,584)
Loss per share for loss attributable to owners of the Company			
Basic and diluted (HK cents per share)	11	(0.98)	(4.37)

The above interim condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

eCARGO HOLDINGS LIMITED

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 30 June 2021 HK\$ (Unaudited)	As at 31 December 2020 HK\$ (Audited)
Assets			
Non-current assets			
Property, plant and equipment	13	676,458	638,925
Right-of-use assets	13	4,009,141	5,194,936
Intangible assets	14	22,039,215	26,141,487
Interests in joint ventures	15	2,952,121	529,486
Deferred tax assets		3,351,963	3,235,493
Deposits		425,975	435,245
Total non-current assets		33,454,873	36,175,572
Current assets			
Inventories		5,187,235	6,289,302
Trade receivables	16	20,408,584	23,943,848
Contracts assets		3,376,125	3,572,276
Prepayments, deposits and other receivables		4,361,063	5,333,657
Amounts due from related parties	21	2,491,497	1,568,397
Cash and cash equivalents		39,513,994	48,677,017
Total current assets		75,338,498	89,384,497
Total assets		108,793,371	125,560,069
Capital and reserves attributable to owners of the Company			
Share capital	17	427,820,968	427,820,968
Currency translation reserve		(1,609,097)	(1,286,459)
Accumulated losses		(500,720,503)	(494,699,118)
Total deficit		(74,508,632)	(68,164,609)
Liabilities			
Non-current liabilities			
Deferred tax liabilities		8,890,113	9,872,816
Lease liabilities		2,682,629	3,673,784
Other payables	18	1,015,516	966,055
Loan from a related party	21	4,413,207	-
Borrowing	19	92,395,280	90,478,810
Total non-current liabilities		109,396,745	104,991,465
Current liabilities			
Trade payables	18	8,120,235	9,173,137
Contract liabilities		3,915,877	2,876,799
Other payables and accruals	18	16,839,085	17,323,554
Amounts due to related parties	21	25,156,278	43,430,417
Put option liabilities		8,909,813	8,909,813
Lease liabilities		1,847,478	2,069,644
Bank borrowing	20	4,589,000	-
Income tax payable		4,527,492	4,949,849
Total current liabilities		73,905,258	88,733,213
Total liabilities		183,302,003	193,724,678
		108,793,371	125,560,069

The above interim condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

eCARGO HOLDINGS LIMITED

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company			
	Share capital HK\$	Currency translation reserve HK\$	Accumulated losses HK\$	Total HK\$
Balance at 1 January 2020	427,820,968	(2,936,793)	(455,157,027)	(30,272,852)
Loss for the period	-	-	(26,907,289)	(26,907,289)
Other comprehensive loss	-	(954,295)	-	(954,295)
Total comprehensive loss for the period	-	(954,295)	(26,907,289)	(27,861,584)
Balance at 30 June 2020 (unaudited)	427,820,968	(3,891,088)	(482,064,316)	(58,134,436)
Balance at 1 January 2021	427,820,968	(1,286,459)	(494,699,118)	(68,164,609)
Loss for the period	-	-	(6,021,385)	(6,021,385)
Other comprehensive loss	-	(322,638)	-	(322,638)
Total comprehensive loss for the period	-	(322,638)	(6,021,385)	(6,344,023)
Balance at 30 June 2021 (unaudited)	427,820,968	(1,609,097)	(500,720,503)	(74,508,632)

The above interim condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

eCARGO HOLDINGS LIMITED

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2021	2020
	HK\$	HK\$
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Cash used in from operations	(9,891,515)	(3,541,445)
Income tax (paid)/refunded	(771,098)	1,106,753
Interest paid	(41,144)	-
	<u>(10,703,757)</u>	<u>(2,434,692)</u>
Net cash used in operating activities	-----	-----
Cash flows from investing activities		
Investment in a joint venture	(1,499,971)	-
Purchase of property, plant and equipment	(162,804)	-
Dividend received from a joint venture	478,224	314,199
Interest received	4,873	10,715
	<u>(1,179,678)</u>	<u>324,914</u>
Net cash (used in)/generated from investing activities	-----	-----
Cash flow from financing activities		
Principal elements of lease payments	(1,165,852)	(947,847)
Interest elements of lease payments	(140,684)	(137,698)
Proceeds from bank borrowing	4,589,000	-
	<u>3,282,464</u>	<u>(1,085,545)</u>
Net cash generated from/(used in) financing activities	-----	-----
Net decrease in cash and cash equivalents	(8,600,971)	(3,195,323)
Cash and cash equivalents at beginning of the period	48,677,017	26,946,542
Exchange gain on cash and cash equivalents	(562,052)	164,713
	<u>39,513,994</u>	<u>23,915,932</u>
Cash and cash equivalents at end of the period	=====	=====

The above interim condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

eCARGO HOLDINGS LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1 General information

eCargo Holdings Limited (the “Company”) and its subsidiaries (collectively, the “ECG”) are principally engaged in the development and provision of eCommerce technologies, integrated offline and online supply chain operations, and provision of digital commerce solutions and services.

The Company is a limited liability company incorporated in Hong Kong. The address of its registered office is 13103N, ATL Logistics Centre B, 3 Kwai Chung Container Terminals, New Territories, Hong Kong.

This interim condensed consolidated financial information is presented in Hong Kong dollars (“HK\$”), unless otherwise stated.

The financial information relating to the year ended 31 December 2020 that is included in the interim condensed consolidated financial information for the six months ended 30 June 2021 as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2020 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622).

The Company's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance (Cap. 622).

2 Basis of preparation

This interim condensed consolidated financial information for the six months ended 30 June 2021 has been prepared in accordance with Hong Kong Accounting Standard 34, “Interim financial reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, the interim condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2020 and any public announcements made by the Company during the interim reporting period. The interim report has been prepared in accordance with the same accounting policies adopted in the annual financial statements for the year ended 31 December 2020.

eCARGO HOLDINGS LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

3 Accounting policies

The accounting policies applied are consistent with those of the annual consolidated financial statements for the year ended 31 December 2020, as described in those annual consolidated financial statements, except for the estimation of income tax and the adoption of new and amended standard as set out below. Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

3.1 New and amended standard adopted by ECG

A number of new or amended standards became applicable for the current reporting period. ECG did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

3.2 Impact of standards issued but not yet applied by ECG

Certain new accounting standards and interpretations have been published that are not mandatory for this reporting period and have not been early adopted by ECG. These standards are not expected to have a material impact on ECG in the current or future reporting periods and on foreseeable future transactions.

4 Estimates and judgements

The preparation of interim condensed consolidated financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying ECG's accounting policies and the key sources of estimation uncertainty were similar to those used to prepare the consolidated financial statements for the year ended 31 December 2020.

5 Financial risk management

5.1 Capital management

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

ECG actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of ECG and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. In order to maintain or adjust the capital structure, ECG may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

5.2 Credit risk

At the date of the interim condensed consolidated statement of financial position, 58% (31 December 2020: 51%) of the trade receivables and contract assets was due from ECG's largest five debtors. Accordingly, ECG's consolidated results would be heavily affected by the financial capability of these debtors to fulfill their obligations with ECG. ECG's credit risk monitoring activities relating to the debtors include review of the credit profile, business prospects, background and their financial capacity.

5.3 Liquidity risk

ECG adopts prudent liquidity risk management and maintains sufficient cash and the availability of funding through an adequate amount of committed credit facilities.

eCARGO HOLDINGS LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

5 Financial risk management (Continued)

5.3 Liquidity risk (Continued)

Except for borrowing with maturity exceed 12 months, the contractual undiscounted cash flows of ECG's financial liabilities, which include trade payables, other payables and accruals and amounts due to related parties, are due within 12 months.

5.4 Foreign exchange risk

ECG mainly operates in Hong Kong, the People's Republic of China ("PRC") and Australia ("Australia"), and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Renminbi ("RMB"), Australian dollars ("A\$") and United States dollars ("US\$").

Foreign exchange risk arises mainly from future commercial transactions, recognised assets and liabilities.

ECG manages its foreign exchange risks by performing regular review and monitoring its foreign exchange exposure. ECG currently does not have a foreign currency hedging policy.

At 30 June 2021, if the HK\$ had strengthened/weakened by 5% against the RMB with all other variables held constant, post-tax results for the period would change by approximately HK\$933,000 (30 June 2020: HK\$730,000) mainly as a result of foreign exchange losses/gains (30 June 2020: losses/gains) on translation of trade receivables, deposits and other receivables, contract assets, balances with related parties, cash and cash equivalents, trade payables and other payables and accruals denominated in the RMB.

At 30 June 2021, if the HK\$ had strengthened/weakened by 5% against the A\$ with all other variables held constant, post-tax results for the period would change by approximately HK\$705,000 (30 June 2020: HK\$161,000), mainly as a result of foreign exchange gains/losses on translation of trade receivables, deposits and other receivables, balances with related parties, cash and cash equivalents, trade payables and other payables, contract liabilities and accruals denominated in the A\$.

The foreign exchange exposure for the US\$ is considered minimal as the HK\$ is pegged with the US\$.

5.5 Cash flow and fair value interest rate risk

ECG's interest rate risk arises from borrowing, which is issued at variable rate exposes ECG to cash flow interest rate risk which is partially offset by cash held at variable rates. ECG currently does not hedge its exposure to cash flow and fair value interest rate risk. ECG analyses its interest rate exposure on a regular basis and will consider the interest rate exposure when enter into any financing, renewal of existing positions and alternative financing transactions.

ECG's practice is to manage its interest income/cost through monitoring and reviewing interest rate changes in the market and its impact to the ECG's financial performance. During the period, ECG's borrowing at variable rate was denominated in HK\$.

At 30 June 2021, if interest rate on borrowing held at variable rate had been 50 basis points higher/lower with all other variables held constant, post-tax loss for the period would have been approximately HK\$405,000 (30 June 2020: HK\$437,000) higher/lower, mainly as a result of higher/lower interest expense on floating rate borrowing.

5.6 Fair value estimation

ECG's financial instruments include cash and cash equivalents, trade receivables, contract assets, deposits and other receivables, amounts due from related parties, trade payables, contract liabilities, other payables, accruals, amounts due to related parties, loan from a related party, bank borrowing and borrowing. The carrying amounts less impairment of these balances are a reasonable approximation of their fair values due to their short term maturities.

eCARGO HOLDINGS LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

6 Segment information

ECG's chief operating decision-makers (the "CODM") have determined the operating segments based on the information reviewed by Directors for the purpose of allocating resources and assessing performance.

The CODM considers the business from both geographic and services perspective and concluded the segments as eCommerce Business Services and Fast Moving Consumer Goods ("FMCG") in Greater China ("Greater China") and eCommerce Solution Services in Australia ("Australia"). The CODM assesses and measures the operating performance of ECG based on the revenue, gross profit and EBITDA (excluding impact of foreign exchange) as management believes that such information is the most relevant in evaluating the results of ECG's segments. EBITDA loss excluding impact of foreign exchange represents loss before income tax, depreciation of property, plant and equipment, depreciation of right-of-use assets, amortisation of intangible assets, finance income, finance expense, provision for impairment of trade receivables, provision for impairment of goodwill and intangible assets and, ECG's share of results from a joint venture.

Information regarding ECG's reportable segments as provided to ECG's CODM is set out below:

	For the six months ended 30 June 2021			
	Greater China HK\$ (Unaudited)	Australia HK\$ (Unaudited)	Unallocated Corporate Income/ (Expense) HK\$ (Unaudited)	Consolidated HK\$ (Unaudited)
Revenue from external customers	49,269,765	36,780,478	-	86,050,243
Revenue from related companies	-	-	1,200,000	1,200,000
Total revenue	<u>49,269,765</u>	<u>36,780,478</u>	<u>1,200,000</u>	<u>87,250,243</u>
Gross profit	<u>14,338,381</u>	<u>24,703,092</u>	<u>1,200,000</u>	<u>40,241,473</u>
EBITDA gain/(loss) – excluding impact of foreign exchange	1,799,840	3,426,473	(5,665,370)	(439,057)
Net foreign exchange (loss)/gain	(311,371)	(106,213)	-	(417,584)
Depreciation of property, plant and equipment	(12,159)	(84,402)	(15,925)	(112,486)
Depreciation of right-of-use assets	(605,725)	(540,140)	-	(1,145,865)
Amortisation of intangible assets	-	(376,960)	(3,247,757)	(3,624,717)
Finance income	4,581	292	-	4,873
Finance expense	(215,117)	(81,789)	(1,916,470)	(2,213,376)
Share of profit from a joint venture	1,400,888	-	-	1,400,888
Profit/(loss) before income tax	<u>2,060,937</u>	<u>2,237,261</u>	<u>(10,845,522)</u>	<u>(6,547,324)</u>
Income tax credit	426,576	99,363	-	525,939
Profit/(loss) for the period	<u>2,487,513</u>	<u>2,336,624</u>	<u>(10,845,522)</u>	<u>(6,021,385)</u>

eCARGO HOLDINGS LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

6 Segment information (Continued)

Information regarding ECG's reportable segments as provided to ECG's CODM is set out below:
(Continued)

For the six months ended 30 June 2020				
	Greater China HK\$ (Unaudited)	Australia HK\$ (Unaudited)	Unallocated Corporate Income/ (Expense) HK\$ (Unaudited)	Consolidated HK\$ (Unaudited)
Revenue from external customers	50,897,384	38,864,921	-	89,762,305
Revenue from related companies	-	-	1,200,000	1,200,000
Total revenue	<u>50,897,384</u>	<u>38,864,921</u>	<u>1,200,000</u>	<u>90,962,305</u>
Gross profit	<u>8,761,669</u>	<u>16,426,203</u>	<u>2,400,000</u>	<u>27,587,872</u>
EBITDA (loss)/gain – excluding impact of foreign exchange	(492,131)	3,080,356	(3,539,687)	(951,462)
Net foreign exchange (loss)/gain	(2,538)	(104,525)	385,899	278,836
Depreciation of property, plant and equipment	(64,849)	(83,482)	(13,678)	(162,009)
Depreciation of right-of-use assets	(517,273)	(463,951)	-	(981,224)
Amortisation of intangible assets	-	(541,594)	(3,406,637)	(3,948,231)
Finance income	9,358	1,357	-	10,715
Finance expense	(427,417)	(92,725)	(1,927,058)	(2,447,200)
Share of profit from a joint venture	757,439	-	-	757,439
Provision for impairment of goodwill and intangible assets	-	-	(20,227,179)	(20,227,179)
(Loss)/profit before income tax	<u>(737,411)</u>	<u>1,795,436</u>	<u>(28,728,340)</u>	<u>(27,670,315)</u>
Income tax credit/(expense)	1,032,750	(269,724)	-	763,026
Profit/(loss) for the period	<u>295,339</u>	<u>1,525,712</u>	<u>(28,728,340)</u>	<u>(26,907,289)</u>

eCARGO HOLDINGS LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

6 Segment information (Continued)

The segment assets as at 30 June 2021 and 31 December 2020 are as follows:

	Greater China HK\$ (Unaudited)	Australia HK\$ (Unaudited)	Unallocated Corporate Assets/ Liabilities HK\$ (Unaudited)	Consolidated HK\$ (Unaudited)
As at 30 June 2021				
Segment assets	54,341,763	30,467,945	20,631,700	105,441,408
Deferred tax assets	368,684	2,983,279	-	3,351,963
	<u>54,710,447</u>	<u>33,451,224</u>	<u>20,631,700</u>	<u>108,793,371</u>
Segment liabilities	<u>(155,200,451)</u>	<u>(14,602,196)</u>	<u>(13,499,356)</u>	<u>(183,302,003)</u>
	Greater China HK\$	Australia HK\$	Unallocated Corporate Assets/ Liabilities HK\$	Consolidated HK\$
As at 31 December 2020				
Segment assets	57,181,940	44,306,177	20,836,459	122,324,576
Deferred tax assets	370,535	2,864,958	-	3,235,493
	<u>57,552,475</u>	<u>47,171,135</u>	<u>20,836,459</u>	<u>125,560,069</u>
Segment liabilities	<u>(162,172,606)</u>	<u>(23,931,301)</u>	<u>(7,620,771)</u>	<u>(193,724,678)</u>

Information about major customers

For the six months ended 30 June 2021 and 2020, there was no single external customer contributing 10% or more of ECG's total revenue.

7 Revenue

	Six months ended 30 June	
	2021 HK\$ (Unaudited)	2020 HK\$ (Unaudited)
Revenue		
- Service income	43,811,183	47,277,200
- Sales of goods	43,439,060	43,685,105
	<u>87,250,243</u>	<u>90,962,305</u>

eCARGO HOLDINGS LIMITED**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION****8 Expenses by nature**

	Six months ended 30 June	
	2021	2020
	HK\$	HK\$
	(Unaudited)	(Unaudited)
Outsourced services fulfilment expenses, included in cost of sales	2,043,239	2,892,670
Subscription expense for software application, included in cost of sales	12,077,386	22,438,718
Cost of inventories – included in cost of sales	32,888,145	38,043,045
Auditor's remuneration	700,000	640,000
Employee benefit expenses	33,131,782	24,764,929
Outsourced labour costs (Note 21(b))	300,000	300,000
Amortisation of intangible assets (Note 14)	3,624,717	3,948,231
Depreciation of property, plant and equipment (Note 13)	112,486	162,009
Depreciation of right-of-use assets (Note 13)	1,145,865	981,224
Legal and professional expenses	1,304,393	1,167,519
Travel expenses	379,374	331,533
Operating leases rental	282,573	615,821
IT expenses	241,350	225,855
Marketing expenses	4,282,336	369,487
Utilities and maintenance expenses	204,437	189,177
Telecommunications expenses	125,127	113,938
Insurance expenses	138,026	166,069
Provision for impairment of trade receivable	7,174	268,456
Other expenses	180,621	737,368
	<u>93,169,031</u>	<u>98,356,049</u>

9 Other gain, net

	Six months ended 30 June	
	2021	2020
	HK\$	HK\$
	(Unaudited)	(Unaudited)
Government grant	596,663	1,350,818
Net foreign exchange (loss)/gain	(417,584)	278,836
	<u>179,079</u>	<u>1,629,654</u>

Export Market Development grants of AUD100,000 (equivalent to HK\$596,663) were recognised for the period 30 June 2021. There are no unfulfilled conditions or other contingencies attaching to these grants. ECG did not benefit directly from any other forms of government assistance.

eCARGO HOLDINGS LIMITED**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION****10 Income tax credit**

Subsidiaries established in Hong Kong are subject to Hong Kong profits tax at a rate of 16.5% (2020: 16.5%). Subsidiary established in the PRC is subject to PRC corporate income tax at a rate of 25% (2020: 25%). No provision for Hong Kong profits tax and PRC corporate income tax has been made as ECG had no assessable profits for the six months ended 30 June 2021 in Hong Kong and in the PRC (For the six months ended 30 June 2020: Nil).

Subsidiaries established in Australia are subject to income tax at a rate at 30% during the period (2020: 30%).

	Six months ended 30 June	
	2021 HK\$ (Unaudited)	2020 HK\$ (Unaudited)
Current income tax expense		
- Australian corporate tax	(447,088)	(269,724)
Deferred tax	973,027	1,032,750
Income tax credit	<u>525,939</u>	<u>763,026</u>

11 Loss per share

Basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the six months ended 30 June 2021 and 2020.

	Six months ended 30 June	
	2021 (Unaudited)	2020 (Unaudited)
Loss attributable to owners of the Company (HK\$)	<u>(6,021,385)</u>	<u>(26,907,289)</u>
Weighted average number of ordinary shares in issue	<u>615,250,000</u>	<u>615,250,000</u>
Basic and diluted loss per share (HK cent)	<u>(0.98)</u>	<u>(4.37)</u>

Diluted loss per share is the same as basic loss per share as there were no potential dilutive ordinary shares during the six months ended 30 June 2021 and 2020.

12 Dividend

No dividend has been declared by the Company for the six months ended 30 June 2021 (30 June 2020: Nil).

eCARGO HOLDINGS LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

13 Property, plant and equipment and right-of-use assets

	Property, plant and equipment HK\$ (Unaudited)	Right-of-use assets HK\$ (Unaudited)
Six months ended 30 June 2021		
Net book amount		
Opening net book amount as at 1 January 2021	638,925	5,194,936
Additions	162,804	-
Depreciation (Note 8)	(112,486)	(1,145,865)
Currency translation differences	(12,785)	(39,930)
Closing net book amount as at 30 June 2021	<u>676,458</u>	<u>4,009,141</u>
Six months ended 30 June 2020		
Net book amount		
Opening net book amount as at 1 January 2020	653,763	5,576,128
Depreciation (Note 8)	(162,009)	(981,224)
Currency translation differences	65,921	(134,682)
Closing net book amount as at 30 June 2020	<u>557,675</u>	<u>4,460,222</u>

14 Intangible assets

	Intangible assets HK\$ (Unaudited)
Six months ended 30 June 2021	
Net book amount	
Opening net book amount as at 1 January 2021	26,141,487
Amortisation (Note 8)	(3,624,717)
Currency translation differences	(477,555)
Closing net book amount as at 30 June 2021	<u>22,039,215</u>
Six months ended 30 June 2020	
Net book amount	
Opening net book amount as at 1 January 2020	63,425,070
Amortisation (Note 8)	(3,948,231)
Provision for impairment of goodwill and intangible assets	(20,227,179)
Currency translation differences	(1,597,044)
Closing net book amount as at 30 June 2020	<u>37,652,616</u>

eCARGO HOLDINGS LIMITED**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION****14 Intangible assets (Continued)****Goodwill impairment**

As at 30 June 2021, ECG has assessed the recoverable amounts of the FMCG using value-in-use calculation. The value-in-use calculation was computed using five years projected cash flows and extrapolated using expected long-term growth rates. In light of the changes in market conditions of the CGU, the expected growth of the CGU was adjusted to reduce the five years compound annual growth rate to 6.6% and adjusted the pre-tax discount rate to 29.2% compare to 31 December 2021 with the other key assumptions remaining consistent with previous value-in-use calculations. Such changes to the valuation resulted in an impairment loss of HK\$20,227,179 being recognised against goodwill and intangible assets during the six months ended 30 June 2020.

As at 30 June 2021, there is no goodwill included in intangible assets as the goodwill has been fully impaired.

15 Interests in joint ventures

	As at 30 June 2021 HK\$ (Unaudited)	As at 31 December 2020 HK\$ (Audited)
<u>Interest in joint ventures</u>		
At beginning of the period/year	529,486	213,554
Investment in a joint venture (Note)	1,499,971	-
Share of results from joint ventures	1,400,888	1,347,000
Dividend received from a joint venture	(478,224)	(1,031,068)
	<hr/>	<hr/>
At end of the period/year	<u>2,952,121</u>	<u>529,486</u>

Note:

In January 2021, ECG established PJF Wines Limited ("PJF") with CN Investment Limited, a related party. ECG holds 50% equity interest in PJF. PJF is a limited liability company incorporated in BVI and is engaged in the trading of dining wines in Mainland China. ECG jointly control PJF with another shareholder as the key operating and financial decisions of PJF required unanimous consent from all the shareholders.

eCARGO HOLDINGS LIMITED**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION****15 Interests in joint ventures (Continued)****Summarised unaudited financial information for a joint venture**

Set out below is the summarised unaudited financial information of the joint venture as at and for the six months period ended 30 June 2021 which are accounted for using the equity method.

	ABG 2021 HK\$ (Unaudited)	ABG 2020 HK\$ (Audited)
Current assets	1,877,347	8,525,734
Current liabilities	1,764,812	6,937,117
Profit after income tax	1,006,230	4,041,004

The information above reflects the amounts presented in the financial statements of the joint venture not ECG's share of those amounts.

Reconciliation of summarised financial information

Reconciliation of the summarised unaudited financial information presented to the carrying amount of ECG's in ABG.

	ABG 2021 HK\$ (Unaudited)	ABG 2020 HK\$ (Audited)
Net assets		
Beginning of period/year	1,588,617	640,662
Profit for the period/year	4,202,664	4,041,004
Distribution to shareholders	(1,434,672)	(3,093,207)
Currency translation difference	277	158
End of period/year	4,356,886	1,588,617
Percentage of ownership interest	33.33%	33.33%
Interest in joint ventures	1,452,150	529,486

Individually immaterial joint venture

In addition to the interests in a joint venture of ABG disclosed above, ECG also has interests in a joint venture of PJF that the financial information are individually immaterial.

eCARGO HOLDINGS LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

16 Trade receivables

	As at 30 June 2021 HK\$ (Unaudited)	As at 31 December 2020 HK\$ (Audited)
Trade receivables	21,374,651	24,918,944
Less: provision for impairment	(966,067)	(975,096)
Trade receivables - net	<u>20,408,584</u>	<u>23,943,848</u>

The Directors consider the carrying amounts of trade receivables approximate their fair values.

Credit terms granted to customers are normally 30 days. The aging analysis of the trade receivables based on invoice date is as follows:

	As at 30 June 2021 HK\$ (Unaudited)	As at 31 December 2020 HK\$ (Audited)
1 - 30 days	13,566,841	15,636,993
31 - 60 days	2,171,449	3,056,485
61 - 90 days	3,659	340,087
Over 90 days	4,666,635	4,910,283
	<u>20,408,584</u>	<u>23,943,848</u>

Movements in the provision for impairment of trade receivables are as follows:

	As at 30 June 2021 HK\$ (Unaudited)	As at 31 December 2020 HK\$ (Audited)
At 1 January	975,096	789,539
Provision for impairment of trade receivable	7,174	145,683
Currency translation differences	(16,203)	39,874
At 30 June	<u>966,067</u>	<u>975,096</u>

ECG applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

eCARGO HOLDINGS LIMITED**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION****17 Share capital**

	Number of shares	Share capital HK\$
As at 1 January 2020, 30 June 2020, 1 January 2021 and 30 June 2021	615,250,000	427,820,968

18 Trade payables, other payables and accruals

	As at 30 June 2021 HK\$ (Unaudited)	As at 31 December 2020 HK\$ (Audited)
Trade payables	8,120,235	9,173,137
Accrued expenses	10,066,030	8,681,928
Accrued employee benefit expenses	3,368,766	5,833,601
Other payables	4,419,805	3,774,080
Other payables and accruals	17,854,601	18,289,609
Less: non-current portion Other payables	(1,015,516)	(966,055)
	16,839,085	17,323,554
	24,959,320	26,496,691

eCARGO HOLDINGS LIMITED**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION****19 Borrowing**

	As at 30 June 2021 HK\$ (Unaudited)	As at 31 December 2020 HK\$ (Audited)
Loan from a shareholder (Note 21(g))	<u>92,395,280</u>	<u>90,478,810</u>

On 29 August 2016, ECG entered into an agreement with JL Enterprises Holdings Limited (“ECG Loan”), ECG’s major shareholder and a company wholly owned by Mr. John Lau, the Executive Chairman of ECG, as to provide a loan facility in an aggregate amount of up to HK\$50 million to support the ECG’s working capital requirements. On 15 March 2017, an addendum agreement was signed to amend the maximum outstanding amount of the loan facility to HK\$70 million. On 14 February 2019, another addendum agreement was signed to amend the maximum outstanding amount of the loan facility to HK\$100 million. As at 30 June 2021, the carrying amount of the borrowing from JL Enterprises Holdings Limited is HK\$92,395,280 (31 December 2020: HK\$90,478,810).

The loan facility is unsecured and bear interest at prime rate quoted from the Hong Kong and Shanghai Banking Corporation Limited from time to time. The loan facilities can be utilized at ECG’s demand and are repayable in accordance with a separate agreement to be made between ECG and JL Enterprises Holdings Limited.

The carrying amount of borrowing approximates to its fair value and is denominated in HK\$.

The borrowing bear average coupon rate of 5% per annum as at 30 June 2021 (31 December 2020: 5% per annum).

20 Bank borrowing

	As at 30 June 2021 HK\$ (Unaudited)	As at 31 December 2020 HK\$ (Audited)
Current Bank borrowing	<u>4,589,000</u>	<u>-</u>

As at 30 June 2021, the Group’s bank borrowing was interest bearing of the Hong Kong Best Lending Rate minus 2.25% per annum and secured by personal guarantee given by the director of the Company. The bank borrowing was dominated in HK\$.

eCARGO HOLDINGS LIMITED**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION****20 Bank borrowing (Continued)**

According to the repayment schedule of the bank borrowing, without considering the repayable demand clause, bank borrowing was repayable as follows:

	As at 30 June 2021 HK\$ (Unaudited)
Within 1 year	273,058
Between 1 and 2 years	1,107,945
Between 2 and 5 years	3,207,997
	<hr/> 4,589,000 <hr/>

21 Related party transactions

The Board of Directors are of the view that the following parties were considered related parties that had transactions or balances with ECG:

Name of related party	Relationship with ECG
Mr. John Lau	Executive Director/Executive Chairman
Ms. Jessica Rudd	Non-Independent Non-executive Director
Mr. Rupert Myer AO	Independent Non-executive Director
Mr. Von Lam	Independent Non-executive Director
Mr. Yuming Zou	Independent Non-executive Director
JL Enterprises Holdings Limited	Shareholder of the Company, controlled by Mr. John Lau
CS China Logistics Limited	Shareholder of the Company, controlled by Mr. John Lau
Allport Cargo Services Limited	Shareholder of the Company, controlled by Mr. John Lau
Cargo Services Far East Limited	Controlled by Mr. John Lau
CS Logistics Solutions Pty Limited	Controlled by Mr. John Lau
CN Logistics Limited	Controlled by Mr. John Lau
CN Logistics (Shanghai) Limited	Controlled by Mr. John Lau
CN Investment Limited	Controlled by Mr. John Lau
Cargo Services (China) Limited	Controlled by Mr. John Lau
CS Packing (Hong Kong) Limited	Controlled by Mr. John Lau
EC-GO eCommerce Limited	Controlled by Mr. John Lau
深圳市一全通電子商務有限公司	Controlled by Mr. John Lau
深圳市看我商貿服務有限公司	Controlled by Mr. John Lau
深圳嘉宏互聯有限公司	Controlled by Mr. John Lau
ECG Digital Commerce Limited	Controlled by Mr. John Lau
Dreamtown International Ltd	Controlled by Mr. John Lau
廣州市嘉泓國際貨運代理有限公司上海分公司	Controlled by Mr. John Lau
Asean Business Group Pty Ltd ("ABG")	Joint venture
PJF Wines (HK) Limited	Joint venture

eCARGO HOLDINGS LIMITED**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION****21 Related party transactions (Continued)**

The following transactions were carried out with related parties:

		Six months ended 30 June	
		2021	2020
		HK\$	HK\$
		(Unaudited)	(Unaudited)
(a)	Sales of services – note (i)		
	Sales of software development services:		
	- Cargo Services Far East Limited	1,200,000	1,200,000
(b)	Purchases of services – note (i)		
	Purchase of outsourced labour services:		
	- Cargo Services Far East Limited	300,000	300,000
	Purchase of outsourced import, storage, and courier fulfillment service:		
	- Allport Cargo Services Limited	-	7,862
	- CS China Logistics Limited	281,247	684,329
	- Cargo Services (China) Limited	984,759	1,994,770
		1,266,006	2,686,961
(c)	Key management compensation – note (ii)		
	- Fees	148,038	138,375

eCARGO HOLDINGS LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

21 Related party transactions (Continued)

The following transactions were carried out with related parties: (Continued)

	As at 30 June 2021 HK\$ (Unaudited)	As at 31 December 2020 HK\$ (Audited)
(d) Amount due from related parties – note (iii)		
- Allport Cargo Services Limited	190,588	192,739
- PJF WINES (HK) LIMITED	97,112	-
- CN Logistics Limited (HK)	44,432	-
- 深圳市看我商貿服務有限公司	2,153,805	1,370,597
- 深圳市一全通电子商务有限公司	5,560	5,061
	<u>2,491,497</u>	<u>1,568,397</u>
(e) Amount due to related parties – note (iii)		
- Asean Business Group Pty Ltd	(544)	-
- Cargo Services Far East Limited	(670,968)	(14,629,815)
- Cargo Services (China) Limited	(21,555,319)	(18,925,855)
- CN Logistics Limited	-	(1,219,623)
- CN Logistics Limited (HK)	-	(2,354)
- CS China Logistics Limited	(710,340)	(768,686)
- EC-GO eCommerce Limited	-	(4,413,207)
- Dreamtown International Ltd	(2,167,963)	(3,309,942)
- 廣州市嘉泓國際貨運代理有限公司上海分公司	(51,144)	(160,935)
	<u>(25,156,278)</u>	<u>(43,430,417)</u>
(f) Loan from a related party – note (iv)		
- EC-GO eCommerce Limited	<u>(4,413,207)</u>	<u>-</u>
(g) Borrowing from a shareholder		Total HK\$
At 1 January 2020		85,603,517
Loan advanced during the year for acquisition of a subsidiary		1,000,000
Interest charged		<u>3,875,293</u>
At 31 December 2020 and 1 January 2021		90,478,810
Interest charged		<u>1,916,470</u>
At 30 June 2021		<u>92,395,280</u>

eCARGO HOLDINGS LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

21 Related party transactions (Continued)

The following transactions were carried out with related parties: (Continued)

Notes:

- (i) These transactions are carried out on terms agreed with the related parties in the ordinary course of business and on commercial terms that would be available to third parties.
- (ii) Key management are deemed to be the Directors who have responsibility for planning, directing, and controlling the activities of the Company.
- (iii) Balances with related parties arise mainly from purchase transactions and are due one month after the date of purchase. The receivable balances and payable balances bear no interest and are denominated in HK\$.
- (iv) The loan from a related party is unsecured, interest-bearing at 5% per annum and repayable in June 2023. The carrying amount of the balance approximates its fair value and is denominated in HK\$.